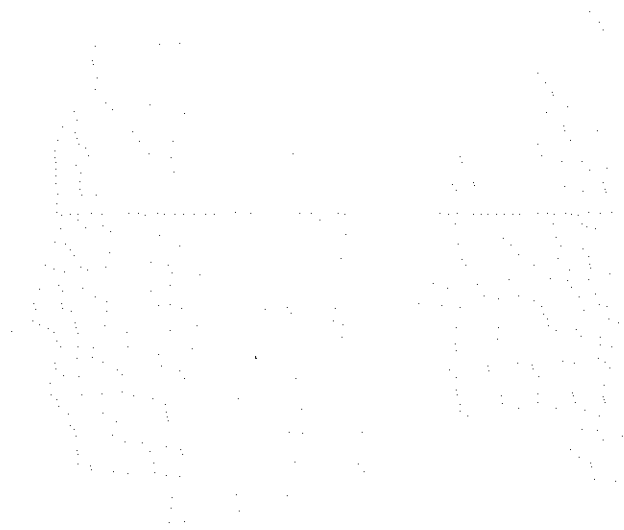


**BOTSWANA NATIONAL OLYMPIC COMMITTEE**

**ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 December 2017**



# BOTSWANA NATIONAL OLYMPIC COMMITTEE

## ANNUAL FINANCIAL STATEMENTS for the year ended 31 December 2017

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### 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 members of the Executive Committee	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
Notes to the financial statements	10 – 34
Detailed income statement	Annexure I
Notes to the detailed income statement	Annexure II

## **BOTSWANA NATIONAL OLYMPIC COMMITTEE**

### **STATEMENT OF RESPONSIBILITY OF THE MEMBERS OF THE EXECUTIVE COMMITTEE**

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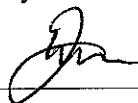
The Members of the Executive Committee is responsible for the annual financial statements and all other information presented therewith. Its responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial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

The Botswana National Olympic Committee (“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 Members of the Executive Committee 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 Members of the Executive Committee to meet these responsibilities, the Members of the Executive Committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards 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 Members of the Executive Committee 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 Members of the Executive Committee have reviewed the net asset position of the Committee as at 31 December 2017 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 Members of the Executive Committee.

The financial statements of Botswana National Olympic Committee set out on pages 6 to 34 were authorised for issue by the Members of the Executive Committee on the 27 MAR 2018, 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**  
**Col. Botsang Tshenyego**



**Chief Executive Officer**  
**Mr Tuelo D Serufho**

## **Independent auditor's report**

*To the Members of the General Assembly of Botswana National Olympic Committee*

*Report on the audit of the financial statements*

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### **Our opinion**

In our opinion, the financial statements give a true and fair view of the financial position of Botswana National Olympic Committee ("Committee") as at 31 December 2017, and its financial performance and 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 34 comprise:

- the statement of financial position as at 31 December 2017;
  - 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 (the "BICA Code")* and the ethical requirements that are relevant to our audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code. The BICA Code is consistent with the International Standard Board for Accountants' *Code of Ethics for Professional Accountants (Parts A and B)*.

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### **Other information**

The members of the Executive Committee are responsible for the other information. The other information comprises the information included in the Annual Financial Statements which includes the Committee information, the statement of responsibility of the members of the Executive Committee, detailed income statement and notes to the detailed income statement. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will 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 on other information that we obtained prior to the date of this auditor's report, 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.

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*Responsibilities of the members of the Executive Committee for the financial statements*

The members of the Executive Committee are responsible for the preparation of the financial statements that give a true and fair view 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 members of the Executive Committee either intend to liquidate the Committee or to cease operations, or have no realistic alternative but to do so.

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*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 members of the Executive Committee.



- 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 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 members of the Executive Committee 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.

A handwritten signature in black ink that reads 'Butler Phirie'.

