

cos|bots

Copyright Society of Botswana



ANNUAL
REPORT
2014/2015



VISION

To be the best Collective Management Organisation in the world

MISSION

We empower creativity

VALUES

Results Driven
Botho & Integrity
Transparency & Accountability
Teamwork

CORPORATE STATEMENT

The Copyright Society of Botswana (COSBOTS) is a non-profit organisation established as a company in June 2008. COSBOTS is mandated by the Copyright and Neighbouring Rights Act to among others; the collection and distribution of royalties to appropriate owners of copyright. COSBOTS officially became fully operational in November 2011 after the approval of the rules and regulations that govern the daily operations of the company.

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Board of Directors



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1. Solomon B. Monyame
Chairman
2. Nkgopolang Tlhomelang
Vice Chairman
3. Patrick Setsiba
Treasurer
4. Bakalanga Mahoko
Member
5. Nametso Keboetswe
Ex-officio Member

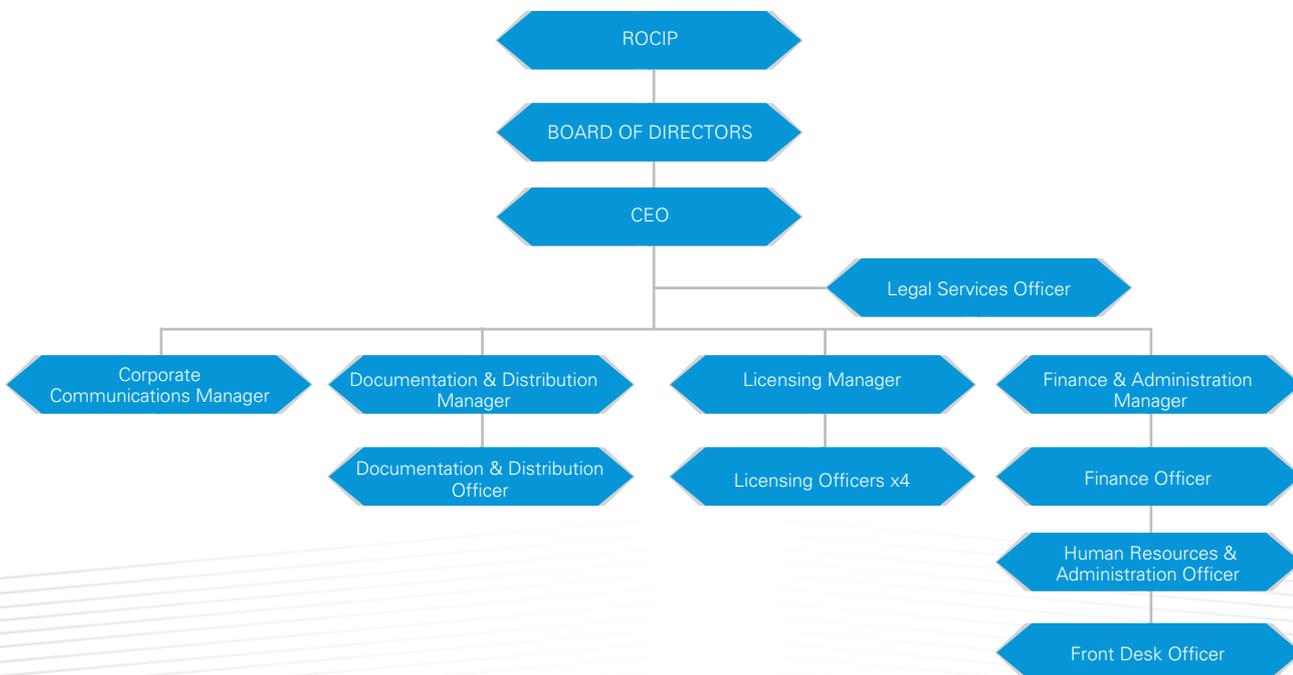
Senior Management



- 1. Thato J. Mokobi
Chief Executive Officer
- 2. Francinah Tshukudu
Finance & Administration Manager

- 3. Ditiro Chaa
Documentation & Distribution Manager
- 4. Itumeleng Mangole
Corporate Communications Manager

Organogram





Introduction:

The Copyright Society of Botswana, (COSBOTS) continues to grow in leaps and bounds, albeit slightly slower this financial year compared to the recorded growth in the formative years. The Board, Management and Staff have continued to work hard together, not only to position COSBOTS as a professional organization focused solely on achieving its mandate; but have resultantly grown the collections of royalties and undertaken two distributions of royalties during the reporting period.

It is of significant importance to state that this reporting year is the first ever period that COSBOTS has endured without financial support and assistance from the grant provided by the Government of Botswana through ROCIP. The continued growth and development of COSBOTS as a collective management organization shall hereafter be of paramount importance as the company has no choice but to sustain itself.

The incorporation of the Legal Services Department in the previous financial year has enabled COSBOTS to appropriately address issues of non-compliance; resulting in numerous users having been taken to task through the legal processes available to the Society.

Strategic Planning Workshop

COSBOTS through participation of the Board, Management and Staff once again reviewed its strategic plan through a workshop held in that regard. Participation at the workshop was for all Board members, management and staff of the Society under the guidance of a locally based consulting firm, HROD Consulting. The company now operates on the basis of the strategy and targets as set during the workshop, and numerous issues that arose regarding operational matters were to be addressed on an on-going basis after being prioritized by the Board thereafter implemented by management.

Operations

In taking concrete steps to achieve its mandate of collecting and distributing royalties, COSBOTS has furthermore set the standards high by undertaking two distributions of royalties during the financial year 2014/15. The reporting period was therefore inundated with preparations for the distributions and subsequent coordination of publicity and media reporting on these historic events. The initial distribution facilitated for an amount of P3,460,806.15 being distributed to artists. The distribution was for the period from 1st September 2013 to end of March 2014 on the basis of playlists as received from national radio broadcasters. The second distribution of royalties facilitated for the distribution of P3,548,930.58 being for the period from 1st April 2014 to end of September 2014. The distribution of royalties continues to be the most significant achievement for COSBOTS for this reporting period.

