

**SOS Children's Villages Association of Botswana
(Registration number CR 0821)
Annual financial statements
for the year ended 31 December 2015**

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2015

COMPANY INFORMATION

Nature and principal business activity: The purpose of the Association is the social upliftment and care of children who are orphaned or abandoned.

Legal form: Charitable society

Country of incorporation and domicile: Botswana

Executive committee: Major General B K Oitsile
Gamangwe Mathame
Matilda Owusu-Ansah
Donald Gaetsaloe
Gomotsanang Manne
Eva Mwila
Andre Du Toit
Isaac Mbaiwa
Motshwari Kitso

Registered office: Plot 5085, Lesunyaneng
Tlokweg

Registered business address: Plot 5085, Lesunyaneng
Tlokweg

Postal address: P O Box 30396
Tlokweg
Gaborone

**SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2015**

The reports and statements set out below comprise the annual financial statements presented to the members:

CONTENTS

Chairman's report	3-4
National Director's progress report	5-6
Treasurer's report	7-10
Statement of responsibility by the executive committee	11
Report of the independent auditors	12-13
Statement of comprehensive income	14
Statement of financial position	15
Statement of changes in equity	16
Statement of cash flows	17
Notes to the financial statements	18-37
Detailed administration and project / program expenses	Annexure 1

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA
CHAIRMAN'S REPORT
for the year ended 31 December 2015

INTRODUCTION

One of the key responsibilities of a Board Of Directors is to make key policy and strategic decisions that shape the association's overall direction and development. During the period under review, major decisions had to be made for the sustainability of the organisation. I trust that our various stakeholders will be motivated to support us more given our continuing and ever improving transparency and accountability.

GOOD GOVERNANCE

The National Management Team (NMT) reviews the annual strategy on a quarterly basis and carry out other operational duties while the Board of Directors plays a strategic and oversight role. In addition to the oversight role, members of the Board are the mouth-piece of the organization in the various forums where they participate. To this end, the board members have been able to bring influence and synergies arising from their networks to various events and activities. The Board of Directors has also played a significant role in ensuring compliance with all governance standards that are enshrined in the various policies.

REVIEW OF 2015 ORGANISATIONAL PERFORMANCE

As Board Chairperson, I am pleased to be part of such a fantastic organization that works tirelessly to provide quality care to children who are at risk of losing parental care and those who have completely lost care. I am encouraged by the efforts of the entire team of staff, sponsors, donors, community members, Board, and volunteers who have taken time to make a difference in the lives of these children.

The organization has had its own aspirations, achievements and challenges during 2015 like it had in preceding years. It is encouraging to note that even though some of the challenges were unprecedented, the resilience, courage, tenacity and commitment of the SOS Children's Villages broader team ensured that we continued to live the dream and vision of the organization. Our three Children's Villages of Tlokweng, Francistown and Serowe continued to provide quality care to children under their care.

One of the strategic decisions that were taken during 2015 is the integration of our families into the community. The organization took a giant step by relocating two families from the Children's Village into the community. The relocation will be used to pilot the integration model and we are still making some observations to ensure that we close all gaps that may arise and document lessons learnt so that the model can be rolled out to the other two villages. Other notable highlights for the year under review include the following:

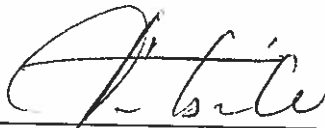
- Hosting His Excellence the President of SOS Children's Villages International, this was quite a historic event as this was the first time in history that The President had visited Botswana.
- Completion of four capital projects within time and budget. Of these four projects, three were at Francistown Children's Village while the fourth one was at Serowe Children's Village.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA
CHAIRMAN'S REPORT
for the year ended 31 December 2015

As an organization, we will continue to innovate so as to remain relevant to the needs of the children of this country. The year 2015 marked the end of the current strategy and it is envisaged that the new 2017 -2030 strategy will be adopted during the General Assembly in June 2016. This new strategy has taken into account the Sustainable Development Goals and will incorporate modern trends and practices in child care.

APPRECIATION

In conclusion, I would like on behalf of the Board Of Directors and indeed on my own behalf to thank all the mothers and staff for their unwavering overwhelming support and acknowledge that their efforts have positioned the organization as the leading child care provider in the country. I would like to once again thank The Government of Botswana, all our friends, sponsors and donors. We know that without the stakeholder support we would not have been able to achieve the milestones we have attained so far.



Major General Bakwena Kennedy Oitsile
Board Chairman

**SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA
NATIONAL DIRECTOR'S PROGRESS REPORT
for the year ended 31 December 2015**

GENERAL OVERVIEW

I am delighted once more to give you a state of health of our organization. It is time for us to take stock of how far we have come and how we have performed over the year as individuals, as a family and as an organization. As the great philosopher Socrates said, "The unexamined life is not worth living". By this he meant that there comes a time that one has to do some soul searching, introspection and self-examination of his life in order to face the challenges ahead. As an organization, SOS Children's Villages Botswana needs to undertake such an exercise if it is to move forward to achieve its strategic goals which are outlined in its strategic plan.

As a Management Team, the processes of working on the various year-end administrative and reporting activities provides us an opportunity to review the past year in a big picture mode and affords us an opportunity to put all the various dynamics into perspective. This includes judging the extent to which organization's challenges were resolved and more importantly making sure that the lessons learnt during the year have been documented and mitigation plans are put in place.

