



MAMLATHAN & ASSOCIATES

Audit, Tax & Advisory

**FINANCIAL STATEMENTS:
COPYRIGHT SOCIETY OF BOTSWANA
YEAR ENDED
30 JUNE 2019**



MAMLATHAN & ASSOCIATES

Plot: 2463, Tshekedi Crescent
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(Registration number: CO2008/3322)

Financial Statements for the year ended 30 June 2019

General Information

Country of incorporation and domicile	Botswana
Directors	Patrick Setsiba(Chairman) Alfred M.Mosimanegape(Vice-Chairman) Mpho Motlhasedi(Treasurer) Benjamin M.Mogotsi Game G.Bantsi Winnie W.Sekani Trinity M.Mphoeng Tomeletso Sereetsi Kopano Mantswa Staff Nurse Bangu Lesetedi-Keothepile
Business address	Plot 93, Unit 1, GICP Gaborone
Postal address	P/Bag B075 Bontleng Gaborone
Bankers	First National Bank STANBIC Bank Barclays Bank Bank Gaborone
Auditors	Mamlathan & Associates Chartered Accountants Registered Auditors MeFBW15015 Plot 2463,Tshekedi Crescent Ext.9 Molapo Crossing P O Box AE 746 AEH Gaborone Gaborone
Company registration number	CO2008/3322

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Financial Statements for the year ended 30 June 2019

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Financial Statements for the year ended 30 June 2019

Directors' Responsibilities and Approval

The directors are required by the Companies Act, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the society as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the society and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors 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 society and all employees are required to maintain the highest ethical standards in ensuring the society's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the society is on identifying, assessing, managing and monitoring all known forms of risk across the society. While operating risk cannot be fully eliminated, the society endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the society's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, They are satisfied that the society has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the society's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 5 -17.

The financial statements set out on page 5-17, which have been prepared on the going concern basis, were approved by the board of directors on 27 November 2019 and were signed on its behalf by:

Approval of financial statements

Patrick Setsiba(Chairman)

Mpho Motlhasedi(Treasurer)

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(Registration number: CO2008/3322)

Financial Statements for the year ended 30 June 2019

Directors' Report

The directors have pleasure in submitting their report on the financial statements of COPYRIGHT SOCIETY OF BOTSWANA for the year ended 30 June 2019.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the society are set out in these financial statements.

2. Events after the reporting period

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

3. Secretary

The company secretary is One Stop Secretarial Services (PTY) LTD.

4. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he or she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The financial statements set out on page 5-17, which have been prepared on the going concern basis, were approved by the board of directors on 27 November 2019, and were signed on its behalf by:

Approval of financial statements

Patrick Setsiba(Chairman)
Non-executive
Wednesday, 27 November 2019

Mpho Motlhasedi(Treasurer)
Non-executive
Wednesday, 27 November 2019

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Independent Auditor's Report

To the members of COPYRIGHT SOCIETY OF BOTSWANA

Qualified opinion

We have audited the financial statements of COPYRIGHT SOCIETY OF BOTSWANA set out on pages 5 to 17, which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and 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, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the financial statements present fairly, in all material respects, the financial position of COPYRIGHT SOCIETY OF BOTSWANA as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act.

Basis for qualified opinion

We did not receive the debtor's confirmations for the balance of P1,127,732.96 in the trial balance. Failure to obtain confirmations makes it impossible to ascertain if the balance is correct. The debtors balance could be under or over stated and this is material to the current assets.

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

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

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of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 company 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 directors 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.