External Audit

Immediately after completion of the annual financial statements, the external auditors, as duly appointed by the Members of COSBOTS at the AGM, were assigned once again to undertake the external audit for COSBOTS. The completed audited financial statements have been submitted to ROCIP, a statutory requirement and thereafter have been compiled into an annual report for members.

The Board

The COSBOTS Board in its bid to continue to accord direction and full accountability for operational processes has started developing a Board Charter that shall serve as guidelines for good corporate governance. The Charter shall, on completion become the guiding document for Board processes; and is to be applied in tandem with the Copyright and Neighbouring Rights Act as well as the COSBOTS Constitution.

The third AGM of the Society was held as scheduled and provided updates to the members on progress made in the establishment of the Society, the strategic planning workshop, and approved the external auditors required to undertake the external audit process. A concern from members was for the Society to begin the process of collections in areas of copyright other than music, which the Society has incorporated into its plans for the near future. The AGM also facilitated for members to question matters that had been discussed as well as raise motions on the basis of issues to be addressed by the Secretariat.

Conclusion

COSBOTS operations continued to be solidified and adequately structured throughout this financial year, for which the Board and I are thankful for the hard work, dedication and commitment made by the management and staff. COSBOTS remains ever grateful also to the continued support and assistance provided by the Registrar of Companies and Intellectual Property Office.

I strongly urge the Board, Management and Staff to continue this journey by marching FORWARD and never looking back! Thank you!



Solomon Bame Monyame
Chairman



Overview

The growth and development of the Copyright Society continued with the excitement of two distributions of royalties during the financial year July 2014 to June 2015. This happened despite intense and long negotiations once again with the Department of Broadcasting Services, who subsequently finally paid royalties for the use of copyrighted works towards the end of the reporting period. Licensing of other users continued albeit with some users being taken to court, either on the basis of summons for payment or interdicts to stop them using copyrighted works, resulting in the first ever judgement being issued in favour of COSBOTS.

The third Annual General Meeting for the members of the Copyright Society of Botswana was also held on schedule in June 2015, given necessary preparations having been made in the reporting period.

The year also facilitated enhanced communications and awareness given COSBOTS participation in numerous events.

OPERATIONAL ISSUES

Finance and Admin

The financials for the financial year July 2014 to June 2015 reflect an operational surplus of P2.8 million resulting from withheld international royalties and undistributed royalties whose owners were yet to be identified.

COSBOTS asset base has increased to over P 5 million, (although the majority of it is comprised of current assets in various forms), however, caution must still be taken due to the difficulties encountered in re-licensing the large users as in radio stations, especially the Department of Broadcasting Services.

Human resources

The COSBOTS staff compliment has mostly remained relatively constant throughout the reporting period. A Recruitment Policy has been derived to provide guidelines on how to implement recruitment to specific requirements in terms of best practice; and to ensure candidates are recruited in a fair and transparent manner.

A workshop was held inclusive of all staff with

the aim and purpose of developing a Performance and Reward Management System to be adopted for implementation by management, after approval by the Board. The system is to be implemented going forward.

Staff Training

Numerous staff members have been accorded the opportunity to attend short workshops with the intention of enhancing their proficiency in doing their work.

The Finance and Administration Manager attended WIPO- NORCODE training program on the Exercise and Management of Copyright and Related Rights in Oslo, Norway. Further training for new employees has been on-line through World Intellectual Property Organisation programs. The HR and Admin Officer and the Finance Officer also successfully completed the Advanced Course on Intellectual Property Management and Advanced Course on Copyright and Related Rights during the reporting period. The Documentation and Distribution Officer continues undertaking a course on Records Management through IDM.

Licensing

Licensing of users continued relatively well throughout the year, although a notable slowdown was recorded into May and June 2014.

Emphasis shall now be placed on legal action for defaulters given completion of the setting up of the Legal Services Section. The obvious alternate strategy is to also focus collections on events which can bring in substantive royalties for members.

Documentation and Distribution

The second and third distributions of royalties to artists brought about another influx of artists wishing to register, which also provided a new thrust and required pooling of resources to cope with the situation.

As a consequence of over 200 monthly enquiries, there were 583 membership submissions and 419 new registrations made during the period.

Full membership after authentication and Board approval therefore rose to 819 members.

COSBOTS continues to receive up to date and accurate monitoring reports from the engaged consultancy, despite the fact that radio stations and broadcasters are still not providing the requisite log sheets to enable a distribution being on the basis of actual playlists, per broadcaster.

Legal matters

The Legal Services Section continued its quest to enforce compliance given infringement and sometimes, outright refusal regarding licensing by some users. The initial phase of the work carried out related to writing

of letters of demand to non-compliant users, numbering close to twenty, (20). An interdict for non-compliance was awarded through a judgement of the Court against a local restaurant, providing for the first ever judgement against non-compliance.

The Legal Services Officer also assisted with monitoring of events, especially in cases where the user initially proved difficult to comply. This then enabled, through cooperation with the Police, COSBOTS to enforce the law pertaining to infringement by shutting down one or two events.

The Legal Services Officer also undertook Board secretarial duties when so required, research and legal advice on areas pertaining to relevant legislation, as well as attended to matters directly related to membership issues.

Communications

The COSBOTS Communications Department continues to undertake publicity/training and workshops in a bid to inform and educate stakeholders about the mandate, activities and progress at COSBOTS. Updates on the COSBOTS website and social network pages under facebook have also been carried out. Branding is monitored to ensure compliance.

The World Intellectual Property Day commemorations were hosted in Maun, under the theme "Get up, Stand up. For Music". COSBOTS participated through once again informing attendants of its mandate and encouraging others to celebrate and appreciate the contribution that music brings to providing entertainment.

The Department in its quest to manage the brand also prepared for purchase of brand merchandise for staff as well as stakeholders. Production of the previous years annual report is undertaken by the Communications Department so as to provide relevant information to stakeholders.