REVIEW FOR THE YEAR

The year 2015 was a year of transformation and innovation. It presented some challenges as well as opportunities that the organization can leverage on going forward. On the fundraising front, the organization pursued alternative forms of raising funds through crowd funding as well as through commercial agricultural projects. It is however still too early to determine the impact of these new ways of fundraising as the organization is still solving teething problems that are inherent in any new strategy. It is worth noting however that the traditional methods of fundraising are no longer sustainable given the ever increasing competitiveness in the fundraising market. The current and future strategy is to unlock value out of existing assets such as land and come up with ways that will ensure that income streams are generated that can support programming into the foreseeable future.

The Family Strengthening Programme (FSP) mass review was concluded and the exercise was aimed at ensuring that the organization services the correct/right target group and that the existing beneficiaries are compliant with the set standards. When the exercise was completed, it was found that some of the beneficiaries had relocated while others were found to be non-compliant. To this end the number of beneficiaries has since reduced following on from the mass review.

In line with the 2015 organizational strategy, we have started an implementation of the integrated family approach in the Serowe facility. The implementation entailed moving two family houses from the Serowe Children's Village to a new house in the community. The lessons learnt from the implementation will assist the organization as the integrated family model is replicated throughout the country. We also strengthened relationships with stakeholders for the implementation of a Foster care programme. We have signed a Memorandum of Understanding (MOU) with a strategic partner for streamlining the Psycho Social Support initiatives for the children and the caregivers.

**SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA
NATIONAL DIRECTOR'S PROGRESS REPORT
for the year ended 31 December 2015**

During the year 2015, SOS Children's Villages experienced some remarkable achievements which included the completion of major house renovations as well as a Storm Water Drainage projects in the Francistown Village. Other notable achievements included the refurbishment of the Serowe Youth facility which was sponsored by the biggest diamond mining company in the world. We also had remarkable achievements on the side of children as we had four youths representing our Boy Scout movement in Japan and two children from Tlokweg Children's Village went for a tennis camp in Sweden.

In terms of alignment of programmes, the proposed handover of the SOS kindergartens (Serowe and Francistown) to the Ministry of Education and Skills Development has stalled as we await their final position on the matter. Management believes that the proposed handover will be successful and will go a long way in ensuring that SOS Children's Villages focusses on its core mandate of providing quality care of beneficiaries under its Family Based care and Family Strengthening Programmes.

In terms of challenges, staff turnover remains high especially amongst mothers who are taking advantage of empowerment programs that are offered by the government. In, an effort to mitigate the impact of the turnover of the care-givers a budgetary provision has been made in 2016 to put in place a project that will holistically review the working conditions of mothers. We are coming towards the end of our current strategic plan period and our targets for 2016 have remained relatively the same. The emphasis for the year ahead will be to consolidate quality in our programming.

CONCLUSION

I would like to conclude by thanking the Board of Directors, The General Secretariat, the Government of Botswana, Staff, our donors and indeed the children for their unwavering support during the good and the challenging moments that we enjoyed and endured together. I believe that if we work together we shall prevail over challenges and storms that may come our way. I sincerely believe and know that had it not been for the collaboration of all the stakeholders, we would not have been able to achieve any of the milestones that we have attained. I would like to urge all stakeholders to remain focused on the road ahead as we move into a new organizational strategy.



**Motshwari Kitso
National Director**

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA
TREASURER'S REPORT
for the year ended 31 December 2015

OVERVIEW OF ECONOMIC ENVIRONMENT

The global economy continued to slow down during 2015 as the growth fell below initial expectations. The growth in Real Gross Domestic Product (GDP) for the world economy was estimated at 2.6%. It is interesting to note that the reduction in global growth was mainly driven by major emerging markets such as China, Brazil and Russia. This is in sharp contrast to the previous global economic meltdown wherein the decline in economic activity was driven by a collapse in the major developed markets such as the USA.

In the year 2015, the global price of crude oil remained low which had a negative impact on the countries that depend on oil exports as a major source of revenue. The reduction in the price of crude oil which dates back to the last quarter of 2014 should ordinarily have accelerated world economic growth during 2015 but several other economic uncertainties emerged that diluted the impact of the oil price reduction. To this end, both the World Bank and The International Monetary Fund (IMF) have reduced the global growth forecasts for 2016 despite the reduction in the price of crude oil.

In the domestic economy, there were several positive developments which included a reduction of headline inflation from 3.8% in December 2014 to 3.1 % in December 2015. This was a historical feat as the end of year inflation has never reached this low level since the commencement of inflation measurement way back in 1971. In addition, interest rates reached a low level that has not been experienced for the last twenty-five years predominantly due to the downward trajectory in inflation rates. It is anticipated that inflation rate for 2016 will remain within the 3-6% Bank Of Botswana target.

It is however worth noting that the domestic economic growth in 2015 was adversely affected by the decline in mineral revenues for both diamonds and other minerals. The decline in diamond revenue was due to the twin effects of reductions in demand and prices as the diamond pipeline was clogged with excess stocks. The sales from other minerals such as copper and nickel also experienced a sharp decline during 2015 predominantly due to reductions in global base metal prices.

One other notable feature of the domestic economy which has been topical lately is the worrying trend of household debt towards financial institutions coupled with low loanable funds in the banking sector arising from aggressive loan disbursements by the banks in prior years. The historic trend has been that the Financial Institutions would make super normal profits each year. The trend has since reversed to the extent that bank credit growth has fallen to the lowest level in a decade and impairments (arrears) have risen to unprecedented and unsustainable levels across the banking sector. The banks are now exploring alternative sources of income over and above the traditional interest income in an effort to mitigate the twin adverse effects of low loanable funds and high impairment rates.

