



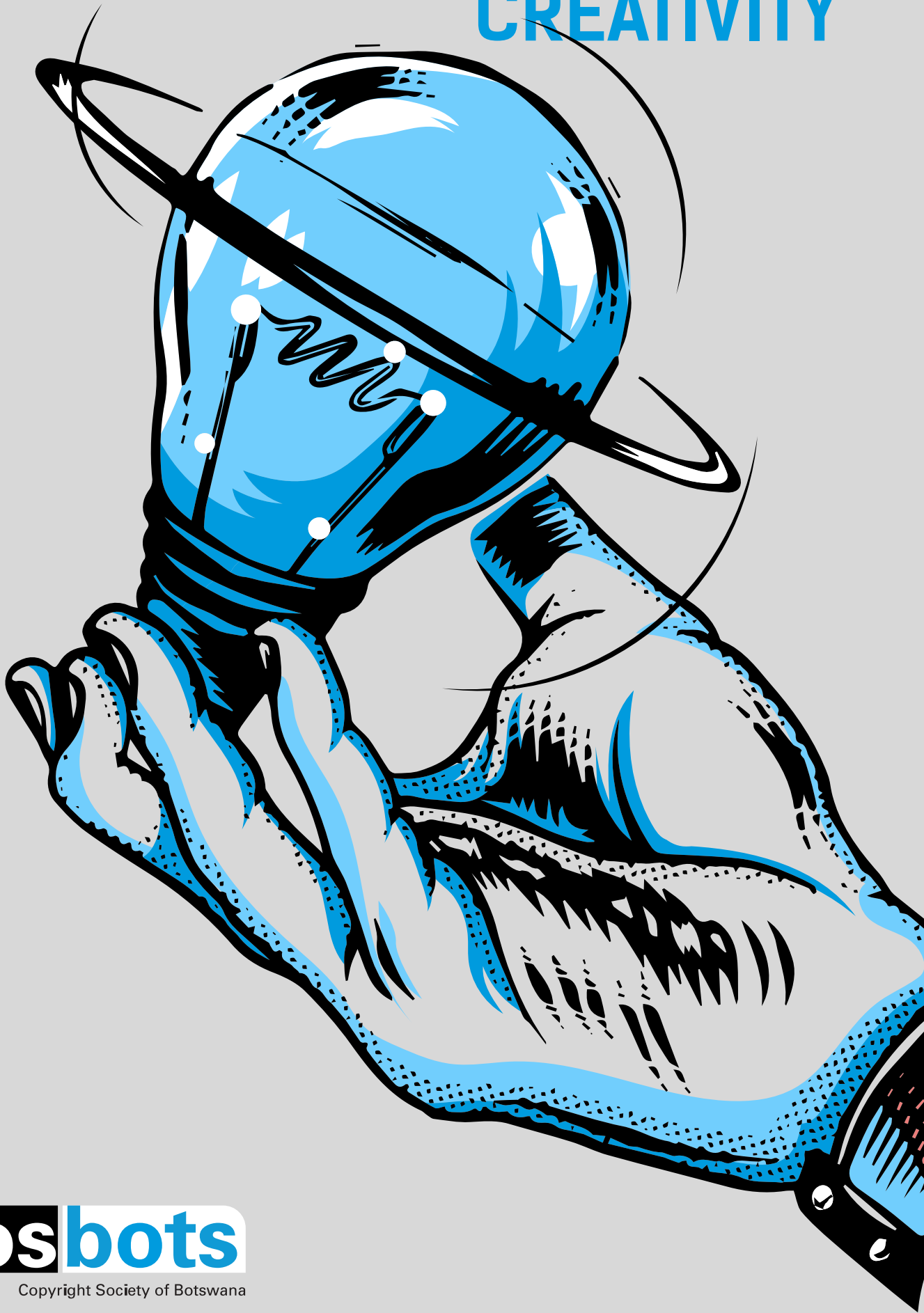
cos|bots

Copyright Society of Botswana

ANNUAL REPORT
2021

WE EMPOWER CREATIVITY

**WE
EMPOWER
CREATIVITY**



cosbots

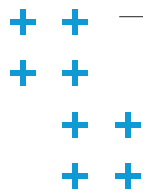
Copyright Society of Botswana

TABLE OF CONTENTS



1. DOCUMENTS OF THE ANNUAL GENERAL MEETING
AGENDA
2. COSBOTS INTERGRATED REPORT
3. OUR OVERVIEW
4. RESOLUTIONS PROPOSED BY BOARD
5. CHAIRPERSON'S REPORT
6. MEET THE BOARD
7. CHIEF EXECUTIVE OFFICER'S REPORT
8. HIGHLIGHTS OF THE YEAR
9. CORPORATE GOVERNANCE REPORT
10. REMEMBERING THE DEPARTED
11. FINANCIALS:
 - DIRECTORS RESPONSIBILITIES AND APPROVAL
 - DIRECTORS REPORT
 - INDEPENDENT AUDITORS REPORT
 - STATEMENT OF FINANCIAL POSITION
 - STATEMENT OF COMPREHENSIVE INCOME
 - STATEMENT OF CHANGES EQUITY
 - STATEMENT OF CASHFLOWS
 - ACCOUNTING POLICIES
 - NOTES TO THE FINANCIAL STATEMENTS
 - DETAILED INCOME STATEMENT





