

BOTSWANA FOOTBALL ASSOCIATION

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2023**

BOTSWANA FOOTBALL ASSOCIATION

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Governing body for football activities in Botswana
National Executive Committee Members	Maclean C. Letshwiti (President) Masego J. Ntshingane (Vice President I) Maokaneng Bontshetse (Vice President II) Alec F. Monyake Tebogo T.T. Kamati Imwiko C. Sebina Patience L. Ncube Norman Sebele Tuelo Serole Mugove Chiwata Vincent Mafuta Nicolas Zakhem Thabiso D. Olatotse Mfolo E. Mfolo (Ex-Officio)
Registered office	P.O Box 1369 Gaborone Botswana
Business address	Plot 73281 Gaborone Botswana
Bankers	Absa Bank Botswana Limited First National Bank of Botswana Limited African Banking Corporation Botswana Limited
Auditors	Baker Tilly Certified Auditors

BOTSWANA FOOTBALL ASSOCIATION

STATEMENT OF RESPONSIBILITY BY THE NATIONAL EXECUTIVE COMMITTEE for the year ended 31 March 2023

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. 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 2023 and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards.


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 controls 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 risks across the Association. While operating risk cannot be fully eliminated, the Association endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 and Federation of International Football Associations. 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 37 have been authorized for issue by the National Executive Committee and are signed on its behalf by:



President



First Vice President



Certified Auditors

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Independent Auditor's Report

To the Members of Botswana Football Association

Opinion

We have audited the annual financial statements of Botswana Football Association which comprise of the statement of financial position as at 31 March 2023, statement of profit or loss and other comprehensive income, statement of changes in funds and reserves, and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Botswana Football Association as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Societies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The annual financial statements of Botswana Football Association for the year ended 31 March 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 25 November 2022.

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 2023". The other information does not include the annual financial statements and our auditor's report thereon.

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

ADVISORY • AUDIT • TAX • ACCOUNTING

Partners: Samuel N. Njanji CA (Z), FCPA, MBL; Phibion P. Gwatidzo FCPA, FZICA, CA (Z); Jean Jones CA (Z), FCPA; Carlos Chilesha FCA, FCCA, FZICA

Baker Tilly Botswana trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities

Independent Auditor's Report

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

Responsibilities of the National Executive Committee for the Annual Financial Statements

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

In preparing the annual financial statements, the National Executive Committee are 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

Independent Auditor's Report

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.

Baker Tilly

Baker Tilly Certified Auditors
Practicing Member: Samuel Njanji (CAP 0054 2023)

18.10.2023

Date

BOTSWANA FOOTBALL ASSOCIATION**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2023**

	Note	2023 BWP	2022 BWP
Income			
Grants and sponsorships	5	40,800,297	35,305,209
Gate takings on games		<u>221,370</u>	<u>16,652</u>
		41,021,667	35,321,861
Other income	6	8,119,725	3,325,969
Administrative expenses	27	<u>(41,935,625)</u>	<u>(40,309,836)</u>
Operating (deficit)/ surplus		7,205,767	(1,662,006)
Finance income	7	594,760	1,765
Finance costs	7	<u>(19,989)</u>	<u>(598,517)</u>
Net finance costs		574,771	(596,752)
(Deficit)/ surplus before income tax		7,780,538	(2,258,758)
Income tax expense	8	<u>-</u>	<u>-</u>
(Deficit)/ surplus for the year		<u>7,780,538</u>	<u>(2,258,758)</u>
Other comprehensive income		-	-
Total comprehensive (deficit)/ surplus for the year		<u>7,780,538</u>	<u>(2,258,758)</u>