OPERATIONAL REVIEW – INTERNAL CONTROLS

SOS Children's Villages Botswana currently operates a centralized accounting system where all financial transactions are captured at the National Coordination Office. In an effort to improve the oversight and advisory roles of the finance function, a decision was taken to

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA
TREASURER'S REPORT
for the year ended 31 December 2015

employ Village Administrators (VAs) who have accounting background and are based at the various locations where the programmes are operational. The introduction of Village Administrators has led to an improvement in financial controls at the locations as well as value addition in that financial expertise is now decentralized to the areas where the programme activities take place. It is anticipated that some of the activities being done at the National Coordination Office will ultimately be distributed to the VAs so as to improve efficiency and effectiveness of the finance function.

FINANCIAL RESULTS

I am pleased to highlight some salient features of the audited financial statements for the year ended 31 December 2015 below:

INCOME AND EXPENDITURE

A total amount of P25,075,980 (2014: P25,865,188) was received by the Association during the period under review. There was a decrease in international funds of 19% as the prior year included funds received in relation to Capital Projects in Francistown. However, funds from domestic sources increased by 34% predominantly due to additional funding of P2.3million from The Government of Botswana to support orphans who are under the Member Association's care. I would like to highlight that all the funds that were approved as part of the 2015 budget were received from the Promoting and Supporting Associations' abroad. We remain grateful for this assistance as well as to our local donors.

The funding from The Government Of Botswana which was received during the year amounted to P3,642,676 (2014: P1,300,750) including the annual grant of P1,300,000 as well as the P2,300,000 additional funding alluded to earlier. We appreciate the material and financial support that we receive from The Government of Botswana.

The total expenditure incurred by the Association was P24,262,386 (2014: P24,175,334). The programmes' expenditure was P22,635,196 (2014: P21,441,165) representing a 6% increase over prior year.

It is worth noting that depreciation of the Association's assets decreased by 40% from P2,734,169 in 2014 to P1,627,190 during the year under review. The decrease was due to the fact that the prior year figure included depreciation of the Serowe Village Construction Assets which had in the past years been classified as Capital Work in Progress but were retrospectively depreciated to the date of first use at the end of 2014.

It is also worth noting that a revaluation of the Association's buildings was performed by an independent Property Valuer on 18 December 2012. The revaluation resulted in the value of the buildings increasing by P28,748,473 and the depreciation for the subsequent years is calculated based on the revalued amounts. Management believes that the valuations obtained in 2012 are still a good estimate of the fair values of the properties. The next valuation is scheduled to be performed during the 2017 financial year.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA
TREASURER'S REPORT
for the year ended 31 December 2015

PROPERTY, PLANT AND EQUIPMENT

As alluded to earlier, a revaluation of the Associations buildings was performed in accordance with International Accounting Standard 16 (IAS 16) at the end of the 2012 Financial Year. The revaluation resulted in the value of buildings increasing by P28,748,473 which amount was recognized as a revaluation reserve and will be amortised/written off over the remaining useful lives of the buildings that were revalued.

The carrying amount of the property, plant and equipment as at 31 December 2015 was P52,200,592 (2014: P52,723,279). The significant purchases of Property, Plant and Equipment included the major renovations of the Youth house in Serowe as well as the completion of the Storm Water Drainage project in Francistown. In relation to Office equipment an adjustment of P580,886 was made to reconcile the books of account to ensure that historical differences are resolved.

LIQUIDITY POSITION

Cash and cash equivalents at the end of the year were P8,479,563 (including funds held in trust and ear-marked funds) (2014: P8,140,450) and accounts receivable amounted to P146,955 (2014: P163,873) making a total of P8,626,518 (2014: P8,304,323). It is however worth noting that the Cash and Cash equivalents that were free to be used (ie excluding funds held in trust and Restricted Funds) was P4,163,058 (2014: P2,584,169) Current liabilities were P1,453,446 (2014: P2,901,656). The decrease in current liabilities of 50% was due to the reduction in restricted funds held at the beginning of the year. In summary, SOS Children's Villages Botswana had the financial ability to pay its creditors as and when they become due and payable as the current assets (excluding restricted funds) exceeded the current liabilities.

EQUITY

The total equity at the close of the year was P54,842,900 (2014: P52,644,757). The marginal increase in equity was due to a surplus of P813,594 earned during the year under review.

CASH FLOW POSITION

The National Association had **net available** cash balances, (excluding Funds held in Trust and Ear-marked Funds) of P4,163,058 (2014: P2,584,169). The significantly high balance for the current year was due to the fact that the P2.3million from The Government Of Botswana was received just before year end. The Funds held in Trust are funds that are held on behalf of specified children/beneficiaries and shall not be used for any other operational purposes. On the other hand, ear-marked funds are funds that have been provided for specific projects and shall equally not be used for any other purpose other than the project stated in the grant/ funds contract.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA
TREASURER'S REPORT
for the year ended 31 December 2015

AUDITORS REPORT

The external auditors, PricewaterhouseCoopers have conducted an audit of the financial statements of the Member Association and are of the opinion that except for the fact that they cannot practically extend tests beyond the receipts actually recorded for local sources of income, the financial statements as a whole give a true and fair view of the state of the financial affairs as at 31 December 2015.



Donald Gaetsaloe
Board Treasurer

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA
STATEMENT OF RESPONSIBILITY BY THE EXECUTIVE COMMITTEE
for the year ended 31 December 2015

The executive committee is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is its responsibility to ensure that the annual financial statements fairly represent the state of affairs of the association as at the end of the financial year and the results of its operations and cash flows for the period then ended, in accordance with accounting policies adopted by SOS Children's Villages Organisation - Accounting Standard - Version 1.0.

