

BOTSWANA FOOTBALL ASSOCIATION

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

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ASSOCIATION INFORMATION

Domicile and operation:

Botswana Football Association is an organisation registered under the Societies Act in Botswana and engages in promoting the game of Football in Botswana.

Postal address: P O Box 1396
Gaborone

Registered address Plot 73281
Gaborone

Auditors: PricewaterhouseCoopers
Gaborone

Bankers: Barclays Bank of Botswana Limited
Standard Chartered Bank Botswana Limited
Stanbic Bank Botswana Limited
First National Bank of Botswana Limited
African Banking Corporation Botswana Limited
Bank Gaborone Limited

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BOTSWANA FOOTBALL ASSOCIATION

STATEMENT OF RESPONSIBILITY BY THE NATIONAL EXECUTIVE COMMITTEE for the year ended 31 March 2019

The National Executive Committee (NEC) is required in terms of the Constitution of the Botswana Football Association to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements present a true and fair view of the state of affairs of the Association as at 31 March 2019 and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements and their report is presented on pages 3 to 5.

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

The National Executive Committee acknowledge that they are ultimately responsible for the system of internal financial control established by the Association and place considerable importance on maintaining a strong control environment. To enable the National Executive Committee to meet these responsibilities, the National Executive Committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Association and all employees are required to maintain the highest ethical standards in ensuring the Association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Association is on identifying, assessing, managing and monitoring all known forms of risk across the Association. While operating risk cannot be fully eliminated, the Association endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

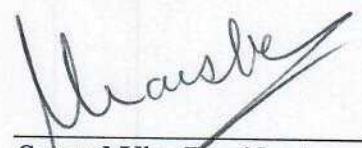
The National Executive Committee are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The going concern basis has been adopted in preparing the annual financial statements. The National Executive Committee has no reason to believe that the Botswana Football Association will not be a going concern in the foreseeable future based on forecasts, available cash resources and the continued support by the Botswana National Sports Commission. The financial statements disclose all matters which the members of the NEC are aware of that are relevant to the Association's ability to continue as a going concern.

The Financial Statements presented on pages 6 to 41 have been authorised for issue by the National Executive Committee and are signed on its behalf by:



President



Second Vice President



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GENERAL ASSEMBLY OF BOTSWANA FOOTBALL ASSOCIATION

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Football Association (the "Association") as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

Botswana Football Association's financial statements set out on pages 6 to 41 comprise;

- the statement of financial position as at 31 March 2019;
 - the statement of comprehensive income for the year then ended;
 - the statement of changes in equity for the year then ended;
 - the statement of cash flows for the year then ended;
 - 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 Association in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

Material uncertainty related to going concern

We draw attention to Note 4(a) in the financial statements, which describes events or conditions indicating a material uncertainty that may cast doubt on the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The National Executive Committee is responsible for the other information. The other information comprises the information included in the document titled “Botswana Football Association Annual Financial Statements for the year ended 31 March 2019”. 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 express an audit opinion or 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 National Executive Committee for the financial statements

The National Executive Committee is 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 National 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 National Executive Committee is responsible for assessing the Association’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 National Executive Committee either intend to liquidate the Association 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.

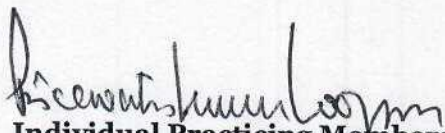
As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.

Auditor's responsibilities for the audit of the financial statements (continued)

- 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the National Executive Committee.
- Conclude on the appropriateness of the National Executive Committee's 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 Association'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 Association 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 National 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.



Individual Practicing Member: Kosala Wijesena
Registration number: 20000110

Gaborone
30 September 2019

BOTSWANA FOOTBALL ASSOCIATION**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2019**

	Note	2019 P	2018 P
Revenue			
Grants and sponsorships	5	48,789,989	39,115,975
Gate takings on games		719,048	1,123,291
		<u>49,509,037</u>	<u>40,239,266</u>
Other income	6	2,862,392	2,239,614
Administrative expenses	23	(46,836,891)	(44,870,891)
Operating surplus/ (deficit)		5,534,538	(2,392,011)
Finance income	7	1,117,117	7,276
Finance costs	7	-	(448,732)
Net finance income/ (cost)		<u>1,117,117</u>	<u>(441,456)</u>
Surplus/ (deficit) before income tax		6,651,655	(2,833,467)
Income tax expense	8	-	-
Surplus/ (deficit) for the year		6,651,655	(2,833,467)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Net charges on FODA accounts		(8,992)	(141)
Transfer from FODA reserve		-	701,398
Other comprehensive (loss)/ income for the year		(8,992)	701,257
Total comprehensive surplus/ (deficit) for the year		<u>6,642,663</u>	<u>(2,132,210)</u>

BOTSWANA FOOTBALL ASSOCIATION**STATEMENT OF FINANCIAL POSITION
as at 31 March 2019**

	Note	2019 P	2018 P
ASSETS			
Non-current assets			
Property, plant and equipment	10	15,934,030	11,427,505
Current assets			
Inventories	11	22,235	367,010
Trade and other receivables	12	2,526,736	730,476
Other financial assets	13	4,875,000	4,950,000
Financial assets at fair value through profit and loss	14	40,849	60,577
Cash and cash equivalents	15	8,845,519	8,308,623
		<u>16,310,339</u>	<u>14,416,686</u>
Total assets		<u>32,244,369</u>	<u>25,844,191</u>
FUNDS AND LIABILITIES			
Funds and reserves			
Accumulated deficit		(12,393,280)	(19,044,935)
FODA reserve		163,703	172,695
		<u>(12,229,577)</u>	<u>(18,872,240)</u>
LIABILITIES			
Non-current liabilities			
Capital grants	16	14,609,631	10,114,869
Current liabilities			
Trade and other payables	17	18,910,186	16,634,460
Income tax payable		916,448	801,519
Deferred income	18	10,037,681	17,165,583
		<u>29,864,315</u>	<u>34,601,562</u>
Total liabilities		<u>44,473,946</u>	<u>44,716,431</u>
Total funds and liabilities		<u>32,244,369</u>	<u>25,844,191</u>