**Individual practicing member: Butler Phirie**  
**Membership number: 19900312**

27 APR 2018  
Gaborone

**BOTSWANA NATIONAL OLYMPIC COMMITTEE****STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2017**

	Note	2017 P	2016 P
<b>Income</b>			
Grants, subsidies and subscriptions	1	14,380,910	20,554,293
Other operating income	2	790,291	1,381,804
Administrative expenses		<u>(16,093,992)</u>	<u>(20,861,384)</u>
<b>Operating (deficit) / surplus</b>	5	(922,791)	1,074,713
Finance income	7	<u>32,117</u>	<u>113,484</u>
<b>(Deficit) / surplus before income tax</b>		(890,674)	1,188,197
Income tax expense	8	<u>-</u>	<u>-</u>
<b>(Deficit) / surplus for the year</b>		(890,674)	1,188,197
<b>Other comprehensive income</b>		-	-
<i>Items that will not be reclassified to profit or loss</i>			
Gain on revaluation of land		-	11,382,304
<b>Total comprehensive (loss) / income for the year</b>		<u><u>(890,674)</u></u>	<u><u>12,570,501</u></u>

# BOTSWANA NATIONAL OLYMPIC COMMITTEE

## STATEMENT OF FINANCIAL POSITION as at 31 December 2017

	Note	2017 P	2016 P
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	12,596,437	12,819,361
Investment at fair value	10	<u>1,606,438</u>	<u>1,654,976</u>
		<u>14,202,875</u>	<u>14,474,337</u>
<b>Current assets</b>			
Receivables and prepayments	11	4,290,789	1,579,908
Cash and cash equivalents	12	2,612,689	1,550,996
		<u>6,903,478</u>	<u>3,130,904</u>
<b>Total assets</b>		<u><u>21,106,353</u></u>	<u><u>17,605,241</u></u>
<b>FUNDS AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Accumulated funds		5,957	896,631
Buildings fund	13	500,000	500,000
Capital grants	13	542,829	542,829
Revaluation surplus		<u>11,382,304</u>	<u>11,382,304</u>
		<u>12,431,090</u>	<u>13,321,764</u>
<b>Current liabilities</b>			
Other payables	16	2,807,636	3,033,477
Deferred income	17	<u>5,867,627</u>	<u>1,250,000</u>
		<u>8,675,263</u>	<u>4,283,477</u>
<b>Total funds and liabilities</b>		<u><u>21,106,353</u></u>	<u><u>17,605,241</u></u>



**BOTSWANA NATIONAL OLYMPIC COMMITTEE**

**STATEMENT OF CHANGES IN FUNDS  
for the year ended 31 December 2017**

	Accumulated funds		Revaluation surplus		Building fund		Capital grants		Total	
	P	P	P	P	P	P	P	P	P	
<b>Balance at 1 January 2016</b>	(291,566)	-	500,000	542,829	751,263					
<b>Comprehensive income</b>										
Total comprehensive income for the year	1,188,197	-	-	-	1,188,197					
<b>Other comprehensive income</b>										
Revaluation of property, plant and equipment	-	11,382,304	-	-	11,382,304					
<b>Balance at 31 December 2016</b>	<u>896,631</u>	<u>11,382,304</u>	<u>500,000</u>	<u>542,829</u>	<u>13,321,764</u>					
<b>Balance at 1 January 2017</b>	896,631	11,382,304	500,000	542,829	13,321,764					
<b>Comprehensive income</b>										
Total comprehensive loss for the year	(890,674)	-	-	-	(890,674)					
<b>Other comprehensive income</b>										
Revaluation of property, plant and equipment	-	-	-	-	-					
<b>Balance at 31 December 2017</b>	<u>5,957</u>	<u>11,382,304</u>	<u>500,000</u>	<u>542,829</u>	<u>12,431,090</u>					

**BOTSWANA NATIONAL OLYMPIC COMMITTEE****STATEMENT OF CASH FLOWS  
for the year ended 31 December 2017**

	Note	2017 P	2016 P
<b>Cash flows from operating activities</b>			
Cash generated used in operations	19	<u>(4,811,815)</u>	<u>(7,444,030)</u>
Net cash generated used in operating activities		<u>(4,811,815)</u>	<u>(7,444,030)</u>
<b>Cash flows from investing activities</b>			
Interest income	7	32,117	113,484
Proceeds from disposal of property, plant and equipment		-	181,832
Purchase of property, plant and equipment	9	<u>(26,236)</u>	<u>(278,962)</u>
Net cash generated from investing activities		<u>5,881</u>	<u>16,354</u>
<b>Cash flows from financing activities</b>			
Non-Government grants received in advance	17	700,604	-
Government grants received in advance	17	2,167,023	1,250,000
Government grants receivable at year end	17	<u>3,000,000</u>	<u>-</u>
Net cash generated from financing activities		<u>5,867,627</u>	<u>1,250,000</u>
<b>Net change in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		<u>1,550,996</u>	<u>7,728,672</u>
Cash and cash equivalents at end of year	12	<u><u>2,612,689</u></u>	<u><u>1,550,996</u></u>

# BOTSWANA NATIONAL OLYMPIC COMMITTEE

## NOTES TO THE FINANCIAL STATEMENTS for the ended 31 December 2017

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### 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 34 have been approved by the Board on the ~~27~~ <sup>27</sup> MAR 2018

### 2 Significant accounting policies

The significant 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 (IFRS). 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 (i) Adoption of standards in the current financial year

###### **New and amended standards 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 2017. These have not been early adopted by the Committee.