Conclusion

Despite difficulties encountered, mainly pertaining to licensing of users throughout the reporting period, it is humbly encouraging to monitor the slower now, but continued growth of the Society. The benefits derived by the distribution of royalties to members urges team COSBOTS to continue the hard work and never think of giving up.



Thato J. Mokobi
Chief Executive Officer

Finance and Administration Department

Finance and Administration Department consists of Finance, HR, IT and Administration sections. Finance and Administration supports COSBOTS mission through collaborative and sound internal controls, efficient management of human capital and company resources. IT maintains stewardship of the Society operations to enhance effectiveness and transparency in collection, administration and distribution of royalties.

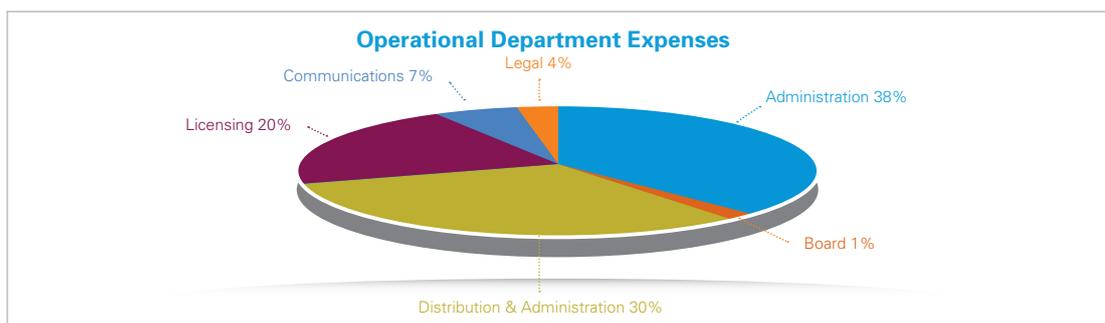
Financial Overview

The financial year July 2014 – June 2015 is the first year that COSBOTS survived solely on its revenue stream of royalties as the Government Support Grant ceased at the end of the financial year in June 2014.

The audited annual results for the Society have been released, and they indicate that the Society ended 2015 with an operating surplus of P 2 886 964 as compared to the operating deficit of (P1 123 681) for the year 2014. The surplus is attributed to the fact that foreign royalties were ploughed back. The Society's net assets grew by nearly 20% during the reporting period.

Revenue Collection

The Society saw growth in revenue of 17% for the year ended 30 June 2015. COSBOTS collected P10,797,417 by 30th June 2015 as compared to P9 227 491 in the previous year. A further increase is expected as COSBOTS continues to collect royalties from more users of copyright, and non-compliance reduces and there shall be adequate coverage for collections throughout whole country.



Preparation of results, and accounting policies

COSBOTS financial results for the year ended 30th June 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act in Botswana (Cap 42:01). The results have been audited by the company auditors, Sharma & Associates whose unqualified report is included in page 21. These annual statements appear on pages 24 to 34 of this integrated annual report.

Training and Development

Investing in skills development remains a top priority at COSBOTS, given the strategic importance of intellectual property to our sustainability in a competitive market. In the review period of 2015 numerous training initiatives were undertaken for the purpose of developing and equipping the Society Staff with the expertise needed in the daily operations of the Society.

After the 2012 major training for employees by the World Intellectual Property Organisation (WIPO) and the relatively fast paced start up of the operations at COSBOTS, the CEO has been seconded by NORCODE to assist with establishment of other societies in Africa, he resultantly is currently assisting in establishing the Rwanda Society of Authors. The Finance and Administration Manager attended WIPO- NORCODE training program on the Exercise and Management of Copyright and Related Rights in Oslo, Norway. Further training for new employees has been on-line through World Intellectual Property Organisation programs. The Documentation Officer and two Licensing Officers successfully completed the Advanced Course on Intellectual Property Management and Advanced Course on Copyright and Related Rights during the reporting period.

Administration

COSBOTS prides itself in its values of 'Results driven, Botho, Transparency & Accountability, Integrity and Teamwork'. To be able to achieve this, various policies and guidelines were developed. These include the Finance Policy, that ensures that funding agreements are followed and COSBOTS becomes fully sustainable, as well as establishes appropriate methodology for recording transactions. 'Conditions of Employment' and the Employee Development Policy ' whose major focus is the human capital of COSBOTS were developed so as to maintain a highly qualified, professional, diverse and responsive work force that accurately supports the Society's mission, vision and values.

Documentation and Distribution

Membership Registration and Services

The department receives between 400 and 500 clients every quarter. Around 400 of these clients visit the COSBOTS office physically while the rest make telephone inquiries. Most of the clients' inquiries are on registration, membership services, benefits and the distribution of royalties.



P. Matlapeng registering a member



COSBOTS staff assisting a potential member during the nationwide tour

COSBOTS membership grew from a total 479 in May 2014 to 819 by end of June 2015. This growth was due to the registration tour around the country, during November and December 2014, as well as the 2nd and 3rd distributions that were both run during the reporting period (October 2014 and April 2015). The distributions triggered a positive response in membership registrations.

The graph below illustrates the growth in full membership during the reporting period:



In line with COSBOTS membership rules, applicants are first registered as provisional members. Assessment is then conducted on the information submitted as well as the copyright work submitted. The COSBOTS Board of Directors is thereafter requested to approve provisional members to full membership.

The graph below illustrates monthly provisional membership registrations during the period:



The peak registration reflected during November and December 2014 were a result of the countrywide registration tour which was conducted.

Membership Identification Documents

As part of membership identification, the Department prints membership cards and certificates for all members approved to COSBOTS membership. During the reporting period, a total of 450 membership cards and certificates were printed for members. However, there is growing concern that members do not collect these membership identification documents as expected, and this is to be encouraged during the AGM.