BOTSWANA FOOTBALL ASSOCIATION**STATEMENT OF CHANGES IN FUNDS AND RESERVES
for the year ended 31 March 2019**

	FODA reserve P	Accumulated deficit P	Total P
Balance as at 1 April 2017	729,842	(16,912,866)	(16,183,024)
Comprehensive deficit			
Deficit for the year	-	(2,833,467)	(2,833,467)
Other comprehensive income			
Net charge on FODA accounts	(141)	-	(141)
Utilisation of FODA funds	(701,398)	701,398	-
Additional funds	144,392	-	144,392
Balance at 31 March 2018	<u>172,695</u>	<u>(19,044,935)</u>	<u>(18,872,240)</u>
Balance as at 1 April 2018	172,695	(19,044,935)	(18,872,240)
Comprehensive income			
Surplus for the year	-	6,651,655	6,651,655
Other comprehensive income			
Net charge on FODA accounts	(8,992)	-	(8,992)
Balance at 31 March 2019	<u>163,703</u>	<u>(12,393,280)</u>	<u>(12,229,577)</u>

BOTSWANA FOOTBALL ASSOCIATION**STATEMENT OF CASH FLOWS**
for the year ended 31 March 2019

	Note	2019 P	2018 P
Cash flows from operating activities			
Cash flows generated from operations	19	(272,613)	9,676,016
Interest paid	7	-	(5,722)
Net cash generated from operating activities		<u>(272,613)</u>	<u>9,670,294</u>
Cash flows from investing activities			
Interest received	7	66,145	7,276
Movement in short-term fixed deposit	13	75,000	(4,950,000)
Movement in mutual funds	14	19,728	(2,351)
Purchase of property, plant and equipment	10	(5,709,726)	(791,886)
Net cash used in investing activities		<u>(5,548,853)</u>	<u>(5,736,961)</u>
Cash flows from financing activities			
Repayment of borrowings		-	(75,080)
Capital grants received during the year	16	5,316,382	-
Net cash generated/ (used in) financing activities		<u>5,316,382</u>	<u>(75,080)</u>
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of year		(505,084)	3,858,253
Exchange gain/ (loss) on bank balance	7	8,308,623	4,749,129
Non-operating items:		1,050,972	(443,010)
FODA funds received during the year		-	144,392
Net charge on FODA reserve accounts		(8,992)	(141)
Cash and cash equivalents at end of year	15	<u><u>8,845,519</u></u>	<u><u>8,308,623</u></u>

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

1 General information

Botswana Football Association (“Association”) is an organisation registered under the Society’s Act in Botswana and engages in promoting the game of Football in Botswana. The organisation operates mainly through its components namely Botswana Premier League, First Division North and First Division South, Women’s Football and the 17 regions - Central North RFA, Central South, Boteti RFA, Chobe RFA, Francistown RFA, Gaborone City RFA, Ghanzi RFA, Hukuntsi RFA, Kgalagadi Central RFA, Kgalagadi South RFA, Kgatleng RFA, Kweneng RFA, Nhaba RFA, Selibe Phikwe RFA, South East RFA, Southern RFA and Tswapong RFA.

The Association is registered and domiciled in Botswana.

The financial statements set out on pages 6 to 41 have been approved by the National Executive Committee on 10 September 2019.

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 financial statements of Botswana Football Association (“Association”) 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 Association’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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

2.1.1 Changes in accounting policy and disclosure

- a) New standards, amendments and interpretations effective for the first time for 31 March 2019 year ends that are relevant to the Association

International Financial Reporting Standards and amendments effective for the first time for 31 March 2019 year-end		
Number	Effective date	Executive summary
IFRS 9 – Financial Instruments (2009 & 2010) <ul style="list-style-type: none"> • Financial liabilities • Derecognition of financial instruments • Financial assets • General hedge accounting 	Annual periods beginning on or after 1 January 2018 (published July 2014)	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.
IFRIC 22, 'Foreign currency transactions and advance consideration'	Annual periods beginning on or after 1 January 2018 (published December 2016)	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.

- b) New standards, amendments and interpretations effective for the first time for 31 March 2019 year ends that are not relevant to the Association (although they may affect accounting for future transactions)

International Financial Reporting Standards and amendments effective for the first time for 31 March 2019 year-end		
Number	Effective date	Executive summary
Amendments to IFRS 2 – 'Share-based payments' Clarifying how to account for certain types of share-based payment transactions.	Annual periods beginning on or after 1 January 2018 (published June 2016)	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.
IFRS 15 – Revenue from contracts with customers.	Annual periods beginning on or after 1 January 2018 (published May 2014)	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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

International Financial Reporting Standards and amendments effective for the first time for 31 March 2019 year-end		
Number	Effective date	Executive summary
Amendment to IFRS 15 – Revenue from contracts with customers.	Annual periods beginning on or after 1 January 2018 (published April 2016)	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.
Amendment to IFRS 4, 'Insurance contracts' Regarding the implementation of IFRS 9, 'Financial instruments'	Annual periods beginning on or after 1 January 2018 (published September 2016)	These amendments introduce two approaches: an overlay approach and a deferral approach. The amended standard will: <ul style="list-style-type: none"> • 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 <p>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.</p>
Amendment to IFRS 9 - 'Financial instruments', - on general hedge accounting	Annual periods beginning on or after 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. 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: <ul style="list-style-type: none"> • 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). <p>The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.</p>
Amendment to IAS 40, 'Investment property' Transfers of investment property	Annual periods beginning on or after 1 January 2018 (published December 2016)	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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