Mamlathan & Associates
Membership #: (20100059)

Membership #(MeFBW15015)
27 November 2019

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(Registration number: CO2008/3322)

Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

	Note(s)	2019 P	2018 P
Assets			
Non-Current Assets			
Property, plant and equipment	2	4,111,116	3,926,466
Current Assets			
Trade and other receivables	3	1,268,808	8,704,385
Cash and cash equivalents	4	15,258,415	4,327,143
		16,527,223	13,031,528
Total Assets		20,638,339	16,957,994
Equity and Liabilities			
Equity			
Retained income		10,617,908	10,190,602
Liabilities			
Non-Current Liabilities			
Finance lease liabilities		2,182,042	2,060,376
Current Liabilities			
Trade and other payables	5	209,452	205,503
Provisions for employee benefits, royalties & Legal-2018	6	7,628,937	4,501,513
		7,838,389	4,707,016
Total Liabilities		10,020,431	6,767,392
Total Equity and Liabilities		20,638,339	16,957,994

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Financial Statements for the year ended 30 June 2019

Statement of Comprehensive Income

	Note(s)	2019 P	2018 P
Revenue	7	11,012,933	12,152,225
Distributions	8	(3,565,918)	(1,879,785)
Gross profit		7,447,015	10,272,440
Other income	9	308,830	69,715
Operating expenses		(7,135,670)	(7,295,897)
Operating profit		620,175	3,046,258
Investment revenue		1,805	878
Finance costs		(194,674)	(203,670)
(Surplus)/Loss		427,306	2,843,466
Other comprehensive income		-	-
Total comprehensive income for the year		427,306	2,843,466

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Financial Statements for the year ended 30 June 2019

Statement of Changes in Equity

	Retained income P	Total equity P
Balance at 01 July 2017	(908,961)	(908,961)
Profit for the year	2,843,466	2,843,466
Other comprehensive income	-	-
Total comprehensive income for the year	2,843,466	2,843,466
Movement in retained earnings	8,256,097	8,256,097
Total changes	8,256,097	8,256,097
Balance at 01 July 2018	10,190,602	10,190,602
Profit for the year	427,306	427,306
Other comprehensive income	-	-
Total comprehensive income for the year	427,306	427,306
Balance at 30 June 2019	10,617,908	10,617,908

Note(s)

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Financial Statements for the year ended 30 June 2019

Statement of Cash Flows

	Note(s)	2019 P	2018 P
Cash flows from operating activities			
Cash generated from operations	11	11,257,378	2,957,427
Interest income		1,805	878
Finance costs		(194,674)	(203,670)
Net cash from operating activities		11,064,509	2,754,635
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(410,403)	(115,313)
Sale of property, plant and equipment	2	155,500	5,194
Net cash from investing activities		(254,903)	(110,119)
Cash flows from financing activities			
Finance lease payments		121,666	(73,215)
Total cash movement for the year		10,931,272	2,571,301
Cash at the beginning of the year		4,327,143	1,755,842
Total cash at end of the year	4	15,258,415	4,327,143

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(Registration number: CO2008/3322)

Financial Statements for the year ended 30 June 2019

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities¹. Basis of preparation and summary of significant accounting policies, and the Companies Act. The financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in Pula.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

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 company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

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

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Financial instruments

Initial measurement

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Financial Statements for the year ended 30 June 2019

Accounting Policies

1.3 Financial instruments (continued)

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Finance leases – lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

1.5 Impairment of assets

The society assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.6 Share capital and equity

If the Society reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the society's own equity instruments. Consideration paid or received shall be recognised directly in equity.

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Financial Statements for the year ended 30 June 2019

Accounting Policies

1.6 Share capital and equity (continued)

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.7 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 leave pay 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.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Past service costs are recognised immediately as an expense.

Actuarial gains or losses are recognised in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the society is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of income and retained earnings, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

Termination benefits

Termination benefits are recognised as an expense with its resulting liability when the entity is demonstrably committed either:

- to terminate the employment of an employee or group of employees before the normal retirement date; or
- to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

1.8 Provisions and contingencies

Provisions are recognised when the society has an obligation at the reporting date as a result of a past event; it is probable that the society will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably. Provision for royalties are based on the management estimates depending on payments and uncertain events.

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 the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.9 Revenue

Revenue is recognised to the extent that the society has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the society. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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Financial Statements for the year ended 30 June 2019

Accounting Policies

1.9 Revenue (continued)

Interest is recognised, in profit or loss, using the effective interest rate method.