Remembering THE DEPARTED



THUTO RICARDO
DRAMABOI
RAMPHALENG

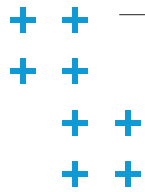
DOCUMENTS FOR ANNUAL GENERAL MEETING

- Agenda
- Resolution Proposed By The Board Of Directors
- Presentation Of Resolutions Proposed By The Board Of Directors
- Chairpersons Report
- Chief Executive Officer Report
- Corporate Governance Report
- Directors Responsibilities & Approval
- Directors Reports
- Certificate Of Company Secretary
- Independent Auditors Report
- Financial Statement

THE AGENDA:

- 1. CONSOLIDATED REPORT**
The Annual Report of the Board of Directors
 - The Chairpersons' Report
 - The Chief Executive Officers Report
 - The Corporate Governance Report
 - The Finance Report
- 2. COMPANY'S AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED June 30th,2021**
- 3. AMENDED CONSTITUTION**
- 4. READING, CONSIDERATION AND APPROVAL OF THE DRAFT RESOLUTIONS**





Remembering THE DEPARTED



JOHANE
JOE MASEKO/
HOUSE OF RISING
MASEKO

ABOUT THIS REPORT:

This integrated report presents the performance of the Copyright Society of Botswana (COSBOTS) for the period 1st July 2020 to 30th June 2021. Events that occurred after this period that are of importance are included in this report. The report outlines issues that relate to corporate governance and business operations and enterprise risk management as well as the corporate strategy and the business model. Included in this report, are the Chairperson's and the Chief Executive Officer's commentaries.

FINANCIAL INFORMATION:

The full set of audited financial statements for the year ended 30th June 2021 will be accessible to members upon written request to the company secretary. The annual financial statements will be made available to such members at no cost. These annual financial statements were prepared in compliance with international Financial Reporting Standards (IFRS). MSD Mesotlo and Associate audited the annual financial statements. Its independent report to COSBOTS membership is part of this report. Its independent report to COSBOTS members is part of this report.

REPORTING FRAMEWORKS AND REGULATIONS:

The preparation of this report was guided by the following reporting frameworks and regulations:

- International Financial Reporting Standards (IFRS)
- Companies Act (Act)

ASSURANCE:

COSBOTS operates in an established and controlled environment, which is regularly documented and reviewed. Risk management and internal control procedures exist to provide reasonable but not absolute assurance that COSBOTS's risks are being controlled and its assets safeguarded. MSD mesotho will provide external assurance of the financial information supplied in this report.

APPROVAL OF THE REPORT:

The board of Directors is responsible for the integrity and completeness of this report. The board applied its collective mind in preparing and presenting the report and accordingly approved the report for publication.

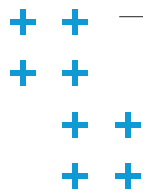
Signed on behalf of the Board:



Ms. Bakalanga Mahoko
Board Chairperson



Ms. Winani Sekani
Treasurer



Remembering THE DEPARTED



TLHOBOGANG
KGOSI / KGOSI
MABURU
SEBULELO

COSBOTS MANDATE:

Copyright Society of Botswana was established and commissioned in November 2011. In 2012 the registration of members together with licensing of users began leading to successful distribution of royalties in 2014. COSBOTS was established as a non-profit making company, limited by guarantee, supervised by the Copyright Office under the Companies and Intellectual Property Authority (CIPA)

The society is mandated by the Copyright and Neighbouring Rights Act – CAP68:02 of 2006 to among others license and collect royalties from users of copyright-protected works, to distribute them to copyright owners.

Copyright and Neighbouring Rights Act (CAP 68:02) which provides for the protection of the rights of authors, artists, and creators, as well as protection of their literary and artistic creations, which are generally referred to as "works". These works include novels, poems, plays, films, musical works, and artistic works such as drawings, paintings, photographs, and sculptures.

COSBOTS represents Botswana at the World Intellectual Property Organisation (WIPO), African Regional Intellectual Property Organisation (ARIPO), as well as the Corporate Registers Forum.

NATIONAL GOVERNMENT AGENDA

In crafting the COSBOTS strategy, national and global priorities were reviewed to select the ones that the company's mandate specifically contribute to. The government of Botswana seeks to diversify its economy for sustainable economic development and COSBOTS contributes to it by administering copyright to enable creators of works to realise economic value from their creativity.

BASIC VIEWS

The Company considers compliance to be its highest priority, based on the following corporate principles.

VISION STATEMENT:

To be the leading CMO in Africa.

MISSION STATEMENT

To empower creativity through licensing, collection and distribution of royalties, and to ensure fair value to the owners of copyright.