International Financial Reporting Standards and amendments effective for the first time for 31 March 2019 year-end		
Number	Effective date	Executive summary
Annual improvements 2014-2016	Annual periods beginning on or after 1 January 2018 (published December 2016)	These amendments impact 2 standards: <ul style="list-style-type: none"> • IFRS 1, 'First-time adoption of IFRS', regarding the deletion of short term exemptions for first-time adopters regarding IFRS 7, IAS 19, and IFRS 10. • 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 loss (FVTPL). The Board clarified that this election should be made separately for each associate or joint venture at initial recognition.

- c) **New standards, amendments and interpretations issued but not effective for 31 March 2019 year ends that are relevant to the Association but have not been early adopted**

International Financial Reporting Standards and amendments not effective for the first time for 31 March 2019 year-end		
Number	Effective date	Executive summary
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	Annual periods beginning on or after 1 January 2020.	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: <ul style="list-style-type: none"> • use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; • clarify the explanation of the definition of material; and • incorporate some of the guidance in IAS 1 about immaterial information. <p>The amended definition is:</p> <p><i>"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."</i></p>

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

International Financial Reporting Standards and amendments not effective for the first time for 31 March 2019 year-end		
Number	Effective date	Executive summary
Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement.	Annual periods on or after 1 January 2019 (issued February 2018)	<p>These amendments require an entity to:</p> <ul style="list-style-type: none"> • Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and <p>Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus (recognised or unrecognised). This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss. The impact of the amendments is to confirm that these effects are not offset.</p>
IFRS 16 – Leases	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied. (published January 2016)	<p>This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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'.</p>

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019**

International Financial Reporting Standards and amendments not effective for the first time for 31 March 2019 year-end		
Number	Effective date	Executive summary
IFRIC 23, 'Uncertainty over income tax treatments'	Annual periods beginning on or after 1 January 2019 Published 7 June 2017)	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.
Amendments to IFRS 9 – 'Financial instruments' on prepayment features with negative compensation and modification of financial liabilities.	Annual periods beginning on or after 1 January 2019	The narrow-scope amendment covers two issues: <ul style="list-style-type: none"> • 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. • 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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

d) New standards, amendments and interpretations issued but not effective for 31 March 2019 year ends and that are not relevant to the Association

International Financial Reporting Standards and amendments not effective for the first time for 31 March 2019 year-end		
Number	Effective date	Executive summary
Amendment to IFRS 3, 'Business combinations' Definition of a business	Annual periods on or after 1 January 2020 (Published October 2018)	<p>This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions.</p> <p>To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.</p>
IFRS 17, 'Insurance contracts'	<p>Annual periods beginning on or after 1 January 2021</p> <p>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.</p> <p>(published May 2017)</p>	<p>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.</p> <p>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. 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.</p>

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

International Financial Reporting Standards and amendments not effective for the first time for 31 March 2019 year-end		
Number	Effective date	Executive summary
Amendments to IAS 28, 'Investments in associates and joint ventures' – long-term interests in associates and joint ventures.	Annual periods beginning on or after 1 January 2019 (published October 2017)	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
Annual improvements cycle 2015-2017	Annual periods beginning on or after 1 January 2019 (published December 2017)	These amendments include minor changes to: <ul style="list-style-type: none">• IFRS 3, 'Business combination' - a company remeasures its previously held interest in a joint operation when it obtains control of the business.• IFRS 11, 'Joint arrangements', - a company 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 company 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.

2.2 Property, plant and equipment

All property, plant and equipment are included at historical cost less accumulated depreciation and accumulated impairment losses. 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 Association 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
Turf and improvements	20 years
Furniture and fittings and office equipment	6.66 - 10 years
Motor vehicles	4 years
Computer equipment	4 years

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 Inventories

Inventory consists of promotional items. They are stated at the lower of cost or net realizable value. Cost is determined using the first in first out costing method. The cost of goods for resale comprises all costs incurred to bring them to their present location and condition.

2.5 Financial assets

2.5.1 Classification

The Association classifies its financial assets in the following categories: at fair value through profit or loss, financial assets at amortised cost and financial liabilities at amortised cost. 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) *Amortised cost and effective interest rate*

The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

When the Association revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

(b) *Financial assets at fair value through other comprehensive income*

Financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

(c) *Financial assets at fair value through profit or loss*

All other financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

2.5.2 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

At initial recognition, the Association measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the Association recognises the difference as follows:

(a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

(b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

2.5.3 Financial assets

Classification and subsequent measurement

From 1 April 2018, the Association has applied IFRS 9 and classifies its financial assets as amortised cost and fair value through profit or loss.

The classification requirements for debt measured at amortised cost are described below:

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

- (i) the Association's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset.

Based on these factors, the Association classifies its debt instruments as amortised cost as follows:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured using the simplified expected loss model. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Business model: the business model reflects how the Association manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Association in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated. For example, the liquidity portfolio of assets, which is held by the Association as part of liquidity management and is generally classified within the hold to collect and sell business model. Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. These securities are classified in the 'other' business model and measured at FVPL.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Association assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Association considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

The Association reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

2.5.4 Impairment of financial assets

The Association recognises expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost which include, trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Association always recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using simplified ECL model based on the provision matrix. The ECL model takes into account Association's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Derecognition of financial assets

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Association neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Association recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.5.5 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective

interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Association derecognises financial liabilities when, and only when, the Association's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

Effect on the classification of financial assets and financial liabilities on application of IFRS 9:

The following table shows the original classification and carrying amount under IAS 39, and the new carrying amount under IFRS 9 for each class of the company's financial assets and financial liabilities as at 1 April 2018. The table also shows the carrying amounts as at 31 March 2019.