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

Revenue income includes licence(Essential,important,incidental) fees charged for :Radio broadcasting and communication to the public based on recordings that are broadcast ,diffused or communicated to the public.Radio broadcast revenue is recognised in the period in which they are incurred .Radio broadcas revenue can only be invoiced once the tariff parameters can be reliably ascertained and verified and the amount of revenue can thus be measured reliably.

1.10 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	3,787,297	(188,813)	3,598,484	3,787,297	(94,131)	3,693,166
Furniture and fixtures	197,769	(96,447)	101,322	140,800	(80,940)	59,860
Motor vehicles	547,247	(221,173)	326,074	602,135	(526,673)	75,462
Office equipment	37,765	(5,838)	31,927	30,066	(1,328)	28,738
IT equipment	364,666	(311,357)	53,309	351,944	(282,704)	69,240
Property, plant and equipment 1	6,500	(6,500)	-	6,500	(6,500)	-
Total	4,941,244	(830,128)	4,111,116	4,918,742	(992,276)	3,926,466

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Closing balance
Buildings	3,693,166	-	(94,682)	3,598,484
Furniture and fixtures	59,860	56,969	(15,507)	101,322
Motor vehicles	75,462	333,013	(82,401)	326,074
Office equipment	28,738	7,699	(4,510)	31,927
IT equipment	69,240	12,722	(28,653)	53,309
	3,926,466	410,403	(225,753)	4,111,116

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Buildings	3,757,823	29,474	-	(94,131)	3,693,166
Furniture and fixtures	72,695	2,123	(4,099)	(10,859)	59,860
Motor vehicles	196,100	3,972	-	(124,610)	75,462
Office equipment	-	30,066	-	(1,328)	28,738
IT equipment	47,954	49,678	(5,025)	(23,367)	69,240
Other fixed assets	650	-	-	(650)	-
	4,075,222	115,313	(9,124)	(254,945)	3,926,466

3. Trade and other receivables

Trade receivables	829,630	8,371,276
Employee costs in advance	147,189	101,000
VAT	254,731	204,910
Insurance Pre-paid	37,258	27,199
	1,268,808	8,704,385

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,147	3,111
Bank balances	15,255,268	4,324,032
	15,258,415	4,327,143

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Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

	2019 P	2018 P
5. Trade and other payables		
Trade payables	209,452	111,984
Undistributable Royalties	-	93,519
	209,452	205,503

6. Provisions for employee benefits, royalties & Legal-2018

Reconciliation of provisions for employee benefits, royalties & legal-2018 - 2019

	Opening balance	Additions	Utilised during the year	Total
Provision for employee benefits	822,675	33,981	-	856,656
Provisions for royalties 2020	2,187,351	3,565,918	(2,187,351)	3,565,918
Provisions for royalties 2019	-	1,714,876	-	1,714,876
Provisions for legal expenses & doubtful debts	1,491,487	-	-	1,491,487
	4,501,513	5,314,775	(2,187,351)	7,628,937

Reconciliation of provisions for employee benefits, royalties & legal-2017- 2018

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	590,547	227,218	4,910	822,675
Provisions for royalties 2018(Adjustment)	2,187,351	-	-	2,187,351
Provision for Royalties 2018	6,299,744	4,909	(6,304,653)	-
Provisions for legal expenses	1,481,639	9,848	-	1,491,487
	10,559,281	241,975	(6,299,743)	4,501,513

Provision for royalties 2019

Total P 1 714 876.00 comprises of foreign royalties amounting to P1 421 778.15 and local P 765 573.00(P472 474.63 already paid) which gives a balance of P293 098.22 as unpaid for local.