BOTSWANA FOOTBALL ASSOCIATION**STATEMENT OF FINANCIAL POSITION
as at 31 March 2023**

	Note	2023 BWP	2022 BWP
ASSETS			
Non-current assets			
Property, plant and equipment	10	13,457,442	14,777,179
Right of use assets	11	320,445	325,408
		<u>13,777,887</u>	<u>15,102,587</u>
Current assets			
Trade and other receivables	12	1,115,011	866,745
Financial assets at fair value through profit and loss	13	47,694	45,321
Contract assets	14	-	247,500
Cash and cash equivalents	15	12,720,129	8,297,670
		<u>13,882,834</u>	<u>9,457,236</u>
Total assets		<u>27,660,721</u>	<u>24,559,823</u>
FUNDS AND LIABILITIES			
Funds and reserves			
Accumulated surplus/(deficit)		(2,048,803)	(9,829,341)
FODA reserve		163,703	163,703
		<u>(1,885,100)</u>	<u>(9,665,638)</u>
LIABILITIES			
Non-current liabilities			
Capital grants	16	11,431,129	12,676,121
Lease liabilities	17	335,040	336,233
Borrowings	18	20,093	133,900
		<u>11,786,262</u>	<u>13,146,254</u>
Current liabilities			
Trade and other payables	19	6,375,966	13,277,161
Lease liabilities	17	659	110
Borrowings	18	114,612	106,118
Contract liability	20	11,268,322	7,695,818
		<u>17,759,559</u>	<u>21,079,207</u>
Total liabilities		<u>29,545,821</u>	<u>34,225,461</u>
Total funds and liabilities		<u>27,660,721</u>	<u>24,559,823</u>

BOTSWANA FOOTBALL ASSOCIATION

**STATEMENT OF CHANGES IN FUNDS AND RESERVES
for the year ended 31 March 2023**

	FODA reserve BWP	Accumulated deficit BWP	Total BWP
Balance as at 1 April 2021	163,703	(7,570,583)	(7,406,880)
Deficit for the year	-	(2,258,758)	(2,258,758)
Other comprehensive income	-	-	-
Total comprehensive deficit for the year	-	(2,258,758)	(2,258,758)
Balance at 31 March 2022	163,703	(9,829,341)	(9,665,638)
Balance as at 1 April 2022	163,703	(9,829,341)	(9,665,638)
Surplus for the year	-	7,780,538	7,780,538
Other comprehensive income	-	-	-
Total comprehensive deficit for the year	-	7,780,538	7,780,538
Balance at 31 March 2023	163,703	(2,048,803)	(1,885,100)

BOTSWANA FOOTBALL ASSOCIATION**STATEMENT OF CASH FLOWS
for the year ended 31 March 2023**

	Note	2023 BWP	2022 BWP
Cash flows from operating activities			
Cash flows (used in)/ generated from operations	21	3,955,982	(7,074,252)
Income tax paid		-	-
Net cash (used in)/ generated from operations		<u>3,955,982</u>	<u>(7,074,252)</u>
Cash flows from investing activities			
Interest received	7	6,914	1,765
Investment in mutual funds	13	(2,373)	(1,765)
Purchase of property, plant and equipment	10	(182,475)	(1,444,196)
Disposal of property, plant and equipment		-	125,802
Net cash used in investing activities		<u>(177,934)</u>	<u>(1,318,394)</u>
Cash flows from financing activities			
Lease paid - Capital	17	(644)	(59,391)
Lease paid - Interest	17	(19,954)	(21,158)
Loan obtained	18		322,775
Loan paid	18	(105,313)	(82,757)
Capital grants received during the year	16	182,475	-
Net cash generated from financing activities		<u>56,564</u>	<u>159,469</u>
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of year		3,834,613	(8,233,177)
Exchange gain/(loss) on bank balance	7	8,297,670	17,108,207
Cash and cash equivalents at end of year	15	<u><u>12,720,129</u></u>	<u><u>8,297,670</u></u>

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

1 General information

Botswana Football Association (“Association”) is an organization registered under the Societies’ Act in Botswana and engages in promoting the game of Football in Botswana.

The Association is registered and domiciled in Botswana.

The financial statements set out on pages 6 to 37 have been approved by the National Executive Committee on 5 October 2023.

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 2023**

2.1.1 Changes in accounting policy and disclosures

(a) Standards and interpretations effective and adopted.

The following standards and interpretations were effective and adopted in the current year, the expected impact of the amendments on the Association is assessed not to be material:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	The impact of the amendments is not material.
Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	The impact of the amendments is not material.
Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	The impact of the amendments is not material.
Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	The impact of the amendments is not material.
Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	The impact of the amendments is not material.
Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	01 January 2022	The impact of the amendments is not material.

(b) Standards and interpretations not yet effective

The Association has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2023 or later periods:

Standard/Interpretation	Effective date: Years beginning on or after	Expected impact:
Lease liability in a sale and leaseback	01 January 2024	Unlikely there will be a material impact
Initial application of IFRS 17 and IFRS 9 - Comparative information	01 January 2023	Unlikely there will be a material impact
Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	01 January 2023	Unlikely there will be a material impact
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	01 January 2023	Unlikely there will be a material impact
Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

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

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 Financial assets

2.4.1 Classification

The Association classifies its financial assets in the following categories: at fair value through profit or loss and financial assets 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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

2.4 Financial assets (continued)

(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.