VALUES

BOTHU

We demonstrate respect, courtesy and civility towards our colleagues and Stakeholders

TRANSPARENCY

We are open in our dealings with staff and external stakeholders

CUSTOMER CENTRIC

We demonstrate respect, courtesy and civility towards our colleagues and Stakeholders

INTEGRITY

There is no difference between what we say and what we do.

OWNERSHIP

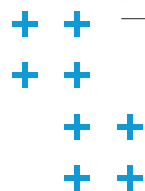
We take ownership of the consequences of our actions and decisions.

TEAMWORK

We support each other and collaborate.

THE VALUE PROPOSITION

- Licensing content as an enabler to doing business
- One stop licencing solution for creators
- Fair value from usage of economic rights.
- Fair remuneration to rights holders
- Empowering Creativity



Remembering THE DEPARTED



MOTLHOKOMEDI
MOTTIE
KOONTSE

RESOLUTION ONE – ADOPTION OF THE REPORT OF THE BOARD OF DIRECTORS

It was resolved that the Annual Report of the Board of Directors, including the Corporate Governance Report for the members of the board as submitted to the Annual General Meeting be and is hereby accepted.

RESOLUTION TWO – ADOPTION OF THE AUDITED ACCOUNTS FOR THE FINANCIAL YEAR 2021

It was resolved that the audited annual accounts for the accounting period 1 July 2020 to June 30th, 2021, as submitted to the annual General Meeting by the board of Directors be and is hereby adopted.

RESOLUTION THREE – RELEASE FROM LIABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

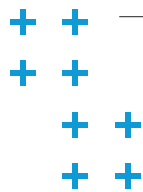
It was resolved that the members of the Board of Directors be and hereby granted a release from liability for the conduct of the performance of their duties during and with respect to the financial year ended June 30th, 2021, to the extent that their activities have been reflected either in the audited annual accounts for the financial year ended June 30th, 2021, or in the annual report of the board of Directors be and is hereby adopted.

RESOLUTION FOUR – RATIFICATION OF AUDITORS REMUNERATION

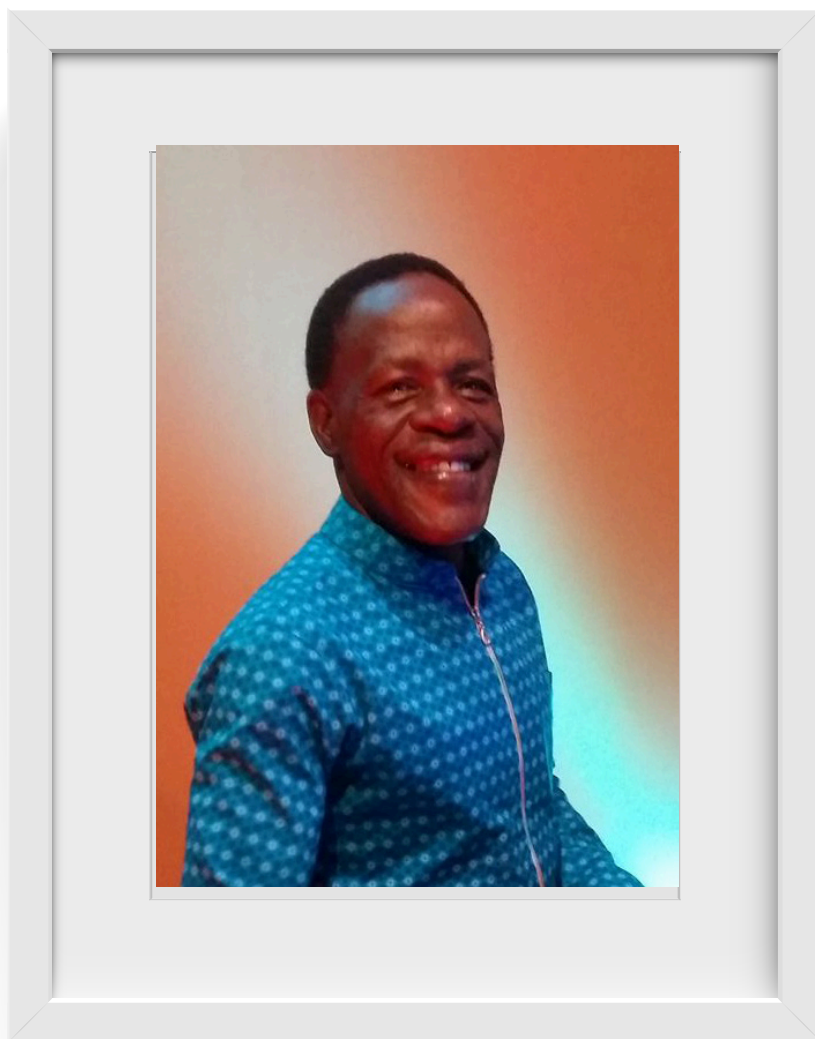
It was resolved that pursuant to the provisions of Sections 192(b) and other applicable provisions, if any, of the Company Act, the remuneration payable to MSD Mesotho & Associates, the external auditors of the company, appointed by the Board of Directors to conduct the audit of the annual Financial Statements of the Board of Directors to conduct the audit of COSBOTS for the financial 2021-2022, amounting to sixty thousand Pula. i.e., P60 000 and exclusive of VAT in connection with the aforesaid audit be and is hereby ratified and confirmed.