7. Revenue

General Licenses Essential	7,746,541	6,787,396
General Licenses Important	464,408	3,780,923
General Licenses Incidental	2,801,984	1,583,906
	11,012,933	12,152,225

8. Distributions

Sale of goods

Royalties paid to Artists	1,851,042	1,879,785
Provisions for royalties 2019	1,714,876	-
	3,565,918	1,879,785

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Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

	2019 P	2018 P
9. Other income		
Profit and loss on sale of assets and liabilities	155,500	-
Rental income	48,811	63,412
Sundry Income	11,000	6,303
Distributions written back	93,519	-
	308,830	69,715
10. Employee cost		
Employee costs		
Basic	3,176,456	2,607,761
Gratuity Expense	63,553	403,324
Severance Pay	60,136	4,909
	3,300,145	3,015,994
11. Cash generated from operations		
Profit before taxation	427,306	2,843,466
Adjustments for:		
Depreciation and amortisation	225,753	254,945
(Profit) loss on sale of assets	(155,500)	3,930
Interest received	(1,805)	(878)
Finance costs	194,674	203,670
Movements in provisions	3,127,424	(5,898,626)
Movement in retained earnings	-	8,256,097
Changes in working capital:		
Trade and other receivables	7,435,577	(1,819,412)
Trade and other payables	3,949	(885,765)
	11,257,378	2,957,427

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Financial Statements for the year ended 30 June 2019

Detailed Income Statement

	Note(s)	2019 P	2018 P
Revenue			
General Licenses Incidental		2,801,984	1,583,906
General Licenses Essential		7,746,541	6,787,396
General Licenses Important		464,408	3,780,923
	7	11,012,933	12,152,225
Distributions			
Distributions		(3,565,918)	(1,879,785)
Gross profit		7,447,015	10,272,440
Other income			
Rental income		48,811	63,412
Sundry income		11,000	6,303
Other income 2		93,519	-
Interest received		1,805	878
Gains on disposal of assets		155,500	-
		310,635	70,593
Expenses (Refer to page 17)		(7,135,670)	(7,295,897)
Operating profit		621,980	3,047,136
Finance costs		(194,674)	(203,670)
Profit for the year		427,306	2,843,466

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Financial Statements for the year ended 30 June 2019

Detailed Income Statement

	Note(s)	2019 P	2018 P
Operating expenses			
Accounting fees		(186,200)	(114,094)
Administration and management fees		(6,219)	(7,455)
Advertising		(157,442)	(176,628)
Auditors remuneration		(93,920)	-
Bank charges		(18,235)	(14,853)
Cleaning		(36,170)	(26,404)
Consulting fees		(57,607)	(110,624)
Commision & Consulting fees		(163,734)	(10,596)
Debt collection		-	(449)
Depreciation, amortisation and impairments		(225,753)	(254,945)
Donations		(16,500)	(43,500)
Employee costs		(3,300,145)	(3,015,994)
Entertainment		-	(36,789)
Board Expenses		(514,270)	(579,578)
Strategic Planning Costs		-	(2,157)
Leave days Expenses		(20,313)	-
Membership Expenses		(274,353)	(346,208)
Board Expenses		-	(9,900)
Staff Pension		(111,038)	(137,993)
Fuel licencing		(1,570)	-
Land & Building Expenses		(4,866)	-
IT expenses		(165,787)	(100,554)
Insurance		(42,173)	(42,473)
Lease rentals on operating lease		(10,309)	(786)
Legal expenses		(373,668)	(1,620,321)
Levies		(42,107)	(63,681)
Medical expenses		(52,103)	(54,279)
Motor vehicle expenses		(82,822)	(30,938)
Municipal expenses		(48,785)	(20,556)
Petrol and oil		(38,504)	(46,680)
Postage		(2,280)	(1,684)
Printing and stationery		(87,925)	(91,749)
Profit and loss on sale of assets and liabilities		-	(3,930)
Repairs and maintenance		(7,001)	(47,616)
Security		(7,147)	(11,431)
Staff welfare		(74,026)	(17,577)
Subscriptions		-	(5,552)
Telephone and fax		(138,381)	(141,330)
Training		(223,159)	(8,500)
Travel - local and international		(551,158)	(98,093)
		(7,135,670)	(7,295,897)

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