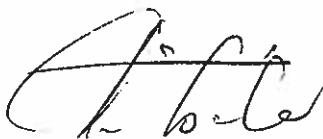
The annual financial statements are prepared in accordance with accounting policies adopted by SOS Children's Villages Organisation - Accounting Standard - Version 1.0 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The executive committee acknowledges that it is 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 executive committee to meet these responsibilities, the 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 association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the association is on identifying, assessing, managing and monitoring all known forms of risk across the association. While operating risk cannot be fully eliminated, the association endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

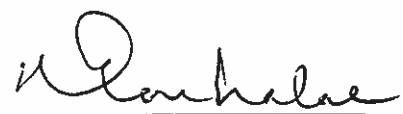
The executive committee is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The executive committee has reviewed the association's cash flow forecast for the year to 31 December 2015 and, in light of this review and the current financial position, it is satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 14 to 37, which have been prepared on the going concern basis were approved by the executive committee on 2016-09-01 and were signed on its behalf by:



Chairperson



Member



INDEPENDENT AUDITOR'S QUALIFIED REPORT TO THE MEMBERS OF SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

Report on the Financial Statements

We have audited the accompanying annual financial statements of SOS Children's Villages Association of Botswana, which comprise the statement of financial position as at 31 December 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 14 to 37.

Executive Committee's Responsibility for the Financial Statements

The Executive Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with accounting policies adopted by SOS Children's Villages Organisation - Accounting Standard - Version 1.0, and for such internal control as the Committee members determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw*

Country Senior Partner: B D Phirie
Partners: R Binedell, A S Edirisinghe, L Mahesan, R van Schalkwyk, S K K Wijesena

Basis for qualified opinion

Local income from fundraising, fees from SOS facilities and other local income

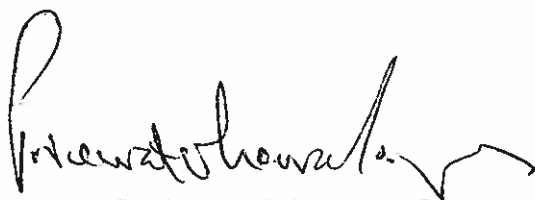
In common with similar organisations, it is not feasible for the association to institute accounting controls over cash collections from donations and other sources prior to the initial entry of the collection in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded and we were unable to determine the completeness and accuracy of local income from fundraising, fees from SOS facilities and other local income amounting to BWP 6 161 717, BWP 317 620 and BWP 170 477, respectively.

Qualified opinion

In our opinion, except for the effects of the matter described in basis for qualified opinion paragraph above, the financial statements give a true and fair view of the financial position of SOS Children's Villages Association of Botswana as at 31 December 2015, and its financial performance and its cash flows for the period then ended in accordance with accounting policies adopted by SOS Children's Villages Organisation - Accounting Standard – Version 1.0.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist SOS Children's Villages Association of Botswana to comply with the financial reporting requirements of SOS Children's Villages Organisation - Accounting Standard – Version 1.0. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for SOS Children's Villages Association of Botswana and should not be distributed to or used by parties other than SOS Children's Villages Association of Botswana.



Individual practicing member: Rudi Binedell
Membership number: 20040091

1 September 2016
Gaborone

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 December 2015

	Notes	2015 P	Restated 2014 P
Income from abroad			
Income from promoting and supporting associations for running costs	8	<u>14,765,783</u>	<u>18,176,294</u>
Local income			
Local income from fundraising	9	6,161,717	4,930,480
Operational income	10	317,620	461,095
Other local income	12	170,477	199,133
Subsidies received for installation of palisade fence, Francistown		-	775,149
Local income from government and other institutions	11	3,642,676	1,300,750
Interest received	15	20,212	36,962
Loss on disposal of property, plant and equipment		(2,505)	(14,675)
		<u>10,310,197</u>	<u>7,688,894</u>
Expenditure			
Administration and project / programme expenses	13	22,635,196	21,441,165
Other expenses	14	1,627,190	2,734,169
		<u>24,262,386</u>	<u>24,175,334</u>
Surplus for the year		<u>813,594</u>	<u>1,689,854</u>
Total comprehensive surplus for the year		<u><u>813,594</u></u>	<u><u>1,689,854</u></u>

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Notes	2015 P	Restated 2014 P
ASSETS			
Non-current assets			
Property, plant and equipment	2	52,200,592	52,723,279
		<u>52,200,592</u>	<u>52,723,279</u>
Current assets			
Trade and other receivables	3	146,955	163,873
Cash and cash equivalents	4	8,479,563	8,140,450
		<u>8,626,518</u>	<u>8,304,323</u>
Total assets		<u>60,827,110</u>	<u>59,643,143</u>
EQUITY AND LIABILITIES			
Equity			
Accumulated surplus		28,878,009	27,220,216
Revaluation reserve		25,964,801	26,809,000
		<u>54,842,810</u>	<u>52,644,757</u>
Liabilities			
Non-current liabilities			
Funds held in trust	5	4,211,413	3,746,087
Deferred income	6	319,441	350,643
		<u>4,530,854</u>	<u>4,096,730</u>
Current liabilities			
Trade and other payables	7	1,417,775	2,861,516
Deferred income	6	35,671	40,140
		<u>1,453,446</u>	<u>2,901,656</u>
Total liabilities		<u>5,984,300</u>	<u>6,998,386</u>
Total equity and liabilities		<u>60,827,110</u>	<u>59,643,143</u>

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015**

	Revaluation reserve P	Accumulated surplus P	Total equity P
Balance at 1 January 2014 (restated)	27,900,222	24,439,140	52,339,362
Surplus for the year (restated)	-	1,689,854	1,689,854
Other comprehensive income			
Amortisation of revaluation surplus	(1,091,222)	1,091,222	-
Balance at 31 December 2014 (restated)	<u>26,809,000</u>	<u>27,220,216</u>	<u>54,029,216</u>
Balance at 1 January 2015	26,809,000	27,220,216	54,029,216
Surplus for the year	-	813,594	813,594
Other comprehensive income			
Amortisation of revaluation surplus	(844,199)	844,199	-
Balance at 31 December 2015	<u>25,964,801</u>	<u>28,878,009</u>	<u>54,842,810</u>