Financial instruments	Original classification under IAS 39	New classification under IFRS 9	01 April 2018		31 March 2019
			Original carrying amount under IAS 39	New carrying amount under IFRS 9	Carrying amount under IFRS 9
			P	P	P
Financial assets					
Trade and other receivables	Loans and receivables	Amortised cost	631,482	631,482	2,479,135
Other financial assets	Held to maturity	Amortised cost	4,950,000	4,950,000	4,875,000
Financial assets at fair value through profit and loss	Designated FVPL	Designated FVPL	60,577	60,577	40,849
Cash and cash equivalents	Loans and receivables	Amortised cost	8,308,623	8,308,623	8,845,519
Total financial assets			13,950,682	13,950,682	16,240,503
Financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	16,634,460	16,634,460	18,910,186
Total financial liabilities			16,634,460	16,634,460	18,910,186

Opening transition adjustment as at 1 January 2018:

	As previously reported under IAS 39	Transition adjustment	As classified under IFRS 9 at FVPL
	P	P	P
Financial assets	13,950,682	-	13,950,682
Financial liabilities	16,634,460	-	16,634,460
Gross transition adjustment	-	-	-
Taxation	-	-	-
Net transition adjustment	-	-	-

As at 1, April 2018 management reviewed and assessed the trade and other receivables for impairment in accordance with the requirement of IFRS 9 and determined that the expected credit loss on trade and other receivables as of 31 March 2018 did not significantly deviate from the carrying value of impairment under IAS 39.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

2.6 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of operation. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

2.7 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.

2.8 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Association has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.9 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. The Association leases certain property and equipment. Lease of property and equipment where the Association has substantially all the risks and rewards of ownership are classified as finance leases.

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

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

2.10 Operating leases - where the Association is the lessor

Lease out of assets under which all the risks and benefits of ownership are effectively retained by the Association are classified as operating leases. Lease income from operating leases are recognised in income on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment expected to be received from the lessee by way of penalty is recognised as an income in the period in which termination takes place.

2.11 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.

2.12 Provisions

Provisions for claims are recognised when the Association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources 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 reporting 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.

2.13 Employee benefits

The Association contributes to a pension fund. Contributions are accounted for in the period in which they arise. A defined contribution plan is a pension plan under which the Association pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Association's contributions to defined contribution plans are charged to the statement of comprehensive income in the period to which the contributions relate.

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For employees who are citizens of Botswana and not covered under defined contribution pension fund, the Association has implemented the requirements of the Botswana Labour Act relating to severance benefits. Non-citizen employees are paid an end of contract gratuity ranging from 25% of gross remuneration earned during the period of the contract.

2.14 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 Association'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.

2.15 Recognition of income

Revenue comprises the fair value of the consideration received from grants, sponsorships, and gate takings in the ordinary course of the Association's activities. The revenue is recognised as follows,

2.15.1 Grants and sponsorships

Operational grants from Botswana National Sports Association and Federation of International Football Association are recognised in the period that those grants relate to, at their fair value where there is a reasonable assurance that the grant will be received and the Association will comply with all attached conditions. Grants received for which related projects have not commenced are included in current liabilities as deferred income.

2.15.2 Grants relating to purchase of property, plant and equipment

Grants 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 grant with the depreciation charge on the related property, plant and equipment.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

2.15.3 Gate takings on games

Income on sales of ticket is recognised in the accounting period in which the tickets are sold net of Value Added Tax, on the basis of the actual income received from sale of tickets.

2.15.4 Other income

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

2.15.5 Interest income

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

2.15.6 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.

2.16 Current income tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax is recognised on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in Botswana.

2.17 Football Development Appeal (“FODA”) Reserve

The Football Development Appeal reserve is a non-distributable reserve made up of funds obtained by the Association from the general public. The funds are to be utilized for the establishment of football academies and other activities related to promoting the game of football in Botswana.

The funds are recognised initially at fair value of consideration received in the period in which the funds are received.

Subsequently, the funds are recognised as income in the income statement in the period in which related expenditure is incurred to the extent that such expenditure can be measured reliably and it is probable that future economic benefits will flow from the entity to settle the related liability.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

3 Financial risk management

3.1 Financial risk factors

The Association'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 Association's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Association's financial performance. Risk management is carried out under policies approved by National Executive Committee Members.

(I) Market risk

(i) 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. In the ordinary course of business, the Association receives cash denominated in foreign currencies and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the American Dollars (USD). At 31 March 2019, if the currency had strengthened by 5 % against the USD with all other variables held constant, post tax profit for the year would have been P273,597 (2018: P269,669) higher/(lower), mainly as a result of foreign exchange gains / losses on translation of USD denominated cash transactions.

(ii) 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 funds in high yielding money market investments and cash deposits and to the extent possible by re-scheduling more expensive borrowings with cheaper finance.

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

The Association analyses its interest rate exposure. The Association 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 March 2019, if interest rates on interest-bearing assets had been 0.5% higher/lower with all other variables held constant, deficit for the year would have been P61,592 (2018: P55,495) higher/lower, mainly as result of higher/lower interest income on interest-bearing assets.

(iii) Other price risk

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

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

(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 9.2

(III) Liquidity risk

Management monitors rolling forecasts of the Association'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 Association does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Association'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 Association held money call deposit funds of P 1,768,158 (2018: P 6,088,368) and other short term deposit of P 4,915,849 (2018: P 5,010,576) that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Association'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.