5th RESOLUTION – ADOPTION OF THE AMENDED CONSTITUTION

The Board resolved to consider the proposed amendments to the Company's current Constitution be and are hereby approved and that the amended Constitution be hereby adopted in the place and stead of the current Constitution



Remembering THE DEPARTED



LEKOFI TEBOGO
LEKOFI SEJESO
SEJESO

CHAIRPERSON'S REPORT

MS. BAKALANGA MAHOKO
CHAIRPERSON



2021 was yet another year marked by COVID restrictions for the creative industry. Hope is though rekindled as the government seem to be lifting COVID restrictions gradually, not least for the cultural scene and, thus, for those large sections of our industry and income which are based on people coming together with music and art fairs as a key part of their experience.

2021 was yet another year marked by COVID restrictions for the creative industry. The Covid – 19 pandemic, has been devastating for societies and economies around the world, and has strongly impacted the creative sector, COSBOTS inclusive. Hope has been rekindled though, as the government has gradually begun easing COVID restrictions. The easing of restrictions has made it possible to the reintroduction of large gatherings, not least for sections of our industry (art fairs, music festivals, etc), providing much needed income revival for creatives across all genres.

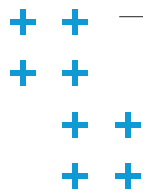
COSBOTS has always prioritized providing the best possible service for members and rightsholders. This resulted in a very positive outcome in 2021, as we increased the net distributable revenue threshold, which has been increasing year after year. This accomplishment stands in sharp contrast to the reality and conditions that many music creators and other collective management organizations faced in the music industry in 2021. The year was unfavourable to us, as we lost several of our members. We will remember them as the sun sets and rises, for their wonderful songs will live on.

Our dedication, led by our mission, vision and values – Botho, Transparency, Integrity, Customer-Centric, Ownership, and Teamwork – assisted us in

deliberately and methodically mitigating the impact of COVID-19 on our members. A significant cross section of CMOs, including COSBOTS also adopted measures such as bringing scheduled distributions forward or establishing special funds in addition to or as part of their cultural allocations. To reduce the impact of COVID on our members' livelihoods, the Board approved a P1.5 million secondary distribution in addition to distribution 13, on top of the relief monies provided to members.

As enshrined in our new strategy by putting members first, we strive to be a leading example of how rights should be managed in a global cultural economy. We do this by optimising our business, by being transparent, and by collaborating with partners whose mandate and interests are aligned with ours: to be the best at what we do. But we also do it by insisting that our ambitions rest on a sustainable basis: creativity grows wild and free; it does not thrive in conditions of uniformity and monoculture. That is why we invest in upholding the diversity of our creative industry as a multi-purpose CMO.

The Board has taken steps towards advocating for review of existing systems of levies compensation to include rightsholders. A full or partial implementation of the Levy on Technical Devices



Fund (LTDF) and the Public Lending Right will be a needed lifeline for authors and artists particularly after the pandemic. The Board recognises that COSBOTS's communication activities must enable COSBOTS and its members to defend the principles of copyright and authors' rights, embrace the digital environment, and communicate the importance of collective management especially to the government as an essential user of copyrighted works.

Art is made by human beings, and so it should unfold in a just and fair industry. During the year, we articulated these ambitions for COSBOTS in a new business strategy that sets the course ahead until the year 2025. The strategy includes a range of initiatives and infrastructure investments to support our future work. At the same time, we launch our efforts to determine how and where the creative industry can contribute to achieving a sustainable life for our members post COVID.

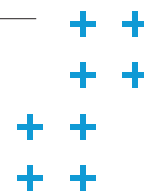
As members, we have every reason to be proud of our collective rights management. A focus on cultural strategies, an agenda of sustainability, and a sustained attention to efficiency, technology, strategic collaborations, and business development are all traits that will characterize the Company's new strategy. COSBOTS supports members in responding to national issues of concern, including proposals to amend local content quota, the copyright law, or other proposals that would impact negatively on our sector.

In the past few months before year end June 2021, we worked with the artists associations to ensure artists are fully engaged in the work of COSBOTS. We will continue to work closely with all associations, especially the reprographic reproduction rights associations during the coming year, by way of workshops and sharing of information.

In the new strategy the Board has seen fit and agreed on a cooperation on development work with the government. This will enable COSBOTS to secure and expand its development work and support of its members.

I want to thank all the board members, for their clear perspective and the ability to engage objectively during many board discussions and appreciate our Chief Executive Officer (CEO), Mr. Letlhogonolo Makwinja, who has been effective in implementing the turnaround strategy, and commend the commitment of the management team and all employees who have endured and served with pride.