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	2015 P	Restated 2014 P
Cash flows from operating activities			
Cash generated from operations	19	1,575,732	6,179,045
Net cash generated from operating activities		<u>1,575,732</u>	<u>6,179,045</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(1,724,662)	(4,454,825)
Interest received	15	20,212	36,962
Proceeds from sale of property, plant and equipment		2,505	4,001
Net cash used in investing activities		<u>(1,701,945)</u>	<u>(4,413,862)</u>
Cash flows from financing activities			
Net movement in funds held in trust		465,326	(1,137)
Net cash generated from / (used in) investing activities		<u>465,326</u>	<u>(1,137)</u>
Net change in cash and cash equivalents			
Cash and cash equivalents at beginning of year		339,113	1,764,046
		<u>8,140,450</u>	<u>6,376,404</u>
Cash and cash equivalents at end of year	4	<u><u>8,479,563</u></u>	<u><u>8,140,450</u></u>

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with accounting policies adopted by SOS Children's Villages Organisation- Accounting Standard - Version 1.0. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Accounts receivables

The association assesses its trade receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the association makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimations and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may require material adjustment to the carrying value of tangible assets.

The association reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including entity specific variables together with economic factors.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1.1 Significant judgements (continued)

Provisions

Provisions are raised when management determined an estimate based on the information that will be available.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and cost 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.

Property, plant and equipment are depreciated on the straight line basis over their useful lives to the estimated residual value.

The useful lives of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings and improvements	50 years
Kindergarten equipment	10 years
Office equipment	10 years
Motor vehicles	10 years
Computer equipment	4 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in statement of comprehensive income unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in statement of comprehensive income when the item is derecognised.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1.2 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Land and buildings are revalued every five years by an independent registered valuer so that the carrying amount of an asset does not differ materially from its fair value at the statement of financial position date. If an item is revalued, the entire class of assets to which that asset belongs should be revalued. Revalued assets are depreciated in the same way as before unless changes are made to the depreciation policy.

If a revaluation results in an increase in value, it should be credited to other comprehensive income and accumulated in equity under the heading "revaluation reserve" unless it represents the reversal of a revaluation decrease of the same asset previously recognised as an expense, in which case it should be recognised as income. A decrease arising as a result of a revaluation should be recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset.

When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement, and depreciation based on the asset's original cost is transferred from 'other reserves' to 'retained earnings'.

1.3 Financial instruments

Classification

The association classifies financial assets and financial liabilities into the following categories:

- financial assets at fair value through statement of comprehensive income- held for trading (Financial assets at fair value through statement of comprehensive income - designated)
- held- to maturity investment
- loans and receivables
- available – for – sale financial assets
- financial liabilities at fair value through statement of comprehensive income - held for trading
- financial liabilities at fair value through statement of comprehensive income - designated
- financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and take place at initial recognition.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1.3 Financial instruments (continued)

Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through statement of comprehensive income, which shall not be classified out of the fair value through statement of comprehensive income category.

Initial recognition and measurement

Financial instruments are recognised initially when the association becomes a party to the contractual provisions of the instruments.

The association classifies financial instruments or their component parts on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

For financial instruments which are not at fair value through statement of comprehensive income, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through statement of comprehensive income are recognised in statement of comprehensive income.

Subsequent measurement

Financial instruments at fair value through statement of comprehensive income are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in statement of comprehensive income for the period. Net gains or losses on the financial instruments at fair value through statement of comprehensive income, dividend and interest.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in their comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available- for- sale financial assets calculated using the effective interest method is recognised in statement of comprehensive income as part of other

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1.3 Financial instruments (continued)

income. Dividends received on available-for-sale equity instruments are recognised in statement of comprehensive income as part of other income when the association's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation difference on monetary items are recognised in statement of comprehensive income, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each reporting date the association assesses all financial assets, other than those at fair value through statement of comprehensive income, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the association, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indications of impairment.

Impairment losses are recognised in statement of comprehensive income.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised

Reversals of impairment losses are recognised in statement of comprehensive income except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in statement of comprehensive income within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1.3 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in statement of comprehensive income when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in statement of comprehensive income within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for the trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in statement of comprehensive income.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowing is recognised over the term of the borrowings in accordance with the association's accounting policy for borrowing costs.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognized as an expense and the contractual payments are recognized as an operating lease asset. This liability is not discounted.

1.5 Impairment of assets

The association assesses at each end of the reporting period whether there is any indication that an asset maybe impaired. If any such indication exists, the association estimates the recoverable amount of the asset.

Irrespective of whether there is no indication of impairment, the association also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in statement of comprehensive income. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the units.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1.5 Impairment of assets (continued)

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization is recognised immediately in statement of comprehensive income. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

1.7 Provisions and contingencies

Provisions are recognised when:

- the association has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for the future operating losses.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1.7 Provisions and contingencies (continued)

If an entity has a contract that is erroneous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

1.8 Government grants and donations

Government grants and donations are recognised when there is reasonable assurance that:

- the association will comply with the conditions attaching to them; and
- the grants will be received.

Government grants and donations that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income for the period in which it becomes receivable.

Grants or donations related to assets, including non-monetary grants at fair value are presented in the statement of financial position by setting up the grants deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants or donations related to income are presented as a credit in the statement of comprehensive income.

1.9 Revenue

Revenue is recognised to the extent that is probable that the economic benefit will flow to the association and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1.9 Revenue (continued)

- *Income from abroad*

Revenue from foreign donors are accounted for on a receipt basis in the year they are received.