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.

2.4.1 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:

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

2.4.1 Initial recognition and measurement (continued)

(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.

2.4.2 Classification and subsequent measurement

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:

2.4.3 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 Association'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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

2.4.3 Debt Instruments (continued)

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.

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.

2.4.4 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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

2.4.5 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.

2.5 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.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.7 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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

2.8 Leases

Lease liability

The lease liability is initially measured at the present value of the following lease payments:

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

Lease agreements may contain both lease and non-lease components. The association elected not to separate lease and non-lease components, for leases of buildings for which the association is a lessee, and instead accounts for these as a single lease component.

The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the association's incremental borrowing rate is used. The incremental borrowing rate is the rate that the association would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the association:

- uses recent third-party financing received by the association as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received; and
- makes adjustments specific to the lease, e.g. term, credit standing, economic environment and security.

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

Right-of-use assets

Right-of-use assets are measured at cost comprising the following:

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

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

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

2.9 Leases (continued)

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the association is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Useful lives of the right-of-use assets as follows:

Right-of-use assets	2-100 years
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The depreciation charge for each year is recognised in profit or loss.

Termination of leases

When the association or lessor terminates or cancels a lease, the right-of-use asset and lease liability are derecognised.

On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss together with termination or cancellation costs in profit or loss.

Lease of a low value asset or a short-term lease

All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.

Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised.

Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.

Reassessment and modification of leases

Reassessment of lease terms and lease modifications that are not accounted for as a separate lease

When the association reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

2.9 Leases (continued)

For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to zero any further reduction in the measurement of the lease liability, is recognised in profit or loss.

For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.

Lease modifications that are accounted for as a separate lease

When the association modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the association accounts for these modification as a separate new lease. This accounting treatment equally applies to leases which the association elected the short-term lease exemption and the lease term is subsequently modified.

2.10 Leases - where the Association is the lessor

Lease income from operating leases where the association is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

When a 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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

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.

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. The Association's contributions to severance and gratuity are charged to the statement of comprehensive income in the period to which the contributions relate.

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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

2.14 Foreign currency translation (Continued)

(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 Sponsorships

Sponsorship income is recognised over the period of time as this reflects the nature of performance obligations embedded in the contracts for the services rendered by the Association. Sponsorship income recognition follows a five-step model framework model listed below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract Step 5:

Recognise revenue when (or as) the entity satisfies a performance obligation

2.15.2 Grants

Operational grants from Botswana National Sports Association, Federation of International Football Association and Confederation of African Football 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.

2.15.3 Contract Assets and Contract Liabilities

Contract assets is recognised when, Association has right to consideration in exchange for services that the entity has transferred to a sponsor / donor when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

Grants / sponsorship received for which related projects have not commenced are included in current liabilities as contract liabilities.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

2.15 Recognition of income (Continued)

2.15.4 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.

2.15.5 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.

Income is recognised at a specific point in time as this reflects the nature of performance obligations embedded in the contracts for the services rendered by the Association.

Revenue recognition follows a five-step model framework model listed above under point 2.15.1.

2.15.6 Other income

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

2.15.7 Interest income

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

2.15.8 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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

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.

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).

(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.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

3.1 Financial risk factors (Continued)

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.

(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.

(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 short term deposits of P 47,694 (2022: P 45,321) that are expected to readily generate cash inflows for managing liquidity risk.

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

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.

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).

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2023

4 Critical accounting estimates and judgments (Continued)

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) 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.

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.

(b) Useful lives of 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.

(c) Recognition of lease liability and right of use assets

The Association follows the guidance of IFRS 16 'Leases' and determines the lease liability and right of use assets. This determination requires significant judgement. In making this judgement the management evaluates amongst other factors, lease period, lease rate, option period and the purpose for which the respective lease asset is acquired, applicable interest rate and the practice adopted by similar organisations.