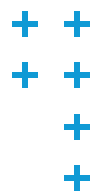
Ms. Bakalanga Mahoko
CHAIRPERSON



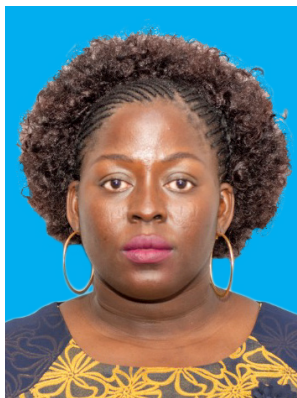
Remembering THE DEPARTED



LORATO
LORATO SALANI
SALANI



BOARD OF DIRECTORS



Ms. Bakalanga Mahoko
CHAIRPERSON



Mr. Patrick Setsiba
VICE CHAIRPERSON



Ms. Winani Sekani
TREASURER



Mr. Mpho Motlhasedi
DIRECTOR



Mr. Martin Ntongana
EX-OFFICIO



Mr. Benjamin Mogotsi
DIRECTOR



Mr. Moletlanye Trinity
Mphoeng
DIRECTOR



Ms. Staffnurse Bangu
Lesetedi Keothepile
DIRECTOR



Mr. Alfred Mosimanegape
DIRECTOR



Mr. Jimmy Moyambo
DIRECTOR



Mr. Kelebonye Sibanyoni
DIRECTOR



Mr. Eric Kgaodi
DIRECTOR

Remembering THE DEPARTED



MICHAEL
**BISHOP MICHAEL
GAOTLOGE
GAOTLOGE**



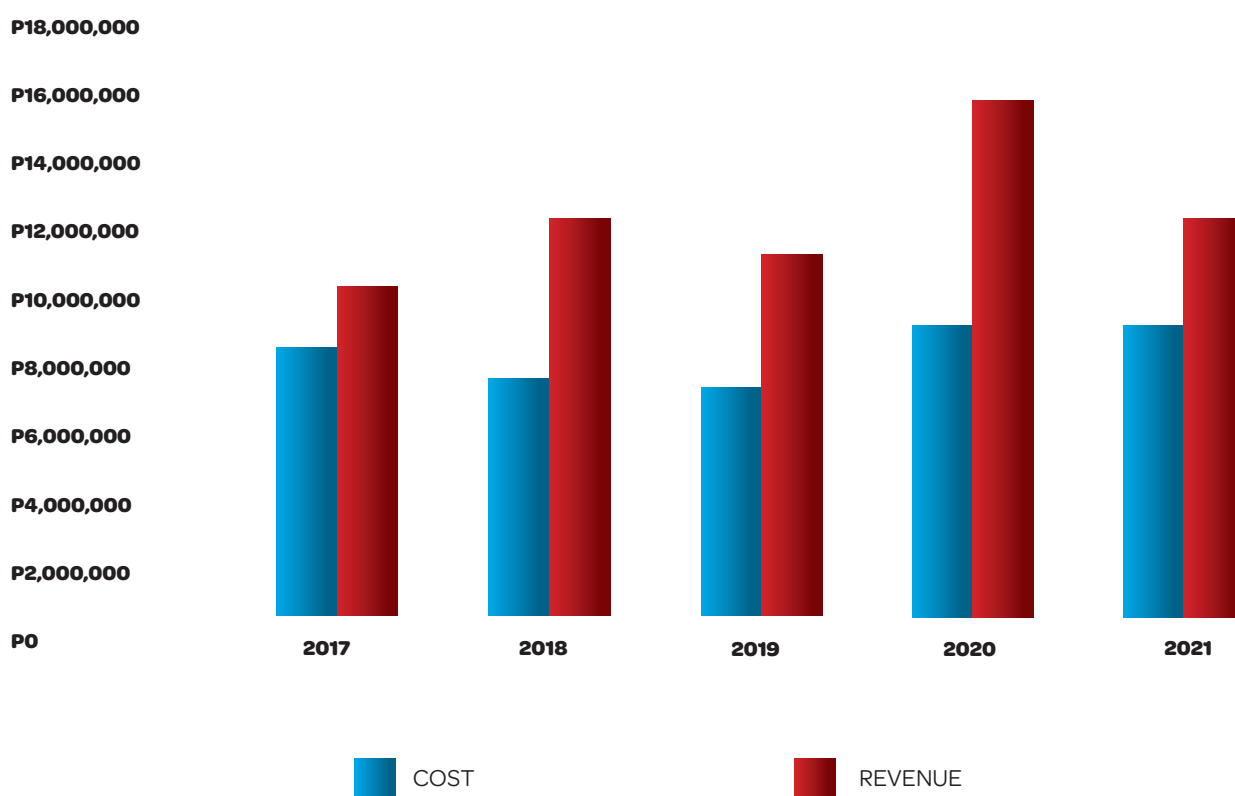
CHIEF EXECUTIVE OFFICER'S REPORT



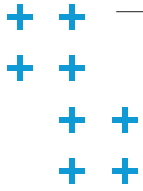
MR. LETLHOGONOLO MAKWINJA
CHIEF EXECUTIVE OFFICER