	31 March 2019		31 March 2018	
	Less than 1 year	Less than 1 year but no later than 5 years	Less than 1 year	Less than 1 year but no later than 5 years
	P	P	P	P
Trade and other payables (excluding statutory liabilities)	11,522,537	-	10,827,749	-
Finance lease	-	-	-	-

3.2 Capital risk management

The Association's objectives when managing capital are to safeguard the Association's ability to continue as a going concern in order to provide benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital in pursuit of its objective of promoting football in Botswana.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

3.3 Fair value estimation of financial instruments

IFRS 13 'Fair Value Measurement', 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 Association'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) Going concern

The Association had a comprehensive surplus for the year ended 31 March 2019 of P 6,642,663 and, as of that date, the Association had an accumulated deficit of P 12,393,280. Further as at year end, Association's total liabilities exceeded its total assets by P12,229,577.

The Association's ability to continue as a going concern is dependent on a number of factors. The most significant of these is that the Association continues to procure funding from Botswana National Sports Commission and other sponsors for the ongoing operations for as long as it takes to restore the solvency of the Association. The Association has negotiated the settlement of its liabilities and measures have been put in place including implementation of a repayment programme subsequent to year end.

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.

(b) Loss allowance on trade and other receivables

The Association recognises expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost which include, trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

The Association always recognises lifetime ECL for trade and other receivables. The expected credit losses on these financial assets are estimated using simplified ECL model based on the provision matrix. The ECL model takes into account Association's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(c) Property, plant and equipment

The Association follows the guidance of IAS 16 'Property, plant and equipment' (revised) and determines the residual values and useful lives of assets at each reporting 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 reporting date and the practice adopted by similar organisations.

(d) Provision for Value Added Tax (VAT) and Pay-As-You-Earn (PAYE)

The Association is subject to Value Added Tax and Pay-As-You-Earn under the VAT Act and Income Tax Act respectively. There are many transactions and calculations for which the ultimate tax liabilities are uncertain. The Association recognises estimates for VAT and PAYE liabilities based on estimates of cumulative unsettled liabilities and penalties. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the underlying tax provisions in the period in which such determination is made.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

5 Grants and sponsorships	2019	2018
	P	P
Grants		
Botswana National Sports Commission (BNSC)	7,215,743	9,324,332
Federation of International Football Associations (FIFA)	6,474,448	7,206,751
Transfer from deferred income - FIFA (Note 18)	12,215,583	1,821,833
	<u>25,905,774</u>	<u>18,352,916</u>
Sponsorships		
Botswana Telecommunications Corporation Limited (BTCL)	7,930,000	7,125,000
Transfer from deferred income - BTCL (Note 18)	4,950,000	-
Botswana Television (BTv)	-	5,357,143
British Council Botswana	-	205,551
Confederation of African Football (CAF)	976,735	1,062,998
Debswana Diamond Company Limited	2,000,000	2,000,000
Mascom Wireless (Proprietary) Limited	5,302,141	4,952,785
Choppies Enterprises limited	777,839	59,582
Orange Botswana (Proprietary) Ltd.	697,500	-
Skyways Travel Agency	250,000	-
	<u>22,884,215</u>	<u>20,763,059</u>
	<u>48,789,989</u>	<u>39,115,975</u>
6 Other income	2019	2018
	P	P
Amortisation of capital grant (Note 16)	821,620	554,301
Rental income	162,429	315,359
Sale of merchandise	-	36,840
Donations	140,000	20,000
League income	1,199,867	766,611
Others	538,476	546,503
	<u>2,862,392</u>	<u>2,239,614</u>
7 Net finance cost	2019	2018
	P	P
Finance income		
Interest income on short term bank deposits	66,145	7,276
Foreign exchange gain	1,050,972	-
	<u>1,117,117</u>	<u>7,276</u>
Finance costs		
Interest expense	-	(5,722)
Foreign exchange loss	-	(443,010)
	<u>-</u>	<u>(448,732)</u>
Net finance cost	<u>1,117,117</u>	<u>(441,456)</u>

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

8 Income tax expense	2019	2018
	P	P
Botswana tax:		
Current income tax expense at 22% (2018: 22%)	-	-

The tax on the Association's surplus/ (deficit) before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Operating surplus/ (deficit)	6,651,655	(2,833,467)
Tax calculated at a tax rate of 22% (2018: 22%)	1,862,463	-
tax effect of surplus not subject to the tax	(1,862,463)	-
Tax calculated at a tax rate of 22% (2018: 22%)	-	-

The Association is liable 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.

With reference to the above paragraph, there is no deferred tax implications.

9 Analysis of financial instruments

9.1 Financial instruments by category	2019	2018
	P	P
9.1.1 Financial Assets measured at amortised cost		
Trade and other receivables (excludes prepayments) (Note 12)	2,479,135	631,482
Cash and cash equivalents (Note 15)	8,845,519	8,308,623
Other financial assets (Note 13)	4,875,000	4,950,000
	16,199,654	13,890,105
9.1.2 Financial assets at fair value through profit and loss (designated)	40,849	60,577

The table below analyses financial instruments carried at fair value, by valuation method at 31 March 2019. This requires disclosure of fair value measurements by level of the fair value measurement hierarchy disclosed in the note 3.3:

	Level 1	Level 2	Level 3	Total
	P	P	P	P
As as 31 March 2019				
Mutual funds	-	-	40,849	40,849
As as 31 March 2018				
Mutual funds	-	-	60,577	60,577
			2019	2018
			P	P