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

5 Grants and sponsorships	2023	2022
	BWP	BWP
Grants (Recognise based on activity or expenses incurred)		
Botswana National Sports Commission (BNSC)	10,225,747	4,670,610
Federation of International Football Associations (FIFA)	17,900,812	22,310,607
Confederation of African Football (CAF)	5,258,776	3,937,950
	<u>33,385,334</u>	<u>30,919,167</u>
Sponsorships (Recognised over the time)		
Debswana Diamond Company Limited	3,900,000	2,066,480
Choppies Enterprises limited	23,571	-
First National Bank of Botswana Limited	1,000,000	916,667
Shock Proof Investments 223 (Pty) Ltd t/a Umbro South Africa	371,287	30,733
Orange Botswana (Proprietary) Limited	1,530,500	938,871
Skyways Travel Agency	250,000	-
Diamond Trading Company Limited	191,319	187,500
The Union of European Football Associations (UEFA)	-	246,030
White Clouds T/A O3	148,287	-
	<u>7,414,963</u>	<u>4,386,042</u>
	<u>40,800,297</u>	<u>35,305,209</u>
6 Other income	2023	2022
	BWP	BWP
Amortisation of capital grant (Note 16)	1,427,467	997,356
Retirement/ disposal of capital grants	-	125,808
Rental income	164,754	244,942
Donations	564,274	553,000
Income received to Regional Football Associations	2,962,638	1,220,937
Others	3,000,593	183,926
	<u>8,119,725</u>	<u>3,325,969</u>
7 Net finance (costs)/ income	2023	2022
	BWP	BWP
Finance income		
Interest income on short term bank deposits	6,914	1,765
Foreign exchange gain/(loss)	587,846	-
	<u>594,760</u>	<u>1,765</u>
Finance costs		
Interest expense	(19,989)	(21,157)
Foreign exchange gain/(loss)	-	(577,360)
	<u>(19,989)</u>	<u>(598,517)</u>
Net finance (costs)/ income	<u>574,771</u>	<u>(596,752)</u>

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

8 Income tax expense

	2023 BWP	2022 BWP
Botswana tax:		
Current income tax expense at 22% (2022: 22%)	-	-
The tax on the Association's (deficit)/ surplus before tax differs from the theoretical amount that would arise using the basic tax rate as follows:		
Operating (deficit)/ surplus from continued operations	7,780,538	(2,258,758)
Operating deficit from discontinued operations	-	(4,518,825)
Operating (deficit)/ surplus for the year	<u>7,780,538</u>	<u>(6,777,583)</u>
Tax calculated at a tax rate of 22% (2022: 22%)	-	-
Tax effect of (deficit)/ surplus not subject to the tax	-	-
Tax calculated at a tax rate of 22% (2022: 22%)	<u>-</u>	<u>-</u>

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.

As per paragraph (xxxix) any income of a charitable, religious or educational institution or a trust established for public purposes exempt from income tax provided that where a person to whom this paragraph applies, carries on any business or derives any gains from disposal of any property chargeable to tax under section 35, exemption under this paragraph shall not be granted to such person unless it is proved to the satisfaction of the Commissioner General that the income of that person has been applied exclusively for public purposes within that tax year or such extended period as may be allowed by the Commissioner General;

As per paragraph (xl) any income of an association formed for the purpose of promoting social or sports amenities and not involving the acquisition of gain or the possibility of future gains to the extent that such income is applied exclusively for the purposes of such association within that tax year or such extended period as may be permitted by the Commissioner General are exempt from income tax;

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

9 Analysis of financial instruments

9.1 Financial instruments by category

9.1.1 Financial Assets measured at amortised cost

	2023 BWP	2022 BWP
Trade and other receivables - excluding prepayments and statutory receivables (Note 12)	585,356	524,864
Cash and cash equivalents (Note 15)	12,720,129	8,297,670
	<u>13,305,485</u>	<u>8,822,534</u>

Financial assets held to maturity (Note 13)

9.1.2 Financial assets at fair value through profit and loss (designated)

	<u>47,694</u>	<u>45,321</u>
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The table below analyses financial instruments carried at fair value, by valuation method at 31 March 2023. This requires disclosure of fair value measurements by level of the fair value measurement hierarchy disclosed in the note 3.3:

	Level 1 BWP	Level 2 BWP	Level 3 BWP
As at 31 March 2023			
Mutual funds	-	47,694	-
	<u>-</u>	<u>47,694</u>	<u>-</u>
As at 31 March 2022			
Mutual funds	-	45,321	-
	<u>-</u>	<u>45,321</u>	<u>-</u>

9.1.3 Financial liabilities at amortised cost

	2023 BWP	2022 BWP
Trade and other payables - excluding statutory payables and employee related provisions (Note 19)	3,856,794	9,265,073
Lease liabilities (Note 17)	335,699	336,343
	<u>4,192,493</u>	<u>9,601,416</u>

BOTSWANA FOOTBALL ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

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:

		2023	2022
		BWP	BWP
Trade and other receivables - excluding prepayments and statutory receivables (Note 12)	Not rated	<u>585,356</u>	<u>524,864</u>
Mutual funds (Vunani Fund Managers (Proprietary) Limited)	Not rated	<u>47,694</u>	<u>45,321</u>
Cash at bank			
Absa Bank Botswana Limited	Not rated	2,255	187,810
First National Bank of Botswana Limited	Not rated	12,713,376	8,103,888
Access Bank Botswana	Not rated	4,498	4,496
		<u>12,720,129</u>	<u>8,296,194</u>

The Association only deposits cash and invests with major banks with high quality credit standing. The Association has deposits with Vunani Fund Managers (Proprietary) Limited, First National Bank Botswana Limited, Absa Bank Botswana Limited and Access Bank Botswana.

Absa Bank Botswana Limited is part of Absa Group Limited, an African financial services group that aims to be the pride of the continent. Absa Group Limited is listed on the JSE in South Africa and is one of Africa's largest diversified financial services group.

Vunani Fund Managers (Proprietary) Limited is a registered investment manager which is well established investment manager and has a good reputation in Africa.

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.

Access Bank Botswana formerly known as BancABC Botswana is a subsidiary of Access Bank Group. Access Bank Group has its primary listing on the Nigeria Stock Exchange and with subsidiaries in the Nigeria, South Africa, Zambia and the United Kingdom.

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

10 Property, plant and equipment (Continued)

Property, plants and equipment include the following amounts where the Association acquired under the capital grants:

	Buildings BWP	Turf and improvements BWP	office equipment BWP	Motor vehicles BWP	Computer equipment BWP	Total BWP
Year ended 31 March 2022						
Opening net book amount	6,228,022	6,660,047	688,984	831,951	404,156	14,813,160
Additions	-	-	351,618	1,051,688	40,890	1,444,196
Disposals	-	-	-	(431,328)	-	(431,328)
Depreciation on disposals	-	-	-	305,526	-	305,526
Depreciation charge	(171,003)	(460,697)	(182,951)	(379,791)	(159,933)	(1,354,375)
Reclassification at cost	(75,600)	-	-	75,600	-	-
Depreciation on reclassified asset	1,134	-	-	(1,134)	-	-
Closing net book amount	<u>5,982,553</u>	<u>6,199,350</u>	<u>857,651</u>	<u>1,452,512</u>	<u>285,113</u>	<u>14,777,179</u>
At 31 March 2022						
Cost	8,550,125	9,214,043	3,062,102	3,668,616	1,850,124	26,345,010
Accumulated depreciation	<u>(2,567,572)</u>	<u>(3,014,693)</u>	<u>(2,204,451)</u>	<u>(2,216,104)</u>	<u>(1,565,011)</u>	<u>(11,567,831)</u>
Net book amount	<u>5,982,553</u>	<u>6,199,350</u>	<u>857,651</u>	<u>1,452,512</u>	<u>285,113</u>	<u>14,777,179</u>
Year ended 31 March 2023						
Opening net book amount	5,982,553	6,199,350	857,651	1,452,512	285,113	14,777,179
Additions	-	-	-	-	182,475	182,475
Disposals	-	-	-	-	-	-
Reclassification/Adjustments	74,466	-	-	(74,466)	-	-
Depreciation on disposals	-	-	-	-	-	-
Depreciation charge	(179,255)	(460,697)	(214,784)	(437,059)	(210,417)	(1,502,212)
Closing net book amount	<u>5,877,764</u>	<u>5,738,653</u>	<u>642,867</u>	<u>940,987</u>	<u>257,171</u>	<u>13,457,442</u>
At 31 March 2023						
Cost	8,624,591	9,214,043	3,062,102	3,594,150	2,032,599	26,527,485
Accumulated depreciation	<u>(2,746,827)</u>	<u>(3,475,390)</u>	<u>(2,419,235)</u>	<u>(2,653,163)</u>	<u>(1,775,428)</u>	<u>(13,070,043)</u>
Net book amount	<u>5,877,764</u>	<u>5,738,653</u>	<u>642,867</u>	<u>940,987</u>	<u>257,171</u>	<u>13,457,442</u>