Like the preceding year, 2021 was strongly affected by the COVID-19 pandemic. For the first few months of the year, the creative and cultural scene was still under hard COVID restrictions. Adapting to the constraints required by the anti-pandemic measures has posed many challenges for COSBOTS's members and customers. For COSBOTS, the pandemic resulted in a loss of revenues. If we compare COSBOTS's revenues in 2020 with 2021, COSBOTS has missed out on a total of P3 million over the course of the year due to the effects of the pandemic.

REVENUE VS COSTS



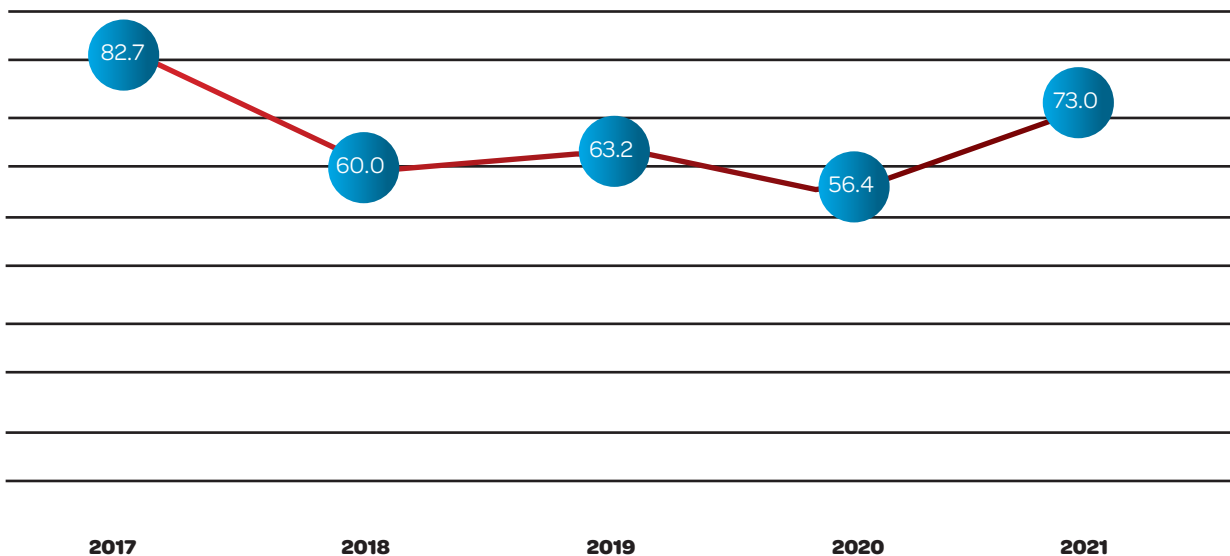
2017	P8,273,058	P10,008,550
2018	P7,295,897	P12,152,226
2019	P7,135,670	P11,295,394
2020	P8,861,192	P15,725,051
2021	P8,917,674	P12,209,141



The Company's licensing income is dependent on the bundle of rights that it administers. The basics of course, include ensuring your royalties are paid quickly, accurately, and as efficiently as possible.

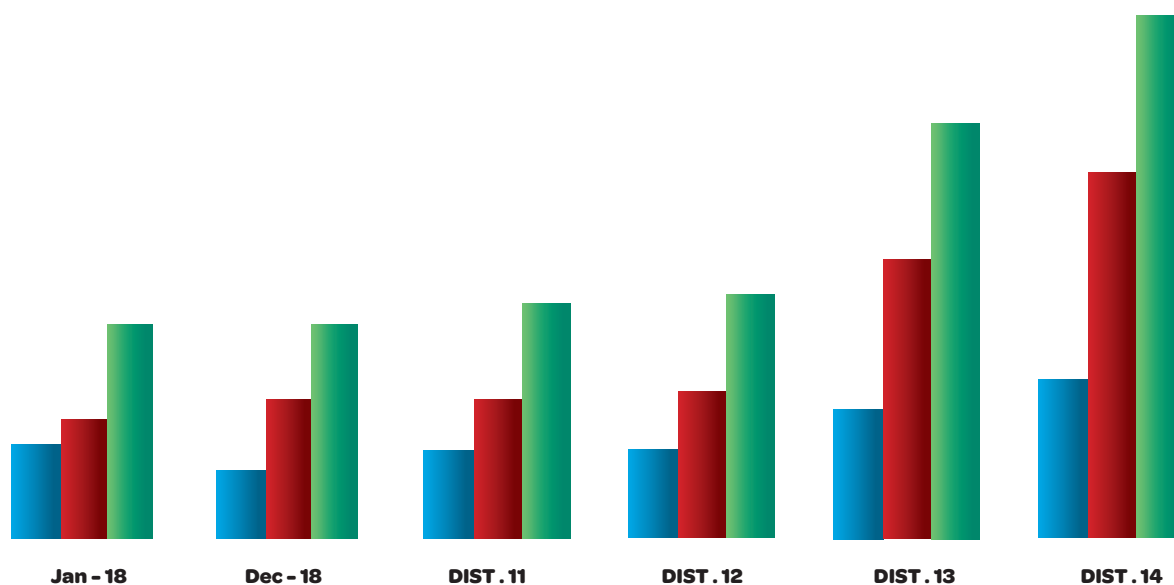
The area hit hardest by the disastrous year of 2021 was the concert segment, which is the most important source of income for a large proportion of COSBOTS members.