- *Local income from government and other institutions*

Revenue from local donors and the subsidy from the Government of Botswana are accounted for on a receipt basis in the year they are received.

- *Local income from fundraising*

Local income from fundraising is accounted for on a receipt basis in the year they are received.

- *Donations in kind*

Donations of goods and services are valued at the market value based on the nature and condition of the goods and services.

- *Operational Income (Fees from SOS facilities)*

Revenue from kindergarten is accounted for over the period of instruction.

- *Interest Income*

Interest is recognised, in statement of comprehensive income, using the effective interest rate method.

1.10 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

1.10 Translation of foreign currencies (continued)

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non- monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in statement of comprehensive income in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in statement of comprehensive income, any exchange component of that gain or loss is recognised in statement of comprehensive income.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flows.

1.11 Deferred Income

Deferred income relates to donated capital assets and the balance represents the unamortised amount of the capital contribution received. The amount is amortised over the useful life of the assets. Donations of a capital nature are brought to account at the cost of the assets to the donor or at a value determined by the board on a basis reasonable estimate of the value to the association, which will normally approximate open market.

1.12 Work in progress

Work in progress is measured by adding together the purchase price of all the constituent parts (labour, material, etc.).

1.13 Funds held in trust

Funds held in trusts or agency transactions are advances to an organization for custody which would later be used for a specific purpose. The organization is acting as an agent or a trustee and is not the beneficiary. Therefore, funds held in trusts are treated as a liability.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015**

2 Property, plant and equipment

	Land and Buildings P	Work in progress P	Motor vehicles P	Office equipment P	Total P
At 31 December 2013 (Restated)					
Cost	48,183,285	-	2,492,244	5,493,530	56,169,059
Accumulated depreciation	(1,120,143)	-	(836,170)	(3,191,447)	(5,147,760)
Net book amount	<u>47,063,142</u>	<u>-</u>	<u>1,656,074</u>	<u>2,302,083</u>	<u>51,021,299</u>
Year ended 31 December 2014 (Restated)					
Opening net book amount	47,063,142	-	1,656,074	2,302,083	51,021,299
Additions	42,608	3,126,273	-	1,285,944	4,454,825
Disposals	-	-	-	(18,676)	(18,676)
Depreciation charge	(1,890,749)	-	(223,763)	(619,657)	(2,734,169)
Closing net book amount	<u>45,215,001</u>	<u>3,126,273</u>	<u>1,432,311</u>	<u>2,949,694</u>	<u>52,723,279</u>
At 31 December 2014 (Restated)					
Cost / valuation	48,225,892	3,126,273	2,492,244	6,914,684	60,759,093
Accumulated depreciation	(3,010,891)	-	(1,059,933)	(3,964,990)	(8,035,814)
Net book amount	<u>45,215,001</u>	<u>3,126,273</u>	<u>1,432,311</u>	<u>2,949,694</u>	<u>52,723,279</u>
Year ended 31 December 2015					
Opening net book amount	45,215,001	3,126,273	1,432,311	2,949,694	52,723,279
Additions	621,629	859,189	-	243,844	1,724,662
Disposals	-	-	-	(620,159)	(620,159)
Depreciation charge	(1,333,340)	-	(223,763)	(70,087)	(1,627,190)
Closing net book amount	<u>44,503,290</u>	<u>3,985,462</u>	<u>1,208,548</u>	<u>2,503,292</u>	<u>52,200,592</u>
At 31 December 2015					
Cost / valuation	48,847,521	3,985,462	2,492,244	6,503,782	61,829,009
Accumulated depreciation	(4,344,231)	-	(1,283,696)	(4,000,490)	(9,628,417)
Net book amount	<u>44,503,290</u>	<u>3,985,462</u>	<u>1,208,548</u>	<u>2,503,292</u>	<u>52,200,592</u>

Land and buildings were revalued by an independent valuer, Willy Kathurima Associates (Pty) Ltd on the 18 December 2012. Willy Kathurima Associates (Pty) Ltd have recent experience in location and category of property being valued. The valuation was performed by Don Dharmasena Udawatta, IRRV for and on behalf of Willy Kathurima Associates (Pty) Ltd. The valuation is based on an open market value for existing use and the valuation.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

3 Trade and other receivables	2015	2014
	P	P
Kindergarten fees outstanding	118,227	78,256
Less: Provision for doubtful kindergarden fees outstanding	(115,727)	-
Prepayments and other debtors	144,455	85,617
	<u>146,955</u>	<u>163,873</u>

Fair value of trade and other receivables

Trade and other receivables	<u>146,955</u>	<u>163,873</u>
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The executive committee consider the carrying value of trade and other receivables to approximate their fair value.

Currencies

The carrying amount of trade and other receivables are denominated in the following currencies:

Botswana Pula	<u>146,955</u>	<u>163,873</u>
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4 Cash and cash equivalents	2015	2014
	P	P

Cash and cash equivalents consist of:

Cash on hand	6,091	8,200
Bank balances	375,392	21,168
Short-term deposits	3,776,493	2,554,801
Bank balance - trust funds	4,166,430	3,885,787
Bank balance - restricted funds	155,157	1,670,494
	<u>8,479,563</u>	<u>8,140,450</u>

The cash and cash equivalents include restricted funds which are held on behalf of SOS Children as sponsorship money gifts and are held in a call and fixed deposit accounts.