11 Right of use assets

	Right of use assets - land BWP	Right of use assets building BWP	Total BWP
Year ended 31 March 2022			
Opening net book amount	328,977	53,732	382,709
Addition	-	-	-
Depreciation charge	(3,569)	(53,732)	(57,301)
Closing net book amount	<u>325,408</u>	<u>-</u>	<u>325,408</u>
At 31 March 2022			
Cost	336,069	257,917	593,986
Accumulated depreciation	<u>(10,661)</u>	<u>(257,917)</u>	<u>(268,578)</u>
Net book amount	<u>325,408</u>	<u>-</u>	<u>325,408</u>
Year ended 31 March 2023			
Opening net book amount	325,408	-	325,408
Addition	-	-	-
Depreciation charge	(4,963)	-	(4,963)
Closing net book amount	<u>320,445</u>	<u>-</u>	<u>320,445</u>
At 31 March 2023			
Cost	336,069	-	336,069
Accumulated depreciation	<u>(15,623)</u>	<u>-</u>	<u>(15,623)</u>
Net book amount	<u>320,445</u>	<u>-</u>	<u>320,445</u>

These lands were acquired under long term lease agreements to develop football facilities. Details of the right-of-use assets as follows,

Nature of the Right-of-use assets	Location	Lease period	
		Start	End
Land	Lot 73281, Gaborone	01/02/2013	31/01/2043
Land	Lot 43625, Francistown	25/03/2015	24/03/2065
Land	Lethakane/Phase 2 Ext Plot 7	29/06/2016	29/05/2066
Land	Tonota/ Showground	07/09/2015	07/08/2065
Land	Lot 10458, Chobe, Kazungula	24/07/2020	24/06/2070

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

12 Trade and other receivables	2023	2022
	BWP	BWP
Trade receivables	518,848	913,973
Prepayments	664,491	341,881
Staff advances	679,260	670,874
VAT receivables	(134,836)	-
Imprest receivables	420,619	328,990
Other receivables	311,582	406,667
	<u>2,459,964</u>	<u>2,662,385</u>
Less: Impairment on trade receivables, staff advances and imprest receivables	<u>(1,344,953)</u>	<u>(1,795,640)</u>
	<u>1,115,011</u>	<u>866,745</u>

The expected loss allowance for trade receivables, staff advances, imprest receivables, and other receivables are

	1-30 days	31-60 days	61-90 days	Over 90 days- impaired	Total
	BWP	BWP	BWP	BWP	BWP
Year ended 31 March 2023	Current	Past due	Past due	Past due	
Loss allowance %	0%	0%	0%	100%	
Gross carrying amount					
Trade Receivables	97,501	-	-	421,347	518,848
Staff Advance	-	23,634	-	655,626	679,260
Imprest receivables	38,537	32,114	81,988	267,980	420,619
Total	<u>136,038</u>	<u>55,748</u>	<u>81,988</u>	<u>1,344,953</u>	<u>1,618,727</u>
Loss allowance (Lifetime expected credit loss)					
Trade Receivables	-	-	-	421,347	421,347
Staff Advance	-	-	-	655,626	655,626
Imprest receivables	-	-	-	267,980	267,980
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,344,953</u>	<u>1,344,953</u>
Net carrying amount					
Trade Receivables	97,501	-	-	-	97,501
Staff Advance	-	23,634	-	-	23,634
Imprest receivables	38,537	32,114	81,988	-	152,639
Total	<u>136,038</u>	<u>55,748</u>	<u>81,988</u>	<u>-</u>	<u>273,774</u>
Year ended 31 March 2022	Current	Past due	Past due	Past due	
Loss allowance %	0%	0%	0%	100%	
Gross carrying amount					
Trade Receivables	19,845	9,923	9,923	874,281	913,972
Staff Advance	21,970	-	-	648,904	670,874
Imprest receivables	25,536	13,969	17,031	272,455	328,991
Total	<u>67,351</u>	<u>23,892</u>	<u>26,954</u>	<u>1,795,640</u>	<u>1,913,837</u>
Loss allowance (Lifetime expected credit loss)					
Trade Receivables	-	-	-	874,281	874,281
Staff Advance	-	-	-	648,904	648,904
Imprest receivables	-	-	-	272,455	272,455
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,795,640</u>	<u>1,795,640</u>
Net carrying amount					
Trade Receivables	19,845	9,923	9,923	-	39,691
Staff Advance	21,970	-	-	-	21,970
Imprest receivables	25,536	13,969	17,031	-	56,536
Total	<u>67,351</u>	<u>23,892</u>	<u>26,954</u>	<u>-</u>	<u>118,197</u>

Movement in the loss allowance for receivables	2023	2022
	BWP	BWP
Opening balance as at 1 April	1,795,640	1,746,741
Loss allowance for the year	(450,687)	48,899
Reversal during the year	-	-
Closing balance as at 31 March	<u>1,344,953</u>	<u>1,795,640</u>

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

13 Financial assets at fair value through profit or loss	2023 BWP	2022 BWP
Mutual funds	47,694	45,321

Financial

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.