Authentication Process

The authentication process is carried out to assess the originality of the works submitted by applicants. The purpose of the authentication process is to ensure royalties are received by the rightful Copyright holders; to as to reduce false claims to work/s; as well as the administrative and legal costs resulting from such false claims. The Society also hopes that the process encourages artists to acknowledge as and when they had been inspired by other artists work/s.

In the period 2014/2015, the Department authenticated 2419 musical works from 236 provisional members.

Documentation

COSBOTS documentation of works continues to build the two documentation systems, namely the WIPOCOS and the Microsoft Excel system. The WIPOCOS system which was developed and installed by the World Intellectual Property Organization (WIPO) has not been functioning efficiently since 2012. In an effort to address this problem the Department had engaged a local technical support services company. The support services from META IT included installation of the WIPOCOS into the COSBOTS server, ensuring WIPOCOS functions efficiently by providing technical support during some technical glitches. META IT was also requested to design software for importing log sheets data into WIPOCOS.

Nevertheless, WIPOCOS could still not be used for COSBOTS distributions and documentation because the technical problems continued after installation, the log sheets automation tool and the matching tool could also not function as expected. As a result of the problems, the department continued to capture and process data, including distribution through the Microsoft Excel system.

Distribution of Royalties

Two distributions were run during this reporting period, distributions 02 and 03. Distribution 02 was for the period 01 September 2013 to end of March 2014. Distributable net amount of P3,460,806.15 was distributed on behalf of 92188 performances.

Distribution 03 which was run in April 2015 covered the period April 2014 to September 2014. The net distributable amount during the period was P3,548,930.58. Both distributions 02 and 03 were run manually due to technical problems experienced in the WIPOCOS system. Under the manual system the distribution is made on the basis of frequency of play as opposed to duration of air play which can be used on the WIPOCOS system.

Below is the distribution chart for distribution 02 and 03.

DIST #	DISTR PERIOD	DURATION	NDR TOTAL (BWP)	DATE DECLARED
DIST 02	Sept 2013 – Mar 2014	7 Months	3 460 806. 15	20th Sept 2014
DIST 03	Apr 2014 – Sept 2014	6 Months	3 548 930. 58	11th April 2015

Distribution Workshop

As has been the norm, at the end of every distribution, the Department organized a distribution workshop for all members. The aim of the workshop was to enlighten members on how the distribution process is run so that they understand how their distributable amounts have been derived. Members also get an opportunity to ask questions on issues where they need clarity. During the reporting period the Department held 2 distribution workshops. The workshops were to launch the 2nd and 3rd distributions.



N. Johwa asking a question at the Distribution Workshop



Mr. T. Mokobi, CEO, with Board members, responding to questions at the Distribution Workshop



COSBOTS staff registering members for the Annual General Meeting



Members of COSBOTS listening attentively during the Annual General Meeting

Annual General Meeting

The Department assisted to convene and coordinate the 3rd Annual General Meeting (AGM) of members held on 27th June 2015. The Documentation and Distribution Department provided members with official notices to the meeting, the agenda and coordinated all preparations for the holding the AGM.

Licensing

The collection of royalties continues to be the most evasive part of the operations at COSBOTS due to lack of knowledge nor understanding of the Copyright and Neighbouring Rights Act and requirements. This results in around 20 to 25% non-compliance by users as they request explanation and clarity on various issues before they commit to complying. Normally the remaining 5% or so do not commit or just refuse for lack of knowledge of this law. COSBOTS resultantly set up the Legal Services Department mainly to take legal processes against the 5% of the non-compliant users referred to herein.



COSBOTS members discussing issues during the Distribution Workshop



Members being registered in Selebi-Phikwe during the registration tour

Licensing of Users and Renewals

A total of 206 users were invoiced, out of which 186 paid, therefore deemed complying, while 20 did not comply and shall be followed up into the next reporting year. The list of non-complying clients was mainly made up of sole proprietor stores, DJ's, and retailers.

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Type of user	Amount Collected
Essential	P6,738,976.37
Important	P1,297,919.12
Incidental	P2,760,521.83
Total	P10,797,417.32

Fig 1. Amount collected from different classes of users

The table above shows the total amount of royalties collected from the different categories of users, making up the total amount collected for the year.

Users that were contacted but had not applied mentioned the followings reasons for not applying;

- Some had to contact their supervisory offices in South Africa , hence delaying the process of getting them licensed
- Some queried some clauses on the agreement and requested meetings to amend the clauses.
- Some felt the tariffs are too high and opted to switch off music.

Conclusion

The Department faced less resistance from users than in the previous year, mainly because of lack of understanding of intellectual property laws. This was as a result of the communications campaigns that the Society had undertaken, so most users stated they had heard of COSBOTS but wanted to understand its mandate and how it works. The Society despite it all, collected close to P11million in the year, compared to P9million in the previous year.

Legal Department

The Legal Department continues to ensure that the Copyright Society of Botswana adheres to the law and applies best practices of Corporate Governance. In so doing, the Department from time to time advises Management, the Board and Employees of the Society on legal matters /issues involving the running of the company and ensures that all decisions adopted by the Society's Management, Board or Members are in line with the law and best practices of corporate governance.

During the financial year 2014/15, the number of non-compliant users of copyright protected works increased significantly, some of these users advanced a number of reasons for their reluctance or refusal to comply with the law. In some instances they complained about COSBOTS' tariffs or rates being high, therefore crippling their businesses. Some of the users blatantly refused to pay royalties on the basis that COSBOTS' mandate is rather ambiguous and unclear.



The Legal Department took note of the reasons advanced by a number of users who either refused or failed to comply and addressed some of the concerns raised. Numerous meetings were attended with the licensing officers and also some users of copyright protected works to try and shed some light on the issues raised. Letters of demand were written to various users of copyright protected works who refused to pay royalties and some of these users complied with the demands made by the Legal Department. For those users who still refused to pay, legal action was taken against them. In one legal matter involving COSBOTS and a certain restaurant, judgment was granted in favor of COSBOTS. In that case the court interdicted or stopped a user of copyright protected works, more specifically music, from continuing to use copyright protected works without applying for and obtaining authorisation COSBOTS. It was after this judgment that the user ultimately complied with the law by providing COSBOTS with all the relevant information and paying appropriate royalties.