- 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.

**2.1.1 (i) Adoption of standards in the current financial year (continued)**

**New and amended standards applicable to the current period but not relevant to the Committee**

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 IAS 12 – Income taxes - The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets.

The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets.

- Annual improvements 2014-2016 (part) - These amendments impact 3 standards, one being applicable in 2017: IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.

**(ii) Adoption of standards in future financial year**

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

- IFRS 9 - (2009 & 2010)
  - Financial liabilities
  - Derecognition of financial instruments
  - Financial assets
  - General hedge accounting

This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model (effective from 1 January 2018).

- IFRS 15 – Revenue from contracts with customers (Effective from 1 January 2018) - 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.

**2.1.1 (ii) Adoption of standards in future financial year (continued)**

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

- Amendment to IFRS 15 – Revenue from contracts with customers - The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. (Effective from 1 January 2018).
- IFRS 16 – Leases - This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.

Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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.

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 2019).

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

- Amendment to IFRS 9 - 'Financial instruments', on general hedge accounting (Effective from 1 January 2018) - 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.

**2.1.1 (ii) Adoption of standards in future financial year (continued)**

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

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:

- a) The own credit risk requirements for financial liabilities.
- b) Classification and measurement (C&M) requirements for financial assets.
- c) C&M requirements for financial assets and financial liabilities.
- d) 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.

- Amendments to IFRS 9 – 'Financial instruments' on
  - prepayment features with negative compensation and
  - modification of financial liabilities.

The narrow-scope amendment covers two issues:

- a) The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities.
- b) How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.

- IFRS 17, 'Insurance contracts' - Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17.

The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators.

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin.



**2.1.1 (ii) Adoption of standards in future financial year (continued)**

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

The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

- For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract (Effective from 1 January 2021).
- Amendments to IAS 28, 'Investments in associates and joint ventures'
  - long-term interests in associates and joint ventures.

The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9. The amendments are effective from 1 January 2019, with early application permitted.

- IAS 40, 'Investment property' - Transfers of investment property - These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence (effective from 1 January 2018).
- Amendments to IFRS 2 – 'Share-based payments' - This amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority (effective from 1 January 2018).
- IFRS 4, 'Insurance contracts' - Regarding the implementation of IFRS 9, 'Financial instruments' - These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will:

**2.1.1 (ii) Adoption of standards in future financial year (Continued)**

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

- Give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and
  - Give companies whose activities are predominantly connected with insurance an optional exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard – IAS 39 (Effective from 1 January 2018).
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets.

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 date postponed).

- Annual improvements 2014-2016- These amendments impact 3 standards:
- IFRS 1, 'First-time adoption of IFRS', regarding the deletion of shortterm exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10 effective 1 January 2018.
  - IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of IFRS 12). Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests. These amendments should be applied retrospectively for annual periods beginning on or after 1 January 2017.
  - IAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value. IAS 28 allows venture capital organisations, mutual funds, unit trusts and similar entities to elect measuring their investments in associates or joint ventures at fair value through profit or

**2.1.1 (ii) Adoption of standards in future financial year (Continued)**

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

loss (FVTPL). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition. (Effective 1 January 2018.)

- Annual improvements cycle 2015-2017- These amendments include minor changes to:
  - IFRS 3, 'Business combination' - a committee remeasures its previously held interest in a joint operation when it obtains control of the business.
  - IFRS 11,'Joint arrangements', - a committee does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12,' Income taxes' - The amendment clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
  - IAS 23,' Borrowing costs' - a committee treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.
- IFRIC 22, 'Foreign currency transactions and advance consideration  
This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice. (Effective from 1 January 2018)
- IFRIC 23, 'Uncertainty over income tax treatments'

IFRIC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty. Most entities will have developed a model to account for tax uncertainties in the absence of specific guidance in IAS 12. These models might, in some circumstances, be inconsistent with IFRIC 23 and the impact on tax accounting could be material. Management should assess the existing models against the specific guidance in the Interpretation and consider the impact on income tax accounting (Effective from 1 January 2019).

