

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements

for the 9 month period ended 31 December 2016

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

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LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE

Lesotho

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Lnoc is established in terms of the Olympic Charter and the Commonwealth Games Federation's constitution and in accordance with the provisions of the governing associations in Lesotho as a non-profit making and non-governmental organisation.

EXECUTIVE BOARD

M Moiloa Ramoqoqo (President)
Dr L Khomari (Treasurer)
T Rampooane (Vice President Administration)
Adv T Ntaopane (Vice President Finance)
L Ntsibolane (Vice Secretary General)
M Molapo (Public Relations Officer)
T Mokhehle (Member)
M Maketela (Honorary Member)
Dr M Mosotho (Member)
M Lekomola (Athletes Representative)
S Mphaka (Honorary Member)
M Raleaka (Chief Executive Officer)

REGISTERED OFFICE

P.O. Box 756
Maseru 100
Lesotho

BANKERS

Standard Lesotho Bank, Nedbank
Lesotho

INDEPENDENT AUDITORS

New Dawn Chartered Accountants
P.O. Box 15369
Maseru 100
Lesotho

Independent Auditor's Report

To the Executive Board of Lesotho National Olympic Committee

Opinion

We have audited the financial statements of Lesotho National Olympic Committee set out on pages 6 to 14, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the organisation as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the LNOC Constitution.

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 are independent of the organisation in accordance with the International Ethics Standards Board for Accountants' (IESBA's) Code of Ethics for Registered Auditors as adopted by the Lesotho Institute of Accountants and other independence requirements applicable to performing audits of financial statements in Lesotho. We have fulfilled our other ethical responsibilities in accordance with the International Ethics and Standard Boards for Accountants' (IESBA's) Code of Ethics and in accordance with other ethical requirements applicable to performing audits in Lesotho. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Management for the Financial Statements

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the LNOC Constitution, and for such internal control as the management determines 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 management is responsible for assessing the organisation'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 management either intends to liquidate the organisation or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the director'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 organisation'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 organisation 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 management 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.

New Dawn Chartered Accountants

21 February 2017

New Dawn Chartered Accountants

Per:

Director / Partner

Registered Auditors

P.O. Box 15369

Maseru 100

Lesotho

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LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

EXECUTIVE BOARD'S RESPONSIBILITIES AND APPROVAL

The executive board is required to maintain adequate accounting records and are 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 financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the organisation, and explain the transactions and financial position of the business of the organisation at the end of the 9 month period. The financial statements are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

The executive board acknowledges that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the executive board to meet these responsibilities, the Executive Board 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisations business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

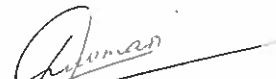
The executive board is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the executive board has no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation.

The financial statements have been audited by the independent auditing firm, New Dawn Chartered Accountants, who have been given unrestricted access to all financial records and related data, including minutes of all meetings. The executive board believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on page 3.

The financial statements as set out on pages 6 to 14 were approved by the Executive Board on 20 February 2017 and were signed on its behalf by:



M Moiloa Ramoqo (President)



Dr L Khomari (Treasurer)

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

MANAGEMENT'S REPORT

The Executive Board present their report for the 9 month period ended 31 December 2016.

1. Review of activities

Main business and operations

The principal activity of the organisation is Inoc is established in terms of the Olympic Charter and the Commonwealth Games Federation's constitution and in accordance with the provisions of the governing associations in Lesotho as a non-profit making and non-governmental organisation. and there were no major changes herein during the year.

The operating results and statement of financial position of the organisation are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

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.

3. Events after reporting date

All events subsequent to the date of the financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

4. Executive Board

The executive board of the organisation during the period and to the date of this report are as follows:

M Moiloa Ramoqoqo (President)
Dr L Khomari (Treasurer)
T Rampooane (Vice President Administration)
Adv T Ntaopane (Vice President Finance)
L Ntsibolane (Vice Secretary General)
M Molapo (Public Relations Officer)
T Mokhehle (Member)
M Maketela (Honorary Member)
Dr M Mosotho (Member)
M Lekomola (Athletes Representative)
S Mphaka (Honorary Member)
M Raleaka (Chief Executive Officer)

5. Independent Auditors

New Dawn Chartered Accountants were the independent auditors for the period under review.