The Legal Department also ensures that the Society recovers wasted legal costs from the users of copyright protected works. The Society, through the Legal Department has appointed two law firms to represent it whenever there is the need to take legal action against any user of copyright protected works and constantly monitors progress of all outstanding legal matters. For small claims, the Legal Services Officer prepares summonses internally and files them with the Clerk at the Magistrates Court. This is a cost minimizing measure by the Department. The Legal Department managed to collect a total amount of P 799, 450.08 from some users of copyright protected works through application of numerous legal processes.

In a bid to ensure that risks are managed, numerous company documents, particularly licensing agreements and other documents were revised after loopholes had been identified. Other documents e.g. Licensing Rules and Regulations; Code of Conduct; Renewal Forms; Acknowledgments of Debt; although not finalized, have been drafted and shall be finalized in due course.

The Legal Services Officer together with the Board members have undergone induction/training on Corporate Governance, and attended the Strategic Planning Workshop. Numerous board meetings have been held, as well as the Annual General Meeting during the period 2014/15.

Corporate Communications

Brand Management

The Communications Department continues to be ambassadors of the brand through constant reminders to staff regarding adherence to the Corporate Identity Manual. A variety of merchandise was also distributed to staff, clients and customers at exhibitions and workshops.

Publicity & Awareness

In order to intensify and enhance awareness, COSBOTS participated at the following events;

- Exhibitions and Fairs

World Intellectual Property Day Commemoration 2015

This day was celebrated on the 29th April 2015 in Maun. In a bid to create awareness outside Gaborone, where the day had been celebrated for the previous two (2) years, the event was therefore hosted in Maun.

This day gave the audience an opportunity to celebrate the contribution/s that intellectual property makes to innovation and culture. It also provides an opportunity to create awareness and greater understanding about the role of intellectual property as a catalyst for development and creation of wealth.



Performances during the World Intellectual Property Day celebrations



Performances during the World Intellectual Property Day celebrations

The event themed "Get up, Stand up. For Music", was hosted through concerted efforts from COSBOTS and other stakeholders, i.e. Companies and Intellectual Property Authority (CIPA), Department of Research Science and Technology, (DRST), and the Botswana Musicians Union, (BOMU). The day and theme encourages countries to celebrate the contribution that music brings by providing entertainment and pleasure to people all over the world. It also inspires countries to acknowledge the hard work of thousands of creative people around the world – singers and songwriters; musicians and publishers; producers, arrangers, engineers and many others.



Presentations at the World Intellectual Property Day commemorations



The former Corporate Communications Manager making deliberations at the World Intellectual Property Day celebrations

Botswana International Consumer Fair

COSBOTS participated at the Botswana International Consumer Fair from 25th to 31st August 2014 to further disseminate information on its services. A total of 115 visits were registered at the COSBOTS stall, and most visitors expressed a keenness to understand issues around copyright, as well as how the Society functions.

Seminars/Workshops and Conferences

- COSBOTS staff attended BOCRA workshop on Licensing Framework Review on the 10th of July 2014
- A stakeholder meeting was attended at Molapo Crossing basically to equip potential clients on the requisite licensing procedures.
- A partnership meeting was also effected between COSBOTS and Botswana Society for the Arts to map a way forward on working in collaboration for the benefit of Artists.
- Presentation was made to YOHO on the opportunities available for the youth regarding economic as well as business in the area of Intellectual Property management and Copyright.
- COSBOTS participated in a stakeholder survey on the status of artists welfare in Botswana by UNESCO.
- A presentation was made to BITC on the mandate of COSBOTS and the expected role of BITC in such regard.
- COSBOTS attended the Botswana Innovation Hub Workshop on Intellectual Property and ICT



Presentations and participants at the Documentation and Distribution Workshop held in Gaborone

Distribution of Music royalties

Royalty distributions were done in September 2014 and April 2015, through declarations by the Board at workshops organized to sensitize Members on the progress made by COSBOTS in collection of royalties and on how calculations of royalties are undertaken.

Media Publicity

Please refer to the Table below;

Media Channel	Media mix	Media House	Frequency
Newspapers	Articles	Daily news Gazette Mmegi The Monitor Midweek sun Guardian The Patriot Echo	A total of eighteen (7) articles were produced
Radio	Interviews	Gabz FM Duma FM Yarona FM RB 2	A total of seventeen (17) Radio interviews and clips were made
Television	Interviews	BTV (News) Dee zone	A total of twelve (12) interviews were made

Internet Communications Services

Website

The COSBOTS website was updated with articles as sent to media houses and also with relevant current content.

- E-mail

COSBOTS e-mail continues to receive a lot of enquiries, especially specific to the company's mandate.

- Social media

Facebook

Continuous updates on social media were recorded, also taking into consideration the significant increase of interaction from 693 during the 2013/14 financial year to 1857 at the end of 2014/15 year.

Twitter

COSBOTS used Twitter for information dissemination although it attracts slow interactions compared to face book.



Copyright Society of Botswana

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2015

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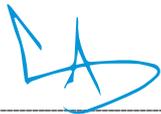
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GENERAL INFORMATION

DIRECTORS	:	S. B. Monyame (Chairperson), N. Tlhomelang (Vice Chairperson) P. Setsiba (Treasurer) B. Mahoko, B. Seboni, K. Mantswe, P. Monna, T.J. Mokobi (CEO), P. Mahlala (Secretary)
NATURE OF BUSINESS	:	To Manage the rights of copyrightable works collection and distribution of royalties.
POSTAL ADDRESS	:	P/Bag BO75, Bontleng, GABORONE
PHYSICAL ADDRESS	:	1st Floor, Plot 4792, GABORONE
AUDITORS	:	Sharma & Associates, (Chartered Accountants) P.O. Box 401886
BANKERS	:	Fisrt National Bank, Industrial Branch, GABORONE
COMPANY REGISTRATION NUMBER	:	CO2008/3322
DATE OF INCORPORATION	:	29 th May, 2008
COUNTRY OF INCORPORATION	:	Botswana
REGISTERED OFFICE	:	1st Floor, Plot 4792, GABORONE