9.1.3 Financial liabilities at amortised cost

Trade and other payables (excludes statutory liabilities) (Note 17)	11,522,537	10,827,749
	11,522,537	10,827,749

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2019

9 Analysis of financial instruments (continued)

9.2 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:

	2019	2018
	P	P
Trade and Other receivables (excludes prepayments) (Note 12)	<u>2,479,135</u>	<u>631,482</u>
Other financial assets		
Short-term bank deposits with Bank Gaborone Limited	<u>4,875,000</u>	<u>4,950,000</u>
Financial assets at fair value through profit and loss		
Mutual funds	<u>40,849</u>	<u>60,577</u>
Cash at bank		
Barclays Bank of Botswana Limited	Not rated	1,360,669
First National Bank of Botswana Limited	Not rated	6,213,381
Standard Chartered Bank Botswana Limited	Not rated	173,166
African Banking Corporation Botswana Limited	Not rated	1,095,930
	<u>8,843,146</u>	<u>8,303,295</u>

The Association only deposits cash and invests with major banks with high quality credit standing and limits exposure to any one counter-party. The Association has deposits with Standard Chartered Bank Botswana Limited, Stanlib Investment Management Services, First National Bank Botswana Limited, Barclays Bank of Botswana Limited, Botswana Building Society, African Banking Corporation Botswana Limited and Bank Gaborone.

Bank Gaborone Limited is a commercial bank which has been in operational existence for more than ten years in Botswana. The bank is not listed and there are currently no ratings.

Standard Chartered Bank Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of Standard Chartered PLC, a company listed on the London Stock Exchange.

Barclays Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of Barclays plc, which is listed on the London Stock Exchange.

Stanlib Investment Management Services is a registered investment manager, established in 2002 as a joint venture between Stanbic Botswana and Stanlib Limited. Stanbic Bank Botswana Limited is a long established bank in Botswana and a subsidiary of Standard Bank of South Africa. Standard Bank of South Africa is listed on the Johannesburg Stock Exchange.

First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of First Rand Holdings Limited, a company listed on the Johannesburg Stock Exchange.

BancABC is a subsidiary of ABC Holdings. BancABC has its primary listing on the Botswana Stock Exchange and a secondary listing on the Zimbabwe Stock Exchange.

Botswana Building Society is a long established society registered in Botswana. It offers savings and investment products. The Society is currently not rated.

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019**

10 Property, plant and equipment

	Buildings	Turf and improvements	Furniture, fittings and office equipment	Motor vehicles	Computer equipment	Total
	P	P	P	P	P	P
At 1 April 2017						
Cost	7,891,837	5,304,376	2,021,292	1,609,807	1,095,762	17,923,074
Accumulated depreciation	(1,738,629)	(906,686)	(1,415,103)	(1,412,523)	(902,111)	(6,375,052)
Net book amount	<u>6,153,208</u>	<u>4,397,690</u>	<u>606,189</u>	<u>197,284</u>	<u>193,651</u>	<u>11,548,022</u>
Year ended 31 March 2018						
Opening net book amount	6,153,208	4,397,690	606,189	197,284	193,651	11,548,022
Additions	-	-	174,031	569,107	48,748	791,886
Disposals					(7,700)	(7,700)
Depreciation on disposals					5,614	5,614
Depreciation charge	(157,838)	(265,214)	(135,675)	(258,385)	(93,205)	(910,317)
Closing net book amount	<u>5,995,370</u>	<u>4,132,476</u>	<u>644,545</u>	<u>508,006</u>	<u>147,108</u>	<u>11,427,505</u>
At 31 March 2018						
Cost	7,891,837	5,304,376	2,195,323	2,178,914	1,136,810	18,707,260
Accumulated depreciation	(1,896,467)	(1,171,900)	(1,550,778)	(1,670,908)	(989,702)	(7,279,755)
Net book amount	<u>5,995,370</u>	<u>4,132,476</u>	<u>644,545</u>	<u>508,006</u>	<u>147,108</u>	<u>11,427,505</u>
Year ended 31 March 2019						
Opening net book amount	5,995,370	4,132,476	644,545	508,006	147,108	11,427,505
Additions	508,768	3,909,667	82,350	1,121,930	87,011	5,709,726
Disposals	-	-	-	(316,964)	-	(316,964)
Depreciation on disposals	-	-	-	316,964	-	316,964
Depreciation charge	(162,835)	(460,702)	(144,514)	(356,360)	(78,790)	(1,203,201)
Closing net book amount	<u>6,341,303</u>	<u>7,581,441</u>	<u>582,381</u>	<u>1,273,576</u>	<u>155,329</u>	<u>15,934,030</u>
At 31 March 2019						
Cost	8,400,605	9,214,043	2,277,673	2,983,880	1,223,821	24,100,022
Accumulated depreciation	(2,059,302)	(1,632,602)	(1,695,292)	(1,710,304)	(1,068,492)	(8,165,992)
Net book amount	<u>6,341,303</u>	<u>7,581,441</u>	<u>582,381</u>	<u>1,273,576</u>	<u>155,329</u>	<u>15,934,030</u>

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019**

10 Property, plant and equipment (Continued)

Property, plants and equipments include the following amounts where the Association acquired under the capital grant:

	Buildings P	Turf and improvements P	Motor vehicles P	Total P
Year ended 31 March 2018				
Opening net book amount	6,153,208	4,397,690	131,250	10,682,148
Ammortisation charge	(157,838)	(265,214)	(131,250)	(554,302)
Adjustments	-	(12,977)	-	(12,977)
Closing net book amount	<u>5,995,370</u>	<u>4,119,499</u>	<u>-</u>	<u>10,114,869</u>
At 31 March 2018				
Cost	7,891,837	5,304,376	787,500	13,983,713
Accumulated depreciation	(1,896,467)	(1,184,877)	(787,500)	(3,868,844)
Net book amount	<u>5,995,370</u>	<u>4,119,499</u>	<u>-</u>	<u>10,114,869</u>
Year ended 31 March 2019				
Opening net book amount	5,995,370	4,119,499	-	10,114,869
Additions	374,830	3,909,667	993,930	5,278,427
Ammortisation charge	(162,835)	(460,702)	(198,083)	(821,620)
Adjustments	-	12,977	(12,977)	-
Closing net book amount	<u>6,207,365</u>	<u>7,581,441</u>	<u>782,870</u>	<u>14,571,676</u>
At 31 March 2019				
Cost	8,266,667	9,214,043	1,781,430	19,262,140
Accumulated depreciation	(2,059,302)	(1,632,602)	(998,560)	(4,690,464)
Net book amount	<u>6,207,365</u>	<u>7,581,441</u>	<u>782,870</u>	<u>14,571,676</u>

Capital grants not utilised as at 31/03/2019 is amounted to P 37,955 which was received from Slovak Football Association. This amount is used for the construction of car park subsequent to the year end.

11 Inventories	2019	2018
	P	P
Promotional items (at cost)	<u>22,235</u>	367,010

Inventories recognised as an expense in statement of comprehensive income during the year ended 31 March 2019 amounted to P 579,561.

12 Trade and other receivables	2019	2018
	P	P
Trade receivables	2,127,930	236,663
Prepayments	47,601	98,994
Staff advances	699,419	688,701
Other receivables	474,263	283,228
	<u>3,349,213</u>	1,307,586
Less: Impairment on trade and other receivables	(822,477)	(577,110)
	<u>2,526,736</u>	730,476

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019**

12 Trade and other receivables (continued)

The expected loss allowance for trade and other receivables are determined as follows,

	1-30 days P	31-60 days P	61-90 days P	Over 90 P	Total P
Year ended 31 March 2019					
Estimated gross carrying amount at default					
Trade Receivables	2,007,308	-	622	120,000	2,127,930
Staff Advance	31,427	20,611	36,276	611,105	699,419
Other Receivables (Imprest)	219,848	69,359	138,986	46,070	474,263
Total	2,258,584	89,970	175,884	777,175	3,301,612
Loss allowance (Lifetime expected credit loss)					
Trade Receivables	-	-	-	120,000	120,000
Staff Advance	3,636	3,644	9,100	611,105	627,485
Other Receivables (Imprest)	8,525	5,253	15,144	46,070	74,992
Total	12,161	8,897	24,244	777,175	822,477
Net carrying amount					
Trade Receivables	2,007,308	-	622	-	2,007,930
Staff Advance	27,792	16,966	27,176	-	71,934
Other Receivables (Imprest)	211,323	64,106	123,842	-	399,271
Total	2,246,423	81,073	151,640	-	2,479,135
Year ended 31 March 2018					
Gross carrying amount					
Trade Receivables	85,953	103,404	27,497	19,809	236,663
Staff Advance	94,698	32,839	26,537	534,627	688,701
Other Receivables (Imprest)	104,540	117,720	38,976	21,992	283,228
Total	285,191	253,963	93,010	576,427	1,208,591
Impairment provision					
Trade Receivables	-	-	-	-	-
Staff Advance	-	-	-	577,110	577,110
Other Receivables (Imprest)	-	-	-	-	-
Total	-	-	-	577,110	577,110

As at 1, April 2018 management reviewed and assessed the trade and other receivables for impairment in accordance with the requirement of IFRS 9 and determined that the expected credit loss on trade and other receivables as of 31 March 2018 did not significantly deviate from the carrying value of impairment under IAS 39.

Movement in the loss allowance for receivables

	2019 P	2018 P
Opening balance calculated under IAS 39	577,110	111,281
Amount restated through retained earnings-Transitional IFRS 9 adjustment	-	-
Opening impairment allowance as at 1 April 2018-Calculated under IFRS 9	577,110	111,281
Loss allowance for the year	245,367	577,110
Reversal during the year	-	(111,281)
Closing balance calculated under IFRS 9	822,477	577,110

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019**

13 Other financial assets	2019	2018
	P	P
Short-term bank deposits	<u>4,875,000</u>	<u>4,950,000</u>

The effective interest on these short term deposits is 4.9% (2018: 4.5%) per annum.

14 Financial assets at fair value through profit or loss	2019	2018
	P	P
Mutual funds	<u>40,849</u>	<u>60,577</u>

Financial assets at fair value through profit or loss are presented within "investing activities" in the cash-flow statement.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "investment income" - net in the statement of comprehensive income.

The fair value of the units invested in managed funds is based on valuations provided by the fund administrators. Fund administrators determine the valuation of units based on the market prices of the underlying assets.

The movement in the financial assets at fair value through profit or loss are summarised in the table below by measurement category.

None of the financial assets listed above are past due nor impaired.