	2023 BWP	2022 BWP
Financial assets at fair value through profit or loss		
Balance at beginning of the year	45,321	43,556
Interest reinvestment during the year	<u>2,373</u>	<u>1,765</u>
Balance at end of the year	<u>47,694</u>	<u>45,321</u>

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

14 Contract assets

Orange Botswana (Proprietary) Limited	-	<u>247,500</u>
	-	<u>247,500</u>
Balance at beginning of year	247,500	247,500
Recognised during the year	-	-
Realised during the year	<u>(247,500)</u>	<u>-</u>
Balance at end of year	<u>-</u>	<u>247,500</u>

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

15 Cash and cash equivalents	2023	2022
	BWP	BWP
Cash at bank and on hand	<u>12,720,129</u>	<u>8,297,670</u>

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

Bank balances	<u>12,718,394</u>	<u>8,296,194</u>
Cash at bank	<u>12,718,394</u>	<u>8,296,194</u>
Cash in hand	<u>1,735</u>	<u>1,476</u>
Cash at bank and on hand	<u>12,720,129</u>	<u>8,297,670</u>

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

US Dollars	<u>8,129,353</u>	<u>3,684,534</u>
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15.1 Bank balances related to FODA reserve amounted to P163,703 had been transferred to Bank of Botswana during the financial year ended 31 March 2020 due to the fact that account was dormant. However, the Association has recovered the amount from Bank of Botswana in the prior year ended

15.2 The cash and cash equivalents disclosed above and in the statement of cash flows include bank balances of P 11,268,322 (2022 : P 7,695,818) which are held for special projects/ activities. These cash and cash equivalents are restricted by the conditions attached to those special projects/ activities

16 Capital grants	2023	2022
	BWP	BWP
Balance at beginning of year	12,676,121	13,799,285
Received during the year	182,475	-
Retired/ disposed during the year	-	(125,808)
Less: Amortisation of capital grants (Note 6)	<u>(1,427,467)</u>	<u>(997,356)</u>
Balance at end of year	<u>11,431,129</u>	<u>12,676,121</u>

17 Lease liabilities	2023	2022
	BWP	BWP
Balance at beginning of year	336,343	395,734
Adjustments	-	-
Lease payments	(20,598)	(80,549)
Interest	<u>19,954</u>	<u>21,158</u>
Balance at end of year	<u>335,699</u>	<u>336,343</u>
Current portion	<u>659</u>	<u>110</u>
Non-current portion	<u>335,040</u>	<u>336,233</u>
	<u>335,699</u>	<u>336,343</u>

Lease term : 2 - 100 years
Interest rate : 6.5% (Incremental Borrowing Rate)

At 31 March 2023, if the interest rate had increased by 1 % with all other variables held constant, The association leases a corporate office and lands. The lease imposes a restriction that the property can only be used by the association unless permission is given by the lessor to sublet, and that the building must be returned to their original condition at the end of the lease.

Extension and termination options are included in the lease. These terms are used to maximise operational flexibility in terms of managing contracts. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