# BOTSWANA NATIONAL OLYMPIC COMMITTEE

## NOTES TO THE FINANCIAL STATEMENTS

for the ended 31 December 2017

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### 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:

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

Leasehold land is not depreciated.

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

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

### 2.3 Impairment of non-financial assets

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

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

The Management Committee determines the classification of its financial assets at initial recognition. The financial assets carried at reporting date is classified as 'Investments at fair value' and 'Loans and receivables'.

## BOTSWANA NATIONAL OLYMPIC COMMITTEE

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2017

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All purchases and sales of financial assets are recognised on the trade date, which is the date that the Committee commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Committee has transferred substantially all risks and rewards of ownership.

#### *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 classified as non-current assets unless receipt is anticipated within 12 months in which case the amounts are included in current assets. The Committee's loans and receivables comprise, 'Accounts receivable' (excluding VAT and pre-payments) and 'Cash and cash equivalents'.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any impairment.

#### *Investments at fair value*

##### *(a) Classification*

The Committee classifies its investments in debt and equity securities, and related derivatives, as financial assets at fair value. These financial assets are classified as held for trading or designated by the Management Committee at fair value at inception. Financial assets designated at fair value at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

##### *(b) Recognition / derecognition*

Regular-way purchase and sales of investments are recognised on the trade date; the date on which the Committee commits to purchase or sell the investment. Investments are de-recognised when the rights to receive cash flows from the investments have expired or the Committee has transferred substantially all risks and rewards of ownership.

##### *(c) Measurement*

Financial assets at fair value are initially recognised at fair value. Transaction costs are expensed in the statement of changes in net assets available for benefits. Gains and losses arising from changes in the fair value of the financial assets at fair value are presented in the statement of changes in net assets available for benefits in the year in which they arise. Interest income from financial assets at fair value is recognised in the statement of changes in net assets available for benefits within income from investments using the effective interest method. Dividend income from financial assets at fair value is recognised in the statement of changes in net assets available for benefits within income from investments when the Fund's right to receive payments is established.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**for the year ended 31 December 2017**

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*(d) Fair value estimation*

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Fund is the current last price; the appropriate quoted market price for financial liabilities is the current asking price. When the Fund holds derivatives with off-setting market risks, it uses mid-market prices as a basis for establishing fair values for the off-setting risk positions and applies this bid price to the net open position, as appropriate. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

**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.

**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



## **BOTSWANA NATIONAL OLYMPIC COMMITTEE**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2017**

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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 Other payables**

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of operation from suppliers. 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.

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.

#### **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

# **BOTSWANA NATIONAL OLYMPIC COMMITTEE**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2017**

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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 Buildings fund**

Buildings fund are recorded at fair value and the Committee will comply with all attached conditions by recognising the grant in the capital grant. The funds received for which the related project have not commenced.

### **2.13 Revenue recognition**

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

#### **2.13.1 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.

## **BOTSWANA NATIONAL OLYMPIC COMMITTEE**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2017**

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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.

#### **2.13.2 Other income**

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

#### **2.13.3 Interest income**

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

#### **2.13.4 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.

#### **2.13.5 Subsidies**

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

#### **2.13.6 Subscriptions**

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

### **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

## **BOTSWANA NATIONAL OLYMPIC COMMITTEE**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 31 December 2017**

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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 2017, 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 P210,988 (2016: P160,299) 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.

#### **(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 15.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**for the year ended 31 December 2017**

**(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 P2, 612,689 (2016: P1, 550,996) 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.

	2017 P	2016 P
Other payables (Note 16) (excluding statutory liabilities)	<u>2 807 636</u>	<u>3 033 477</u>

**3.1 Capital risk management**

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

**3.2 Fair value estimation of financial instruments**

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

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

**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.

***(c) Fair value of financial assets***

The Botswana National Olympic Committee has invested the gratuity benefits of its employees into Africa Fifty Three Provident Fund in Alexander Forbes. The fund offer organisations, provident funds and individuals an opportunity to collectively save for short term projects, retirement funds, gratuity and severance.

The fund invest into money market funds and balanced funds in the local and global markets. These are unitised funds whose unit values are derived from various funds invested into. The investments are held in pooled vehicles. Most of the securities held by the underlying investment vehicles are exchange listed (quoted) and each investor, institutional or retail are assigned units held at the fair value of the investment pool.