APPROVAL OF FINANCIAL STATEMENTS BY THE DIRECTORS

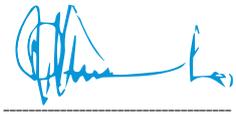
The financial statements which appear on pages 24 to 34 (Including Supplementary Schedule) were approved by Directors and signed on their behalf by:



(Chairperson)



(Chief Executive Officer)



(Treasurer)

GABORONE

Dated: 19th May, 2016



Sharma & Associates

(CHARTERED ACCOUNTANTS)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COPYRIGHT SOCIETY OF BOTSWANA

Report on the financial statements

We have audited the accompanying financial statements of Copyright Society of Botswana, set out on pages 24 to 34, which comprise the statement of financial position as at 30th June, 2015, and the statement of comprehensive income and retained earnings, statement of changes in equity and the statements of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as the directors 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 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 judgment, 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 control relevant to the entity's preparation and fair presentation of the financial statements 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 control. 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 have examined the books, accounts and vouchers of the company to the extent we considered necessary and have obtained all the information and explanations which we required.

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

Opinion

In our opinion:

- the financial statements present fairly, in all material respects the financial position of Copyright Society of Botswana as of 30th June, 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Supplementary Information

The supplementary schedule set out on page 24 does not form part of the Annual Financial Statements and it presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.

Report on other legal and regulatory requirements

In accordance with Section 189 of the Companies Act in Botswana (Cap 42:01), we confirm that:

- in our opinion, the company has kept proper books of account with which the financial statements are in agreement.

Sharma & Associates

For Sharma & Associates

(Certified Auditors)

Practicing Member: Zaeem Anwar (2002122.034)

Place: GABORONE

Date: 20th May, 2016

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 30TH JUNE, 2015

The directors of COPYRIGHT SOCIETY OF BOTSWANA (COSBOTS) have great pleasure in submitting their report for the year ended 30th June, 2015.

1. **Incorporation**

The Company was incorporated in 29th May, 2008.

2. **Business and operations**

The company's business and operations and the results thereof are clearly reflected in the attached.

Financial Statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

3. **Statements of responsibility**

The directors of the company i.e. Copyright Society of Botswana (COSBOTS) are responsible for the maintenance of 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 statement fairly present the state of affairs of the company at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and in the manner required by the Botswana Companies Act (CAP 42:01).

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

The directors acknowledge that they are also ultimately responsible for the company's system of internal control. The company maintains systems of internal control which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of company assets. The directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The financial statements have been prepared on going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

The directors have reviewed the company's cash flow forecast for the year to June, 2016 and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operations existence for foreseeable future.

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors.

4. **Financial results**

The results of the company and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

5. **Dividends**

Company has not declared and paid any dividend during the year.

6. **Share capital**

Since the company is incorporated as company limited by guarantee and hence there is no share capital.

7. **Events subsequent to the year end**

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report.

8. **Directors**

The Directors of the company at the end of the accounting year were as follows:

S.B. Monyame (Chairperson)

N. Tlhomelang (Vice Chairperson)

P. Mahlala (Secretary)

P. Setsiba (Treasurer)

B. Mahoko

B. Seboni

K. Mantswe

P. Monna

T.J. Mokobi (CEO)

P. Mahlala (Secretary)

9. **Auditors**

SHARMA & ASSOCIATES (CHARTERED ACCOUNTANTS), P.O. BOX 401886, GABORONE is performing the audit services.

(.....)

Chairperson

(.....)

Chief Executive Officer

(.....)

Treasurer

Dated:

19th May, 2016

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015

	NOTES	30.06.15 (P)	30.06.14 (P)
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	1	683,127	378,273
		<u>683,127</u>	<u>378,273</u>
Current Assets			
Trade and Other Receivables	2	435,731	383,061
Cash and Cash Equivalent	3	5,221,215	3,320,055
		<u>5,656,946</u>	<u>3,703,116</u>
TOTAL ASSETS		<u>6,340,073</u>	<u>4,081,389</u>
EQUITY AND LIABILITIES			
Capital & Reserve			
Retained Income		2,886,964	(1,123,681)
		<u>2,886,964</u>	<u>(1,123,681)</u>
Current Liabilities			
Provisions for Future Expenses	4	2,739,013	4,952,086
Trade and Other Payables	5	714,096	252,983
		<u>3,453,109</u>	<u>5,205,069</u>
TOTAL EQUITY AND LIABILITIES		<u>6,340,073</u>	<u>4,081,389</u>

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED ON 30 JUNE, 2015

	NOTES	30.06.15 (P)	30.06.14 (P)
Gross Revenue	6	10,797,417	10,094,357
Direct Cost	7	<u>(2,789,207)</u>	<u>(5,768,776)</u>
Gross Income		8,008,210	4,325,581
Other Income/(Loss)	8	3,200,437	31,890
Total Income		<u>11,208,647</u>	<u>4,357,471</u>
Other Operating Exps.	9	(7,198,003)	(4,776,866)
Net Profit/(Loss) Before Tax		4,010,645	(419,395)
Less -Provision For Taxation		-	-
Net Profit/(Loss) for the year		<u>4,010,645</u>	<u>(419,395)</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>4,010,645</u>	<u>(419,395)</u>

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED ON 30 JUNE, 2015

	Distributable Reserve (P)	Total Amount (P)
Balance at 30th June, 2013	(704,286)	(704,286)
Net Profit/(Loss) for the year	(419,395)	(419,395)
Balance at 30th June, 2014	<u>(1,123,681)</u>	<u>(1,123,681)</u>
Net Profit/(Loss) for the year	<u>4,010,645</u>	<u>4,010,645</u>
Balance at 30th June, 2015	<u>2,886,964</u>	<u>2,886,964</u>