COST TO INCOME RATIO (%)



We have kept expenses relatively constant since 2017, while driving up income. In commercial terms, this points to improved efficiencies. Containment of costs has been and still is of utmost importance to COSBOTS Board and Management.

ROYALTY DISTRIBUTION - TRENDS



DECLARED FOR LOCAL DISTRIBUTION



DECLARED FOR FOREIGN DISTRIBUTION



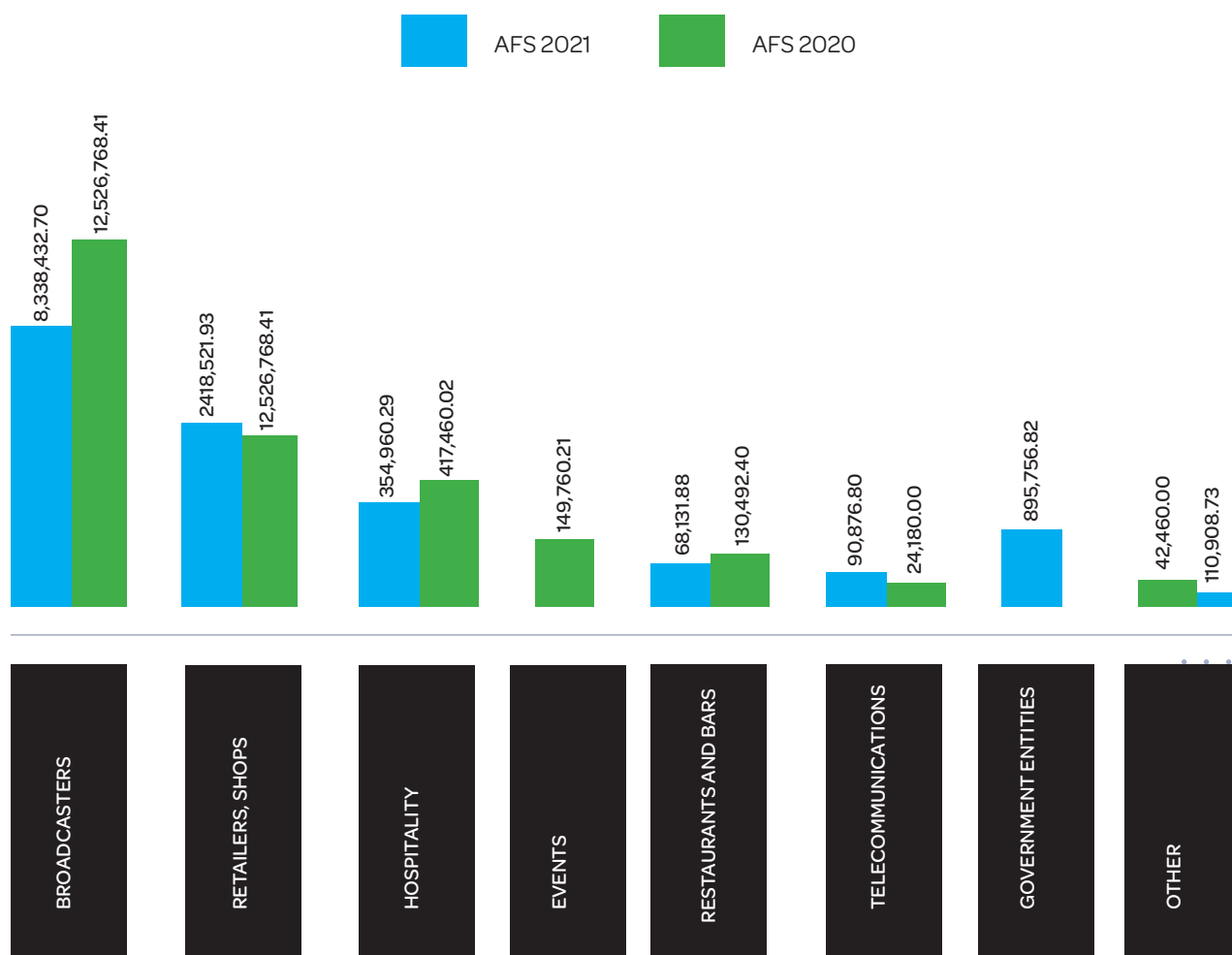
TOTAL NDR

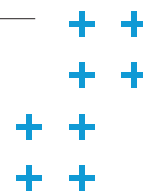
In a year punctuated by continued uncertainty, COSBOTS delivered yet another significant growth on the total net distributable revenue.