Currencies

The carrying amount of cash and cash equivalents are denominated in the following currencies:

Botswana Pula	<u>8,479,563</u>	<u>8,140,450</u>
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SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015**

5 Funds held in trust	2015	2014
	P	P
Balance at beginning of the year	3,746,087	3,747,224
Received during the year	339,842	397,493
Disbursed during the year	(35,170)	(529,754)
Interest earned during the year	160,654	131,124
	<u>4,211,413</u>	<u>3,746,087</u>

These trust funds are held on behalf of SOS children as sponsorship child money gifts.

6 Deferred income	2015	2014
	P	P
Non current liabilities	319,441	350,643
Current liabilities	35,671	40,140
	<u>355,112</u>	<u>390,783</u>

Deferred income relates to donated capital assets and the balance represents the unamortised amount of the capital contribution received. The amount is amortised over the useful life of the assets.

7 Trade and other payables	2015	2014
	P	P
Leave pay provision	606,059	640,954
Other payables	656,559	550,068
Restricted funds - Specific projects	155,157	1,670,494
	<u>1,417,775</u>	<u>2,861,516</u>

Fair value of trade and other payables

Trade and other payables	<u>1,417,775</u>	<u>2,861,516</u>
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The executive committee considers the carrying value of trade and other payables to approximate their fair value.

Currencies

The carrying amount of trade and other payables are denominated in the following currencies:

Botswana Pula	<u>1,417,775</u>	<u>2,861,516</u>
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SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015**

8 Income from abroad	2015	2014
	P	P
Subsidies for running costs from SOS - Hermann Gmeiner	-	1,363,176
Subsidies for running costs from SOS - Denmark	-	1,222,640
Subsidies for running costs from SOS - Sweden	1,722,316	676,832
Subsidies for construction company from SOS - Denmark - restricted income	778,294	3,090,223
Sponsorship office -SOS Vienna	10,910,949	10,879,073
Donations from abroad - PSA	1,354,224	944,350
	<u>14,765,783</u>	<u>18,176,294</u>
9 Local income from fundraising	2015	2014
	P	P
General donations and single gifts	1,623,237	941,877
Local sponsors / community giving	648,156	689,329
Corporate partners and major donors	-	15,000
Events - restricted income	980,854	94,080
- non-restricted income	580,232	775,149
Fundraising - direct mail	269,480	198,751
Donations in kind - public	352,141	533,410
Donations in kind - private	1,707,617	1,682,884
	<u>6,161,717</u>	<u>4,930,480</u>
10 Operational income	2015	2014
	P	P
Fees from SOS facilities	317,620	461,095
11 Local income from government and other institutions	2015	2014
	P	P
Government subsidies	1,300,000	1,300,000
Other government subsidies	2,342,676	750
	<u>3,642,676</u>	<u>1,300,750</u>
12 Other local income	2015	2014
	P	P
Rent	76,080	68,400
Foundations and other institutions	75,698	130,335
Miscellaneous revenue	18,699	398
	<u>170,477</u>	<u>199,133</u>

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

13 Administration and project / programme expenses	2015	2014
	P	P
Current working expenses	10,342,896	10,096,456
Personnel costs	8,592,999	8,567,949
Other administration expenses	3,699,301	2,776,760
	<u>22,635,196</u>	<u>21,441,165</u>

14 Other expenses	2015	2014
	P	P
Depreciation	1,627,190	2,734,169
	<u>1,627,190</u>	<u>2,734,169</u>

15 Interest received	2015	2014
	P	P
Interest revenue		
Bank interest - running costs bank account	20,212	36,962
	<u>20,212</u>	<u>36,962</u>

16 Taxation

No provision for taxation is made as the Association is exempt from income tax under the second schedule of the Income Tax Act.

17 Operating deficit	2015	2014
	P	P

Operating deficit for the year is stated after accounting for the following:

Loss on sale of property, plant and equipment	(2,505)	(14,675)
Depreciation on property, plant and equipment	1,627,190	2,734,169

18 Auditors' remuneration	2015	2014
	P	P
Fees	140,760	146,832
Underprovision for the previous year	1,032	9,408
	<u>141,792</u>	<u>156,240</u>

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

19 Cash generated from operations	2015	2014
	P	P
Surplus for the year	813,594	1,689,854
Adjustments for:		
Depreciation and amortisation	1,627,190	2,734,169
Loss on sale of property, plant and equipment	(2,505)	14,675
Write off of assets	620,159	-
Interest received	(20,212)	(36,962)
Changes in working capital:		
Trade and other receivables	16,918	6,128
Trade and other payables	(1,443,741)	1,709,478
Deferred income	(35,671)	61,703
Cash generated from operations	1,575,732	6,179,045

20 Risk management

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.

Liquidity risk

The association's risk to liquidity is a result of the funds available to cover future commitments. The association manages liquidity risk through an on-going review of future commitments and credit facilities.

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

At 31 December 2015	Less than 1	More than 1
	year	year
	P	P
Trade and other payables	1,417,775	-
Funds held in trust	-	4,211,413

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015

20 Risk management (continued)

At 31 December 2014	Less than 1 year P	More than 1 year P
Trade and other payables	2,861,516	-
Funds held in trust	-	3,746,087

Interest rate risk

The association has no borrowings, however it has significant interest bearing bank balances, the income of which varies with underlying market rates. If interest rates had reduced / increased by 2% in the year then interest income would have been approximately P 404 (2014: P 739) higher / lower.

Credit risk

Credit risk consists mainly of cash deposit, cash equivalents and trade and other receivables. The association only deposits cash with major banks of high credit standing.