# BOTSWANA NATIONAL OLYMPIC COMMITTEE

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

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### 5 Operating (deficit) / surplus

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

	2017	2016
	P	P
Depreciation on property, plant and equipment (Note 9)	249,160	234,022
Auditors' remuneration	73,640	73,640
Rent and rates	433,907	319,155
Staff costs (Note 6)	<u>5,525,801</u>	<u>5,248,847</u>

### 6 Staff costs

	2017	2016
	P	P
Salaries and wages	3,572,030	3,266,509
Medical aid	265,795	245,874
Leave pay and other retirement benefits	1,093,438	1,163,234
PAYE	579,538	553,627
Staff rewards	15,000	19,603
	<u>5,525,801</u>	<u>5,248,847</u>

### 7 Finance income

	2017	2016
	P	P
Finance income		
- Interest income on call accounts	236	72,671
- Interest on gratuity fund-Africa 53 Provident Fund	31,881	40,813
	<u>32,117</u>	<u>113,484</u>

### 8 Income and deferred tax expenses

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**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2017

**Property, plant and equipment**

9	Land P	Furniture and fittings P	Office equipment P	Motor vehicles P	Computer equipment P	Total P
<b>At 01 January 2016</b>						
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)
<b>Net book amount</b>	<b>817,696</b>	<b>207,682</b>	<b>79,141</b>	<b>310,795</b>	<b>93,298</b>	<b>1,508,612</b>
<b>Year ended 31 December 2016</b>						
Opening net book value	817,696	207,682	79,141	310,795	93,298	<b>1,508,612</b>
Additions	-	-	1,549	231,626	45,787	<b>278,962</b>
Revaluation	11,382,304	-	-	-	-	<b>11,382,304</b>
Disposal	-	-	-	(302,816)	(32,939)	<b>(335,755)</b>
Depreciation charge	-	(32,326)	(19,441)	(124,320)	(57,935)	<b>(234,022)</b>
Depreciation on disposal	-	-	-	203,718	15,542	<b>219,260</b>
<b>Closing net book amount</b>	<b>12,200,000</b>	<b>175,356</b>	<b>61,249</b>	<b>319,003</b>	<b>63,753</b>	<b>12,819,361</b>
<b>At 31 December 2016</b>						
Cost	12,200,000	323,472	196,274	1,404,511	504,137	<b>14,628,394</b>
Accumulated depreciation	-	(148,116)	(135,025)	(1,085,508)	(440,384)	<b>(1,809,033)</b>
<b>Net book amount</b>	<b>12,200,000</b>	<b>175,356</b>	<b>61,249</b>	<b>319,003</b>	<b>63,753</b>	<b>12,819,361</b>
<b>Year ended 31 December 2017</b>						
Opening net book value	12,200,000	175,356	61,249	319,003	63,753	<b>12,819,361</b>
Additions	-	7,112	-	-	19,124	<b>26,236</b>
Depreciation charge	-	(32,765)	(13,381)	(161,378)	(41,636)	<b>(249,160)</b>
<b>Closing net book amount</b>	<b>12,200,000</b>	<b>149,703</b>	<b>47,868</b>	<b>157,625</b>	<b>41,241</b>	<b>12,596,437</b>
<b>At 31 December 2017</b>						
Cost	12,200,000	330,584	196,274	1,404,511	523,261	<b>14,654,630</b>
Accumulated depreciation	-	(180,881)	(148,406)	(1,246,886)	(482,020)	<b>(2,058,193)</b>
<b>Net book amount</b>	<b>12,200,000</b>	<b>149,703</b>	<b>47,868</b>	<b>157,625</b>	<b>41,241</b>	<b>12,596,437</b>

**Description of revalued property**

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

**10 Investment at fair value**

	2017 P	2016 P
Gratuity Fund-Africa 53 Provident Fund	<b>1,606,438</b>	<b>1,654,976</b>

The fair value of the investment approximate the carrying value.