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED ON 30 JUNE, 2015

	NOTE	30.06.15 (P)	30.06.14 (P)
Cash flows from operating activities		2,375,435	3,405,452
Cash generated by operating activities	10.1	(825,001)	3,373,562
Finance & Other Income		3,200,437	31,890
Cash flows from investing activities			
Expenditure to maintain operating activities		(474,275)	(230,557)
Property, plant and equipment acquired		(474,275)	(230,557)
Proceeds from disposal of PPE		-	-
Cash flows from financing activities		-	-
Capital Raised		-	-
Loans repaid (Net Off)		-	-
Increase in cash and cash equivalents		1,901,160	3,174,895
Cash and cash equivalents at the beginning of the year		3,320,055	145,160
Cash and Cash Equivalents at the end of the year	10.2	<u>5,221,215</u>	<u>3,320,055</u>

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation & Statement of Compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act (Cap 42:01). The financial statements have been prepared under the historical cost convention as modified by financial assets and financial liabilities at fair value through profit or loss. The financial statements have been prepared on the going concern basis which assumes the continued support of the board members.

The preparation of the financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and disclosure of contingent and liabilities at the date of the financial statements and the amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the current events and actions, actual results may ultimately differ from those estimates. It also requires management to exercise its judgment in the process of applying the hospital's accounting policies.

Estimates and judgments are continually evaluated based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

1. Adoption of new and revised standards

In 2014-15, the company adopted the following new or revised standards which are relevant to its operations.

- IAS 32: Financial Instruments Presentation – Offsetting of Financial Assets and Financial Liabilities; these amendments are to the application guidance in IAS 32, “Financial instruments; Presentation” and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. (Effective date 1st January, 2014).

- IAS 36: Disclosure requirements for the recoverable amount of impaired assets. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. (Effective date 1st January, 2014).
- IFRIC 21: Levies- This is an interpretation of IAS 37, “Provisions, contingent liabilities and contingent assets”. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation addresses what the obligating event is that gives rise to the payment of a levy and when a liability should be recognised. (Effective dated 1st January, 2014)

2. Accounting Standards/Interpretations issued but not yet effective

Hospital has not applied the following new or amended standards that have been issued but are not yet effective for the financial year beginning 1st April, 2014 (the list does not include information regarding new or amended requirements that affect interim financial reporting or first time adoption of IFRS) since they are not relevant to the company.

The board members of hospital anticipate that the new standards and amendments will be adopted in the hospitals' financial statements when they became effective. The hospital has assessed, where applicable, the potential effect of all these new standards and amendments that will be effective in the future periods.

IFRS 9: Financial Instruments: Classification and Measurement- IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1st January, 2013 but amendments to IFRS 9. (Effective Date 1st January, 2015).

Mandatory effective date of IFRS 9 and Transition Disclosures issued in December, 2011, moved the mandatory effective dated to 1st January, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The

adoption for the first phase of IFRS 9 will have an effect on the classification and measurement of the Groups' financial assets but will not have an impact on classification and measurement of financial liabilities. The group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 15: Revenue from contracts with customers-

This standard establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. This standard is not mandatory for the hospital until 1st January, 2017. The hospital is yet to assess IFRS 15's full impact and intends to adopt IFRS 15 no later than the accounting period beginning on 1st January, 2017. (Effective Date 1st January, 2017).

1.2 Property, plant and equipment

All property, plant and equipment are included at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they incurred.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

- Motor vehicles	5 years
- Computer equipment	4 years
- Furniture & Fittings	10 years
- Equipment and tools	10 years
- Building	40 Years

The assets' residual values and useful lives reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.3).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

1.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for Impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that impairments are reviewed for possible reversal of the impairment at each reporting date.

1.4 Foreign currency translation

1.4.1 Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Botswana Pula, which is the company's financial and presentation currency.

1.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of the monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

1.5 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for the impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. 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 amount of the provision is the difference between

the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

1.6 Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1.7 Investments

Investments include investments in the various policies with the bank and other instruments held to earn interest on them. Investments are shown on the net realizable value at the end of the accounting period. The value includes the interest/dividend earned on these investments at the end of the accounting period.

1.8 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

1.9 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods/services in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts. Revenue is recognized as follows:

1.9.1 Sale of Services

The major source of revenue for the society is licensing fee. Licenses are issued for the use of copyrightable work which is registered with the society by the artist or creator/author of the work. Society gets its revenue as per the license agreement with the different user of the work.

Revenue is recognized on the accrual basis. Sale of services are recognised when the society and the user has agreed and the agreement for the use of copyrightable work has been signed between the two parties and collectability of the related receivables is reasonably assured.

1.9.2 Interest income

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

1.9.3 Government Grant

During the initial year of operations of the company, company is receiving the grant from the Government which is recognized on the receipt basis.

1.10 Capital Grants

Capital Grant consists of grant received by the society which is of the capital nature.

1.11 Financial assets

The company classifies its financial assets in the following categories: at fair value through profit and loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as 'trade and other receivables' in the balance sheet (Note 2).

There were no financial assets categorised as fair value through profit and loss and available for sale at the balance sheet date.

1.12 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

1.15 Employee benefits

For employees, who have employment agreements, all the benefits including gratuity are governed by the employment agreement. For other employees, the company has implemented the requirements of the Botswana Labor Act relating to severance benefit scheme.

2 Financial risk management

2.1 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and other price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial performance. Risk management is carried out under policies approved by the board of directors.

(a) Market risk

i) Foreign currency risk

In the normal course of the business, the company enters into transactions denominated in foreign currencies.

ii) Cash flow and fair value interest rate risk

Fluctuation in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risk.

iii) Other price risk

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

b) Credit risk

Financial assets of the company, which are subject to credit risk, consist mainly of debtors and cash resources. It has policies in place to ensure that credit sales are made to customers with an appropriate credit history. Sales to retail customers are made in cash or via major credit cards. Cash deposits are held with high-credit-quality financial institutions.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, management of the company aims to maintain flexibility in funding by keeping committed credit lines available.