18 Borrowings	2023	2022
	BWP	BWP
Held at amortised cost		
Borrowings	134,705	240,018
Split between non-current and current portions		
Current portion	114,612	106,118
Non-current portion	20,093	133,900
	<u>134,705</u>	<u>240,018</u>
<p>The loan was obtained from First National Bank Limited to buy a motor vehicle amounted to P 322,775. Duration of the loan is for a period of 3 years and it carries an interest rate of 8.76% (2022:7.25%).</p>		
19 Trade and other payables	2023	2022
	BWP	BWP
Trade payables	1,921,791	4,425,836
PAYE payable	714,289	1,889,448
VAT payable	-	105,429
Accrued expenses	213,875	2,941,747
Accrued for legal claims (Note 19.1)	1,283,500	820,000
Accrued for leave pay, gratuity and severance pay (Note 19.2)	1,804,881	2,017,211
Other payables	437,628	1,077,490
	<u>6,375,964</u>	<u>13,277,161</u>
19.1 Accrued for legal claims		
Balance at the beginning of the year	820,000	832,607
Payments made during the year	-	-
Additions	463,500.00	-
Reversal for the year	-	(12,607)
Balance at end of year	<u>1,283,500</u>	<u>820,000</u>
19.2 Accrued for leave pay, gratuity and severance pay		
Balance at the beginning of the year	2,017,211	3,375,427
Accruals for the year	2,309,870	1,403,831
Reversals for the year	-	-
Payments made during the year	(2,744,354)	(2,762,047)
Balance at end of year	<u>1,582,727</u>	<u>2,017,211</u>
20 Contract liability (Deferred Income)	2023	2022
	BWP	BWP
Federation of International Football Associations (FIFA)	7,887,336	3,747,167
Debswana Diamond Company Limited	3,037,207	3,099,720
Confederation of African Football (CAF)	289,877	137,138
Orange Botswana (Pty) Ltd	-	-
The Union of European Football Associations (UEFA)	53,903	435,126
First National Bank	-	254,167
Diamond Trading Company Limited	-	22,500
	<u>11,268,322</u>	<u>7,695,818</u>
Balance at beginning of year	7,695,818	15,635,781
Movement for the year	3,572,504	(7,939,963)
Balance at end of year	<u>11,268,322</u>	<u>7,695,818</u>
21 Cash flows generated from operations	2023	2022
	BWP	BWP
Cash flows(used in)/ generated from operations	<u>3,955,982</u>	<u>(7,074,252)</u>

BOTSWANA FOOTBALL ASSOCIATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023**

23 Related party balances and transactions

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

	2023 BWP	2022 BWP
Botswana National Sports Commission (BNSC)		
- Grant income	10,225,747	4,670,610
Botswana Football League (Proprietary) Limited (BFL)		
- Expenses incurred on behalf of BFL	711,579	1,044,735
- Payment received from BFL	(400,000)	(638,247)
- Amounts due from BFL	311,579	406,488
Key management personnel compensation		
Key management personnel include Chief Executive Officer and Technical Director of the Association		
- Chief Executive Officer	822,000	1,112,440
- Technical Director	515,039	128,760
	1,337,039	1,241,200
Members of the National Executive Committee (NEC)		
- Mileage	158,325	96,128
- Other expenses incurred on behalf of the NEC	1,167,976	642,837
	1,326,301	738,965

24 Going concern

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 receive funding from Botswana National Sports Commission, FIFA and other major sponsors for the ongoing operations for as long as it takes to restore the solvency of the Association. The Association has been able to secure grants and sponsorships from Botswana National Sports Commission, FIFA and other major sponsor for the year ending 31 March 2024 and the NEC is of the view that the Association will be able to continue its operations at least till the end of the next financial year.

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.

25 Events after the reporting period

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

BOTSWANA FOOTBALL ASSOCIATION**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023****26 Commitments****Capital commitments**

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

27 Administrative expenses**2023****2022****BWP****BWP**

The following items have been charged in arriving at the deficit for the year:

Administrative expenses

Advertising	413,142	697,781
Auditors' remuneration		
- Current year	349,221	408,424
- Under provision in prior year	261,390	261,390
Bank charges	53,431	101,471
Coaches - training	-	-
Consultancy fees	183,187	756,235
Convention, workshops and training expenses	191,205	735,540
Depreciation on property, plant and equipment	1,470,260	1,411,675
Amortisation of capital grant (Note 16)	-	-
Electricity	224,027	205,276
Insurance	-	-
Loss allowance of trade and other receivables	414,358	296,620
Impairment on inventory	-	-
Licenses, permits and tax penalty	72,197	95,298
Motor vehicle and other repairs and maintenance expenses	1,044,969	812,841
Covid 19 Relief expenses	-	3,324,826
Other expenses	1,589,429	818,568
Printing, stationery, telephone and postage	693,029	657,401
Referees' expenses	16,300	30,217
Rentals, leasing charges and levies	66,343	58,948
Salaries and wages (Note 27.1)	7,991,895	10,317,083
Security	524,819	486,516
League, tournament and national team expenses	17,302,462	8,008,381
Travel and entertainment	9,073,962	10,825,345
	<u>41,935,625</u>	<u>40,309,836</u>

27.1 Staff costs comprise:

Salaries and wages	7,009,912	8,728,477
Pension, gratuity and severance benefits	981,984	1,588,606
	<u>7,991,895</u>	<u>10,317,083</u>

BOTSWANA FOOTBALL ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

28 Contingent liabilities

There were no contingent liabilities as at the reporting date.