**BOTSWANA NATIONAL OLYMPIC COMMITTEE**

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2017**

**10 Investment at fair value (continued)**

Movement of the investment is as follows:	Note	2017 P	2016 P
Balance at the beginning of the year		1,654,976	1,175,466
Additions during the year		762,595	438,697
Payments during the year		(843,014)	-
Interest received during the year		31,881	40,813
<b>Balance at the end of the year</b>		<u><u>1,606,438</u></u>	<u><u>1,654,976</u></u>

**11 Receivables and prepayments**

Receivables from Botswana Government (MYSC)	11.1	3,000,000	1,257,130
Receivables from other funders	11.2	966,184	421,994
Provision for impairment		-	(557,859)
		<u>3,966,184</u>	<u>1,121,265</u>
Other receivables		178,500	193,017
Deposits		-	127,362
Prepayments	11.3	146,105	138,264
		<u><u>4,290,789</u></u>	<u><u>1,579,908</u></u>

The fair values of trade and other receivables approximate their carrying value.

**11.1 Receivables from Botswana Government (MYSC and BNSC)**

The amount of P2,000,000 is 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 grant for Gold Coast 2018 games. The balance of P1,000,000 is receivable from Botswana National Sports Council (BNSC). It represents the last quarter subvention as per the Government cycle.

**11.2 Receivables from other funders**

The amount receivable represents the ANOCA activities funded by the Committee on behalf of the International Olympic Committee (IOC).

As of 31 December 2017, trade receivables of P3,966,184 (2016: P 1,659,381) were fully performing.

As of 31 December 2017, receivables of P Nil (2016: P 19,743) 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:

	2017 P	2016 P
Up to 3 months	-	-
Above 3 months	-	19,743
	<u>-</u>	<u>19,743</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 15. The committee does not hold any collateral as security.

# BOTSWANA NATIONAL OLYMPIC COMMITTEE

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2017

### 11 Receivables and prepayments (continued)

11.3 Prepayment comprises of deposits of rental P35,400 of MVA funds, P35,025 of Devon Investments P10,150 of Google for email hosting, P 2,915 of Afrihost for website hosting and P 62,615 of insurance.

The other classes within trade and other receivables do not contain impaired assets.

Movements on the company's provision for impairment of trade receivables are as follows:

	2017	2016
	P	P
At the beginning of the year	557,859	-
Impairment charge on trade receivables	-	557,859
Less: Amounts written off during the year	(557,859)	-
At the end of the year	<u>-</u>	<u>557,859</u>

The creation and release of provision for impaired receivables have been included in 'operating expenses' in the statement of comprehensive income (Note 4). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

The carrying amounts of the company's receivables and prepayments are denominated in Botswana Pula.

The other classes within trade and other receivables do not contain impaired assets.

The creation and release of provision for impaired receivables have been included in operating expenses in the income statement (Note 5). Amounts charged to the allowance account are generally written off when there is no expectation of recovery.

### 12 Cash and cash equivalents

	2017	2016
	P	P
Cash at bank	2,611,127	1,550,850
Cash in hand	1,562	146
	<u>2,612,689</u>	<u>1,550,996</u>

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

Cash at bank	2,611,127	1,550,850
Cash in hand	1,562	146
	<u>2,612,689</u>	<u>1,550,996</u>

The company's cash and cash equivalents are denominated in Botswana Pula.

# BOTSWANA NATIONAL OLYMPIC COMMITTEE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

### 13 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.

<b>Movement</b>	<b>2017</b>	<b>2016</b>
	<b>P</b>	<b>P</b>
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.

### 14 Analysis of financial instruments

#### 14.1 Financial instruments by category

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

	<b>2017</b>	<b>2016</b>
	<b>P</b>	<b>P</b>
<b>Loans and receivables</b>		
Other receivables (excludes prepayments) (Note 10)	4,144,684	1,441,644
Cash and cash equivalents (Note 12)	<u>2,612,689</u>	<u>1,550,996</u>
	<u>6,757,373</u>	<u>2,992,640</u>
<b>Financial liabilities at amortised cost</b>		
Other payables (excludes statutory liabilities) (Note 16)	<u>2,807,636</u>	<u>3,033,477</u>

### 15 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:

	<b>2017</b>	<b>2016</b>
	<b>P</b>	<b>P</b>
Other receivables (Note 11)	<u>4,144,684</u>	<u>1,441,644</u>
<b>Cash at bank</b>		
First National Bank of Botswana Limited (Note 12)	<u>2,612,689</u>	<u>1,550,996</u>

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

# BOTSWANA NATIONAL OLYMPIC COMMITTEE

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

### 15 Credit quality of financial assets (continued)

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.

	2017	2016
	P	P
Investment in fair value (note 10)	<u>1,606,438</u>	<u>1,654,976</u>

### 15.1 Fair value estimation of financial assets

The table below analyses financial instruments carried at fair value by valuation methods. The different levels have been defined as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices.