2.2 Fair value estimation of financial instruments

Financial instruments consist of trade receivables, bank and cash balances and other payables resulting from normal business operations. The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The particular recognition methods adopted are disclosed in the individual associated with each item.

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED ON 30 JUNE, 2015

1. Property, Plant & Equipment:-

	2015			2014		
	Cost/ Valuation	Accumulated Depreciation	Carrying Value	Cost/ Valuation	Accumulated Depreciation	Carrying Value
Owned Assets						
Plant & Equipment	6,500	3,900	2,600	6,500	2,925	3,575
Motor Vehicles	806,682	312,398	494,284	422,753	205,872	216,881
Computer Equipments	281,394	185,787	95,608	205,509	136,490	69,019
Office Furniture	133,187	42,552	90,635	118,726	29,928	88,798
Total	1,227,763	544,636	683,127	753,488	375,215	378,273

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

2015	Carrying value at beginning of year	Additions (disposals)	Dep. /charge for the year	Carrying value at end of year
Owned assets				
Plant & Equipment	3,575	-	975	2,600
Motor Vehicles	216,881	383,929	106,526	494,284
Computer Equipments	69,019	49,297	95,608	69,019
Office Furniture	88,798	12,624	90,635	88,798
Total	378,273	474,275	169,421	683,127

2014	Carrying value at beginning of year	Additions (disposals)	Dep. /charge for the year	Carrying value at end of year
Owned assets				
Plant & Equipment	4,550	-	975	3,575
Motor Vehicles	86,701	207,738	77,558	216,881
Computer Equipments	101,389	18,800	51,170	69,019
Office Furniture	96,390	4,019	11,611	88,798
Total	289,030	230,557	141,314	378,273

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30 JUNE, 2015

	30.06.15	30.06.14
	(P)	(P)
2. Trade and Other Receivables:-		
Prepaid Expenses	46,732	27,153
DEPOSITS	18,000	18,000
Trade Debtors	370,999	337,908
TOTAL	<u>435,731</u>	<u>383,061</u>
3. Cash and Cash Equivalents:-		
Cash and Cash Equivalents consist of		
FNB Current A/c	8,297	139,430
FNB Call A/c	3,174,583	1,657,674
Fixed Deposit	2,000,000	1,519,816
Barclays Current A/c	35,200	-
Cash in Hand	3,135	3,135
TOTAL	<u>5,221,215</u>	<u>3,320,055</u>
4. Provision for Future Expenses: -		
Provision for Royalties	2,203,254	4,790,392
Provision of gratuity for contract employees	406,589	112,206
Provision for Commission	-	49,488
Provision for Leave Pays	129,170	-
TOTAL	<u>2,739,013</u>	<u>4,952,086</u>
5. Trade and Other Accounts Payables:-		
Trade Payables	366,272	59,443
Royalties Payable	238,173	73,449
PAYE Payable	42,821	107,549
VAT Control A/c.	66,609	12,542
Other Payables & Accruals	221	-
TOTAL	<u>714,096</u>	<u>252,983</u>
6. Gross Revenue:-		
Government Grants		866,866
Licensing Revenue	10,797,417	9,227,491
TOTAL	<u>10,797,417</u>	<u>10,094,357</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30 JUNE, 2015

	30.06.15 (P)	30.06.14 (P)
7. Direct Cost:-		
Cost of Sales-Royalties	1,626,705	4,566,194
Commission	1,162,502	1,202,582
TOTAL	<u>2,789,207</u>	<u>5,768,776</u>
8. Other Income/(Loss):-		
Interest received from bank	42,828	31,890
Sundry Income	32,507	-
Reversal of Provisions (Foreign Royalties)	3,125,102	-
TOTAL	<u>3,200,437</u>	<u>31,890</u>
9 Operating Profit:-		
Operating profit is stated after:		
Expenditure:		
Accounting & Audit Fees	30,240	3,692
Depreciation		
Property, Plant & Equipment	169,421	141,314
Rent & Rates		
E.D.S. (Pty) Ltd.	299,310	273,000
P.O. Box 401623 GABORONE		
Total	<u>498,971</u>	<u>418,006</u>

NOTES TO CASH FLOW STATEMENT

10.1 Cash Generated by Operating Activities

Net Profit/ (Loss) for the year

Adjustments for:

Depreciation

Finance & Other Income

Movements in Working Capital

Movements in Accounts Receivables

Movements in Provisions

Movements in Accounts Payables

Movements in Taxation

Total Movement in Working Capital

Total Cash Generated by Operating Activities

10.2 Represented by:

FNB Current A/c

FNB Call A/c

Fixed Deposit

Barclays Current A/c

Cash in Hand

TOTAL CASH AND CASH EQUIVALENT

30.06.15
(P)

30.06.14
(P)

4,010,645

(419,395)

169,421

141,314

(3,200,437)

(31,890)

979,629

(309,971)

(52,670)

(280,648)

(2,213,074)

3,845,903

461,114

118,277

-

-

(1,804,631)

3,683,532

(825,001)

3,373,562

8,297

139,430

3,174,583

1,657,674

2,000,000

1,519,816

35,200

-

3,135

3,135

5,221,215

3,320,055

11. Re- grouping of previous year's balance

The figures of previous year have been grouped and re-grouped wherever necessary.

12. Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities. Contingent obligations and commitments will occur in the ordinary course of business.

13. Post Balance Sheet Events

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

14. Contingent Liabilities

There were no material contingent liabilities at the balance sheet date to or disclosure in these financial statements except that company has collected royalties from foreign artists and distributable amount out of this collection is Pula 5,920,996.00 which has not been distributed following the existing norms.

15. Financial Risk Management:-

Liquidity Risk

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

	2015 (P)	2014 (P)
Trade & Other Payables	714,096	252,983
Credit Risk		
Financial assets exposed to credit risk at year end were as follows:		
Cash and Cash Equivalent	5,221,215	3,320,055
Trade and Other Receivables	435,731	383,061

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