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements as at 31 December 2016

Statement of Financial Position

Figures in M	Notes	31 December 2016	31 March 2016
Assets			
Non-Current Assets			
Property, plant and equipment	3	<u>1,643,725</u>	<u>1,657,392</u>
Current Assets			
Trade and other receivables	4	188,913	72,565
Cash and cash equivalents	5	<u>784,991</u>	<u>1,053,987</u>
		<u>973,904</u>	<u>1,126,552</u>
Total Assets		<u>2,617,629</u>	<u>2,783,944</u>
Reserves and Liabilities			
Reserves			
Capital grants		282,903	282,903
Retained earnings		<u>2,051,036</u>	<u>2,097,616</u>
		<u>2,333,939</u>	<u>2,380,519</u>
Non-Current Liabilities			
Deferred revenue		<u>282,987</u>	<u>282,987</u>
Current Liabilities			
Provisions		-	108,062
Trade and other payables	6	-	11,673
Bank overdraft	5	<u>703</u>	<u>703</u>
		<u>703</u>	<u>120,438</u>
Total Reserves and Liabilities		<u>2,617,629</u>	<u>2,783,944</u>

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

Statement of Comprehensive Income

Figures in M	Note	9 months	
		31 December 2016	31 March 2016
Revenue	7	10,792,160	12,556,212
Other income		7,993	-
Operating costs		(10,859,078)	(12,409,034)
Operating (deficit)/surplus		(58,925)	147,178
Finance income		546	261
(Deficit)/surplus for the year		(58,379)	147,439
Retained income at 1 April 2016		2,097,616	1,950,177
(Loss)/surplus for the year		(58,379)	147,439
Retained income at 31 December 2016		2,039,237	2,097,616

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

Statement of Changes in Reserves

Figures in M	Capital Grants	Accumulated surplus	Total
Balance at 1 April 2015	282,903	1,950,177	2,233,080
Total comprehensive income for the year			
Surplus for the year		147,439	147,439
Total comprehensive income for the year	-	147,439	147,439
Balance at 31 March 2016	282,903	2,097,616	2,380,519
Balance at 1 April 2016	282,903	2,097,616	2,380,519
Total comprehensive income for the year			
Deficit for the year		(58,379)	(58,379)
Total comprehensive income for the year	-	(58,379)	(58,379)
Retained income - Adjustment during year		11,799	11,799
Balance at 31 December 2016	282,903	2,051,036	2,333,939

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

Statement of Cash Flows

9 months

Figures in M	Note	31 December 2016	31 March 2016
Cash flows from operating activities			
(Deficit)/surplus for the year		(58,379)	147,439
<i>Adjustments for:</i>			
Depreciation of Tangible assets		118,749	179,424
Investment income		(546)	(261)
Profit on disposal of property, plant and equipment		(7,993)	-
Deferred revenue		-	-
Prior year adjustment		11,800	-
Operating cash flow before working capital changes		63,631	326,602
<i>Working capital changes</i>			
Increase in trade and other receivables		(116,348)	(3,400)
(Decrease)/increase in trade and other payables		(119,735)	3
Cash (utilised in)/generated by operating activities		(172,452)	323,205
Investment income		546	261
Net cash from operating activities		(171,906)	323,466
Cash flows from investing activities			
Property, plant and equipment acquired	3	(115,102)	(119,837)
Proceeds on disposals of property, plant and equipment		18,012	-
Net cash generated by investing activities		(97,090)	(119,837)
(Decrease)/increase in cash and cash equivalents		(268,996)	203,629
Cash and cash equivalents at beginning of the year		1,053,284	849,655
Cash and cash equivalents at end of the year	5	784,288	1,053,284

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

Accounting Policies

1. General information

Lesotho National Olympic Committee is a non-profit organisation.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in Lesotho Loti.

2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the organisation's activities. Revenue is shown net of value-added tax, returns, and discounts.

The organisation recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the organisation's activities, as described below:

2.1.1 Interest income

Interest income is recognised using the effective interest rate method.

2.2 Government grants

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the organisation has complied with all attached conditions. Grants received where the organisation has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. Government grants received are included in 'other income' in profit or loss.

2.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

Accounting Policies

Summary of significant accounting policies continued...

Land and buildings	5.00%
Motor vehicles	20.00%
Furniture and fittings	20.00%
IT equipment	33.00%

2.4 Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the organisation will not be able to collect all amounts due according to the original terms of the receivables.

2.5 Cash and cash equivalents

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

2.6 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

2.7 Provisions

Provisions are measured at the present value of the amount 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.

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

Notes to the Financial Statements

Figures in M

31 December 2016 31 March 2016

3. Property, plant and equipment

	Cost	Accumulated depreciation	31 December 2016 Carrying value	Cost	Accumulated depreciation	31 March 2016 Carrying value
<i>Owned assets</i>						
Land and buildings	1,953,159	632,837	1,320,322	1,826,983	495,982	1,331,001
Motor vehicles	505,116	427,449	77,667	489,402	386,469	102,933
Furniture and fittings	326,496	205,178	121,318	294,393	151,665	142,728
Office equipment	662,080	537,662	124,418	551,566	470,836	80,730
	3,446,851	1,803,126	1,643,725	3,162,344	1,504,952	1,657,392

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals/ Adjustments	Depreciation	31 December 2016 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	1,331,001	42,000	-	(52,679)	1,320,322
Motor vehicles	102,933	-	(10,019)	(15,247)	77,667
Furniture and fittings	142,728	-	-	(21,409)	121,319
Office equipment	80,730	73,102	-	(29,414)	124,418
	1,657,392	115,102	(10,019)	(118,749)	1,643,726