Financial assets exposed to credit risk at year end were as follows:

	2015 P	2014 P
Financial instrument		
Cash on hand	6,091	8,200
Bank balances	375,392	21,168
Short-term deposits	3,776,493	2,554,801
Bank balance - trust funds	4,166,430	3,885,787
Bank balance - restricted funds	155,157	1,670,494
Trade and other receivables	146,955	163,873

21 Financial assets by category

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

2015

	Loans and receivables P	Total P
Trade and other receivables excluding prepayments	2,500	2,500
Cash and cash equivalents	8,324,406	8,324,406

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2015

21 Financial assets by category (continued)

2014

	Loans and receivables P	Total P
Trade and other receivables excluding prepayments	78,256	78,256
Cash and cash equivalents	6,461,756	6,461,756

22 Financial liabilities by category

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

2015

	Financial liabilities at amortised cost P	Total P
Trade and other payables	<u>1,417,775</u>	<u>1,417,775</u>

2014

	Financial liabilities at amortised cost P	Total P
Trade and other payables	<u>2,861,516</u>	<u>2,861,516</u>

23 Prior year adjustment and restatement of prior year financial statement

During the year under review, management has re-assessed the useful lives and residual values of motor vehicles subsequent to their acquisition in accordance with the accounting policy of the association. The assessment revealed that the residual value and the useful lives assigned in determining the depreciation charge in prior years are materially different from the actual residual value and the useful lives of the motor vehicles.

The impact in financial information due to the differences are considered as prior period error. Management has decided to rectify this error retrospectively and restate the financial statements accordingly. Retrospective restatements made in the financial statements for the year ended 31 December 2014 and 31 December 2015 are as follows:

- (a) The depreciation provisions made on the motor vehicle up to the financial year ended 31 December 2013 were restated.

SOS CHILDREN'S VILLAGES ASSOCIATION OF BOTSWANA

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2015**

23 Prior year adjustment and restatement of prior year financial statement (continued)

- (b) Depreciation charge on motor vehicles for the year ended 31 December 2014 has been restated.

Effects on the statement of comprehensive income	Year ended 31 December 2014 P
Total comprehensive surplus previously reported	1,688,600
Prior year adjustments:	
Depreciation charge	<u>1,254</u>
Total comprehensive surplus restated	<u><u>1,689,854</u></u>

Effects on the statement of financial position

	Accumulated surplus P	Property, plant and equipment P
Balance as at 31 December 2013 as previously reported	(23,055,935)	49,638,094
Prior year adjustments;		
Depreciation	(1,383,205)	1,383,205
Balance as at 31 December 2013 as restated	<u><u>(24,439,140)</u></u>	<u><u>51,021,299</u></u>
Balance as at 31 December 2014 as previously reported	(25,835,757)	51,338,820
Prior year adjustments;		
Depreciation	(1,384,459)	1,384,459
Balance as at 31 December 2014 as restated	<u><u>(27,220,216)</u></u>	<u><u>52,723,279</u></u>

DETAILED ADMINISTRATION AND PROJECT / PROGRAMME EXPENSES
for the year ended 31 December 2015

Project / programme expenses

Project / programme expenses - 2015

	Current working expenses P	Personnel costs P	Other administratio n expenses P	Total P
SOS Children's Village - National Coordinating Office				
National Coordinating Office	429,570	2,184,255	2,279,798	4,893,623
Fundraising & Marketing	26,579	235,665	568,811	831,055
	456,149	2,419,920	2,848,609	5,724,678
SOS Children's Village - Tlokweng				
Long - term family based care	3,962,937	1,795,644	211,817	5,970,398
Family strengthening programmes	569,109	265,557	73,711	908,378
	4,532,046	2,061,201	285,528	6,878,776
SOS Children's Village - Serowe				
Long - term family based care	2,406,790	1,498,487	245,300	4,150,577
Educational programmes	129,537	168,924	2,366	300,827
	2,536,327	1,667,411	247,666	4,451,404
SOS Children's Village - Francistown				
Long - term family based care	2,472,666	1,952,353	233,232	4,658,251
Educational programmes	177,039	270,647	16,832	464,519
Family strengthening programmes	168,669	221,467	67,433	457,569
	2,818,374	2,444,466	317,498	5,580,338
Total	10,342,896	8,592,999	3,699,301	22,635,196

"This detailed administration and project / programme expenses does not form part of the audited financial statement covered by the audit opinion on pages 12 and 13"

**DETAILED ADMINISTRATION AND PROJECT / PROGRAMME EXPENSES
for the year ended 31 December 2015**

Project / programme expenses (continued)

Project / programme expenses - 2014

	Current working expenses P	Personnel costs P	Other administratio n expenses P	Total P
SOS Children's Village - National Coordinating Office				
National Coordinating Office	391,121	2,544,393	2,109,730	5,045,244
	391,121	2,544,393	2,109,730	5,045,244
SOS Children's Village - Tlokweng				
Long - term family based care	4,295,348	1,714,934	168,750	6,179,032
Family strengthening programmes	157,598	118,780	39,681	316,059
	4,452,946	1,833,714	208,431	6,495,091
SOS Children's Village - Serowe				
Long - term family based care	2,263,887	1,284,115	188,847	3,736,849
Educational programmes	76,832	173,724	1,539	252,095
	2,340,719	1,457,839	190,386	3,988,944
SOS Children's Village - Francistown				
Long - term family based care	2,421,477	2,012,491	217,294	4,651,262
Educational programmes	164,583	401,744	16,380	582,707
Family strengthening programmes	325,610	317,768	34,539	677,917
	2,911,670	2,732,003	268,213	5,911,886
Total	10,096,456	8,567,949	2,776,760	21,441,165

Total administration and project / programme expenses	2015 P	2014 P
Current working expenses	10,342,896	10,096,456
Personnel costs	8,592,999	8,567,949
Other administration expenses	3,699,301	2,776,760
	22,635,196	21,441,165

"This detailed administration and project / programme expenses does not form part of the audited financial statement covered by the audit opinion on pages 12 and 13"