Level 3 - Inputs for the asset or liability that are not based on observable market data.

Investment in fair value-unitised	Level 2	<u>1,606,438</u>	<u>1,654,976</u>
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16 Other payables	Note	2017	2016
		P	P
Employee benefits	16.1	1,964,873	1,984,995
Accruals	16.2	461,139	666,587
Other payables	16.3	381,624	381,895
		<u>2,807,636</u>	<u>3,033,477</u>

16.1 Employee benefits	2017	2016
	P	P
<b>Gratuity movement</b>		
<b>Balance at the beginning of the year</b>	1,627,700	783,463
Payments during the year	(1,067,986)	(93,959)
Charge to income statement	823,755	938,196
<b>Balance at the end of the year</b>	<u>1,383,469</u>	<u>1,627,700</u>
<b>Leave pay movement</b>		
<b>Balance at the beginning of the year</b>	357,295	132,258
Payments during the year	(45,573)	-
Charge to income statement	269,682	225,037
<b>Balance at the end of the year</b>	<u>581,404</u>	<u>357,295</u>
	<u>1,964,873</u>	<u>1,984,995</u>

## BOTSWANA NATIONAL OLYMPIC COMMITTEE

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

**16.2** Accruals comprise of P205,606 IOC expenses, P161,605 of Gold Coast Games, P20,288 of BNOC and P73,640 of Audit fee provision.

**16.3** Other payables comprises P66,190 of Judo games and P313,945 of Botswana African Youth Games Organising Committee (BAYGOC) P1,489 Athletes Incentives-Olympic. The carrying amounts of other payables are considered to be as same as their fair value due to their short-term nature.

Other payables are denominated in Botswana Pula.

<b>17 Deferred income</b>	<b>2017</b>	<b>2016</b>
	<b>P</b>	<b>P</b>
Members subscriptions	500	-
IOC Programs	700,104	-
MYSC- outdoor facility	2,463	-
Government grant received for 2018	2,164,560	1,250,000
Government grant receivable for 2018	3,000,000	-
	<u>5,867,627</u>	<u>1,250,000</u>

### **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:

	<b>2017</b>	<b>2016</b>
	<b>P</b>	<b>P</b>
Board fees	164,186	188,765
Compensation paid to executive management	782,628	782,628
	<u>946,814</u>	<u>971,393</u>
Government of Botswana		
Capital grant received during the year	10,099,708	16,032,620
Capital grant receivable at year end (Note 10)	3,000,000	1,257,130
	<u>13,099,708</u>	<u>17,289,750</u>

**BOTSWANA NATIONAL OLYMPIC COMMITTEE**

**NOTES TO THE DETAILED INCOME STATEMENT  
for the year ended 31 December 2017**

<b>19 Cash used in operations</b>	<b>2017</b>	<b>2016</b>
	<b>P</b>	<b>P</b>
Operating (deficit) / surplus for the year	(922,791)	1,074,713
Adjustment for:		
- Depreciation on property, plant and equipment (Note 9)	249,160	234,022
- Profit on disposal of property, plant and equipment	-	(65,337)
- Deferred revenue from the previous year	(1,250,000)	(7,982,620)
Changes in working capital :		
- Receivables and prepayments	(2,662,343)	(1,797,803)
- Other payables	(225,841)	1,092,995
Cash used in operations	<u>(4,811,815)</u>	<u>(7,444,030)</u>
<b>20 Expenses by nature</b>	<b>2017</b>	<b>2016</b>
	<b>P</b>	<b>P</b>
Advertising and promotions	126,141	24,662
Audit fee	28,616	73,640
Audit fees-Agreed upon procedures	45,024	-
Anti doping	410,381	15,757
Bahamas games	2,652,620	-
Board members allowance	164,186	188,765
Conferences and meetings	445,204	388,011
Consulting and legal fees	255,115	-
Depreciation	249,160	234,022
Events: games, courses and others	437,013	807,871
Gold Coast Games	835,645	-
IOC solidarity programmes	2,073,793	1,597,181
Insurance	126,816	65,406
Motor vehicle expenses	96,731	24,743
Other expenses	1,194,966	1,210,269
Per Diem and allowances : games, courses and others	430,217	339,335
Printing and stationery	60,683	14,740
Rent and rates	433,907	319,155
Rio games	-	9,984,495
Staff costs (Note 6)	5,525,801	5,248,847
Travel and accommodation : games, courses and others	501,973	324,485
	<u>16,093,992</u>	<u>20,861,384</u>



# BOTSWANA NATIONAL OLYMPIC COMMITTEE

## NOTES TO THE DETAILED INCOME STATEMENT for the year ended 31 December 2017

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### 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:

	2017	2016
	P	P
No later than one year	<u>430,920</u>	<u>384,300</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

Botswana National Olympic Committee ("the Committee") had a deficit of P 890,674 for 2017 and has a positive net asset position of P12,431,090 (2016: P13,321,764). These events or conditions does not indicate that a material uncertainty exists that may cast doubt on the Committee's ability to continue as a going concern.