	Carrying value at beginning of year	Additions	Disposals	Depreciation	31 March 2016 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	1,335,177	80,000	-	(84,176)	1,331,001
Motor vehicles	128,666	-	-	(25,733)	102,933
Furniture and fittings	153,354	21,477	-	(32,103)	142,728
Office equipment	99,782	18,360	-	(37,412)	80,730
	1,716,979	119,837	-	(179,424)	1,657,392

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

Notes to the Financial Statements

Figures in M

31 December 2016 31 March 2016

4. Trade and other receivables

Ethihad Airways	178,614	-
National Federations Receivables	10,299	72,565
	<u>188,913</u>	<u>72,565</u>

The Ethihad receivable is an amount paid to the airways for air tickets which were not utilised. The amount will be refunded to LNOC by the airways.

5. Cash and cash equivalents

Favourable cash balances

Cash on hand	1,222	1,081
Nedbank	490,122	1,033,361
Standard Bank	-	231
Standard Bank	293,647	17,314
Standard Bank	-	2,000
	<u>784,991</u>	<u>1,053,987</u>

Overdraft

Bank overdraft	<u>703</u>	<u>703</u>
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Current assets	784,991	1,053,987
Current liabilities	<u>(703)</u>	<u>(703)</u>
	<u>784,288</u>	<u>1,053,284</u>

6. Trade and other payables

General Ledger Take-on	-	11,671
Trade creditors	-	2
	<u>-</u>	<u>11,673</u>

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

Notes to the Financial Statements

Figures in M

31 December 2016 31 March 2016

7. Revenue

An analysis of revenue is as follows:

International Olympic Committee	4,698,162	4,637,312
National Federation Affiliation Fees	1,000	4,800
GOL Grants Received	5,120,000	3,095,395
ANOCA Grants	83,614	1,784,469
Commonwealth	352,950	329,000
OlympAfrica	123,193	73,011
Other income	413,241	2,632,225
	<u>10,792,160</u>	<u>12,556,212</u>

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

Detailed Income Statement

9 months

Figures in M

31 December 2016 31 March 2016

Gross Revenue

ANOCA Grants	83,614	1,784,469
Commonwealth	352,950	329,000
GOL Grants Received	5,120,000	3,095,395
International Olympic Committee	4,698,162	4,637,312
National Federation Affiliation Fees	1,000	4,800
OlympAfrica	123,193	73,011
Other income	413,241	2,632,225
	<u>10,792,160</u>	<u>12,556,212</u>

Other Income

Investment income	546	261
Profit on sale of fixed assets	7,993	-
	<u>8,539</u>	<u>261</u>

10,800,699 **12,556,473**

The supplementary information presented does not form part of the annual financial statements and is unaudited

LESOTHO NATIONAL OLYMPIC COMMITTEE

Financial Statements for the 9 month period ended 31 December 2016

Detailed Income Statement

9 months

Figures in M

31 December 2016 31 March 2016

Expenditure

Accommodation	28,552	607,504
Accommodation meals and refreshments	882,531	1,605,512
Advert Promotions and Corporate Gifts	94,928	173,499
Air travel fares	2,291,254	1,822,714
Audit and Accounting fees	52,899	22,900
Bad debts written off	60,666	-
Bank charges	59,350	58,040
Cleaning and staff welfare	20,091	26,276
Computer expenses	74,162	188,441
Consulting fees	182,560	431,670
Courier and Postage	6,697	13,466
Depreciation - Tangible assets	118,749	179,424
Electricity	44,400	32,200
Entertainment expenses	-	34,300
Fuel and other lubricants	147,653	171,383
Insurance	11,701	13,253
Lease rental on operating lease	56,969	240,284
Legal expense and other professional fees	9,500	22,125
Magazines and journals	750	300
Meals and refreshments	573,450	882,987
Media and publicity costs	7,179	-
Medical costs	50,184	80,590
Office repairs and maintenance	72,439	136,945
Perdiems and subsistence allowance	2,848,642	2,858,982
Printing and stationery	135,682	191,179
Rent expenses	74,000	90,030
Road travel fares	287,083	287,743
Salaries	1,409,227	1,348,729
Sports trainings and equipment	221,249	182,645
Sports/Team attire	592,574	214,592
Staff expenses	-	2,143
Subscription and affiliation	8,111	14,572
Subscriptions-other	60,458	27,085
Sundry expenses	95,644	108,061
Telephone and fax	104,307	162,868
Tollgate fees	8,150	7,990
Travelling documents	22,963	77,450
Vehicle repairs and maintenance	77,934	39,161
Wages - casual	37,600	43,475
Water and sewerage	28,790	8,516
	<u>10,859,078</u>	<u>12,409,034</u>
(Deficit)/surplus for the year	<u>(58,379)</u>	<u>147,439</u>

The supplementary information presented does not form part of the annual financial statements and is unaudited