	2019	2018
	P	P
Financial assets at fair value through profit or loss		
Balance at beginning of the year	60,577	58,226
Interest reinvestment during the year	1,368	2,351
Withdrawal during the year	(21,096)	-
Balance at end of the year	<u>40,849</u>	<u>60,577</u>

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

15 Cash and cash equivalents	2019	2018
	P	P
Cash at bank and on hand	<u>8,845,519</u>	<u>8,308,623</u>

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

Bank balances	8,679,443	8,130,600
FODA reserve	163,703	172,695
Cash at bank	<u>8,843,146</u>	<u>8,303,295</u>
Cash in hand	2,373	5,328
Cash at bank and on hand	<u>8,845,519</u>	<u>8,308,623</u>

The Association's cash and cash equivalents comprise the amounts denominated in the following foreign currencies:

US Dollars	<u>5,745,476</u>	<u>5,663,200</u>
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16 Capital grants	2019	2018
	P	P
Balance at beginning of year	10,114,869	10,682,148
Adjustments	-	(12,978)
Received during the year	5,316,382	-
Less: Amortisation of capital grants	(821,620)	(554,301)
Balance at end of year	<u>14,609,631</u>	<u>10,114,869</u>

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2019

17 Trade and other payables	2019	2018
	P	P
Trade payables	5,022,007	3,596,001
PAYE payable	2,072,639	1,984,032
VAT payable	5,315,010	3,822,679
Accrued expenses	2,739,170	2,902,176
Provision for legal claims (Note 17.1)	1,430,000	2,355,257
Provision for leave pay, gratuity and severance pay (Note 17.2)	1,799,608	1,491,850
Other payables	531,752	482,465
	18,910,186	16,634,460
17.1 Provision for legal claims		
Balance at the beginning of the year	2,355,257	3,325,763
Payments made during the year	(1,135,257)	(2,500,000)
Provision for the year	210,000	1,529,494
Balance at end of year	1,430,000	2,355,257
17.2 Provision for leave pay, gratuity and severance pay		
Balance at the beginning of the year	1,491,850	1,621,729
Provision for the year	1,173,822	1,107,537
Payments made during the year	(866,064)	(1,237,416)
Balance at end of year	1,799,608	1,491,850
18 Deferred income	2019	2018
	P	P
Federation of International Football Associations (FIFA)	5,087,681	12,215,583
Botswana Telecommunications Corporation Limited (BTCL)	4,950,000	4,950,000
	10,037,681	17,165,583
Balance at beginning of year	17,165,583	1,821,833
Grant income received	10,037,681	17,165,583
Transferred to grant income (Note 5)	(17,165,583)	(1,821,833)
Balance at end of year	10,037,681	17,165,583
19 Cash flows generated from operations	2019	2018
	P	P
Operating surplus/ (deficit)	5,534,538	(2,392,011)
Adjusted for:		
- Amortisation of capital grants (Note 16)	(821,620)	(554,301)
- Depreciation on property, plant and equipment (Note 10)	1,203,201	910,317
- Loss on disposal of property, plant and equipment	-	2,086
- Tax penalties and interest	114,929	110,877
- Loss allowance of trade and other receivables	245,367	577,110
Changes in working capital:		
- Inventories	344,775	(16,261)
- Deferred income (Note 18)	(7,127,902)	15,343,750
- Trade and Other receivables	(2,041,627)	3,760,884
- Trade and Other payables	2,275,726	(8,066,435)
Cash flows generated from operations	(272,613)	9,676,016

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

20 Related party transactions

Related parties are members of the National Executive Committee (NEC) of Botswana Football Association, the Botswana National Sports Council (BNSC) and key management of Botswana Football Association. The transactions carried out with the related parties during the year are as follows:

	2019	2018
	P	P
Botswana National Sports Commission (BNSC)		
- Grant income	7,215,743	9,324,332
Key management personnel compensation		
- Chief Executive officers	1,038,900	1,125,181
Members of the National Executive Committee (NEC)		
- Mileage	161,897	387,906
- Other expenses incurred on behalf of the NEC	335,027	435,830
	<u>496,924</u>	<u>823,736</u>

21 Events after the reporting period

There were no events that occurred after the reporting date which require adjustments to or disclosure in these annual financial statements.

22 Commitments

Capital commitments

There were no material capital commitments outstanding as at the reporting date.

Operating lease commitments - where the Association is the lessee

The Association leases various properties under cancellable operating lease agreements. Rent is renegotiated on an annual basis.

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

	2019	2018
	P	P
No later than one year	53,750	63,927

Operating lease commitments - where the Association is the lessor

The Association also leases out various property under cancellable lease agreements. Rent is negotiated on an annual basis. The lease income recognised in the income statement during the year is disclosed in Note 6.

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

Not later than 1 year	162,429	315,359
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The Association re-negotiates its operating leases on an annual basis.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2019

23 Expenses by nature	2019	2018
	P	P
The following items have been charged in arriving at the deficit for the year:		
Administrative expenses		
Advertising	94,822	529,418
Auditors' remuneration		
- Current year	421,200	443,565
- Underprovision in prior year	-	337,700
Bank charges	97,256	91,556
Coaches - training	481,110	132,043
Consultancy fees	944,959	2,562,071
Convention, workshops and training expenses	454,380	262,167
Depreciation on property, plant and equipment (Note 10)	1,203,201	910,317
Electricity	133,554	114,575
Insurance	294,804	135,404
Loss allowance of trade and other receivables	245,367	577,110
Licenses, permits and tax penalty	1,809,301	937,693
Motor vehicle and other repairs and maintenance expenses	494,832	569,458
Other expenses	987,984	448,504
Printing, stationery, telephone and postage	414,888	660,281
Referees' expenses	436,557	1,134,165
Rentals, leasing charges and levies	459,716	109,865
Reversal of unreconciled interdivision balance	-	(342,170)
Salaries and wages (Note 23.1)	8,982,420	8,893,226
Security	572,907	646,918
League, tournament and national team expenses	25,932,644	24,308,535
Travel and entertainment	2,374,989	1,408,490
	46,836,891	44,870,891

23.1 Staff costs comprise:

Salaries and wages	7,742,903	7,697,339
Pension, gratuity and severance benefits	1,239,517	1,195,887
	8,982,420	8,893,226

24 Contingent liabilities

There were no contingent liabilities as at the reporting date.