The Committee's ability to continue as a going concern is dependent on a number of factors. The most significant of these is that the Committee continues to procure funding from Botswana Government and other sponsors for the ongoing operations for as long as it takes to restore the solvency of the Committee.

The 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.

**BOTSWANA NATIONAL OLYMPIC COMMITTEE**  
**DETAILED INCOME STATEMENT**  
**for the year ended 31 December 2017**

	Note	2017 P	2016 P
<b>Income</b>			
Grants, subsidies and subscriptions	1	14,380,910	20,554,293
Other operating income	2	790,291	1,381,804
		<u>15,171,201</u>	<u>21,936,097</u>
<b>Administrative expenses</b>			
Accounting fees		27,189	10,236
Advertising and promotion		126,141	24,662
Anti doping		410,381	15,757
Auditors' remuneration - current year		73,640	73,640
Auditors' remuneration - Agreed upon procedures		45,024	-
Bahamas games		2,652,620	-
Bank charges		28,507	48,875
Board members allowance		164,186	188,765
CGF funding games preparation		292,273	206,141
Computer expenses		88,441	13,764
Conferences and meetings		445,204	388,011
Consulting and legal fees		255,115	-
Depreciation		249,160	234,022
Electricity and water		146,157	88,770
Events: games, courses and others		437,013	807,871
General expenses		62,721	21,190
Gold Coast games		835,645	-
IOC solidarity programmes		2,073,793	1,597,181
Impairment for receivables		-	557,859
Insurance		126,816	65,406
Motor vehicle expenses		96,731	24,743
Per Diem and allowances : games, courses and others		430,217	339,335
Printing and stationery		60,683	14,740
Rent and rates		433,907	319,155
Salaries and wages		5,525,801	5,248,847
Security expenses		17,605	7,145
Sponsorship and donations		255,076	-
Staff traing		53,330	152,540
Subscriptions		50,837	6,710
Telephone and postage		127,806	97,039
Travel and accommodation : games, courses and others		501,973	324,485
Rio-games		-	9,984,495
		<u>16,093,992</u>	<u>20,861,384</u>
Finance income		32,117	113,484
<b>Surplus for the year</b>		<u>(890,674)</u>	<u>1,188,197</u>

**This detailed income statement is unaudited and does not form part of the audited financial statements covered by the audit opinion on pages 3 to 5.**

**BOTSWANA NATIONAL OLYMPIC COMMITTEE**  
**NOTES TO THE DETAILED INCOME STATEMENT**  
**for the year ended 31 December 2017**

<b>1 Grants, subsidies and subscriptions</b>	<b>2017</b>	<b>2016</b>
	<b>P</b>	<b>P</b>
Government grants	<b>10,099,708</b>	16,032,620
IOC-Olympic solidarity programmes	<b>1,509,237</b>	2,249,370
IOC-Other grants	<b>1,338,642</b>	1,201,228
IOC-Admin subsidy and marketing	<b>765,778</b>	716,291
Commonwealth Games Federation	<b>634,695</b>	222,300
Association of National Olympic Committees of Africa (ANOCA)	-	126,984
Subscriptions	<b>20,250</b>	5,500
Sponsorships	<b>12,600</b>	-
	<b><u>14,380,910</u></b>	<b><u>20,554,293</u></b>
<b>2 Other operating income</b>	<b>2017</b>	<b>2016</b>
	<b>P</b>	<b>P</b>
Reimbursements and other income	<b>637,772</b>	1,316,466
Profit on disposal of property, plant and equipment	-	65,338
Bad debt recovery	<b>152,519</b>	-
	<b><u>790,291</u></b>	<b><u>1,381,804</u></b>

**These notes to the detailed income statement is unaudited and does not form part of the audited financial statements covered by the audit opinion on pages 3 to 5.**