LICENSING INCOME SOURCES (%)

Broadcasting as essential users contributes the bulk of the revenue, with public broadcasters at 69% and private broadcasters at 7%. With the new payment plans in place for the private broadcasters we foresee an increase between 15% - 20%. The remaining 24% is categorized by Retailers/Shops, Hospitality, restaurants, and bars etc. The year under review experienced a decline in the hospitality industry due to harsh covid restrictions and lockdown.

REVENUE





REVENUE

AMOUNT

P18,000,000

P16,000,000

P14,000,000

P12,000,000

P10,000,000

P8,000,000

P6,000,000

P4,000,000

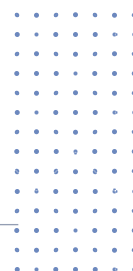
P2,000,000

P0

FINANCIAL YEAR

AFS 2021

AFS 2020



We have also experienced closures by some of retailers, numerous high-end restaurants and clubs also closed due to hardships. The Company had to suspend some of the license renewals due to business closures or pro-rated to only license months when business was operational post COVID lockdown.

Our ambitions

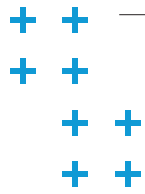
At COSBOTS, we want to be among the best collective rights management societies in five and ten years from now respectively. We have an excellent starting point because our management practices are 'best in class' in relation to international rules and recommendations, and we are, on that basis, a benchmark for other collective rights management societies.

However, what is good today is not necessarily good enough tomorrow. In the future, we must not only work for the continued development of COSBOTS – we must also play an active role, nationally and internationally, in the efforts to resolve challenges with metadata, new business models, new technologies and not least sustainability.

The future development of COSBOTS shall ensure that we continue to have members who are satisfied with COSBOTS's services – and that new members continue to join COSBOTS.

Letlhogonolo Makwinja
Chief Executive Officer





Remembering THE DEPARTED



LOVELY KABELO
RUBY RIDER
KABELO

MEET THE MANAGEMENT



Mr. Letlhogonolo Makwinja
CHIEF EXECUTIVE OFFICE



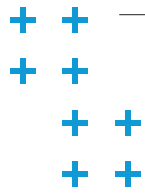
Mrs Gosego Makhamisa
**LICENSING MANAGER
(MUSIC)**



Mrs Seeletso Lekgaba
**CORPORATE
COMMUNICATIONS
MANAGER**



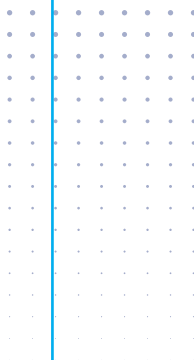
Mr Onalenna Goantebale
**DOCUMENTATION AND
DISTRIBUTION MANAGER**



Remembering THE DEPARTED



THATO DARBY
FOUNTAIN
THATO



HIGHLIGHTS OF THE YEAR

COSBOTS STRATEGY PLAN FOR 2022 – 2025

In the past year COSBOTS strategy plan for 2022 to 2025 took effect and many changes aimed at improving the company's operations and effectiveness in its role were put in place.

New Strategic Intentions

STRATEGIC INTENT

To be leading CMO in Africa by empowering creativity through licensing, collection and distribution of royalties, and to ensure fair value to the owners of copyright in Botswana

STRATEGIC GOALS

ACHIEVE 70%+ DISTRIBUTION IN 3 YEARS

Grow Collection to **P45M** by 2025

Optimise and improve Cosbots Efficiency to Collections (in USD) to Employee ratio of 0.18 and limiting costs to **P13.5M** by 2025

Enhance Brand value and Impact (80% Stakeholders Satisfaction)

STRATEGIC PRIORITIES

ENABLERS

Membership

Enforcement
and Licensing

Service and
Accessibility

Partnership and
Stakeholders

Governance Risk
Compliance

• The revised Mission Statement, Vision Statement and Values took effect

STRATEGIC PRIORITIES

- Increase Collections
- Approval tariff of reprography
- Emphasis on Enforcement to drive more collection from users
- Develop an effective enforcement instrument that can be used to drive collection –current letters are more advocacy than enforcement. e.g Malawi, Tanzania
- Lobby for Cosbots License to be part of the trade licensing requirements and collected centrally.
- Seek funding from LTDF to support artist or Cosbots
- Lobby for support from MITI and MYSEC to collect from Public Entities on license.
- Optimise Cost
- Maintain or increase resources focussed on Enforcement and Education
- Optimise costs and redirect budget utilisation to revenue generating activities. Review cost drivers to eliminate/reduce cost incurring variables that can be controlled.
- Strengthen Impact
- Use the Social Cultural fund to create indirect/non-monetary value back to the artists (grassroots development etc) –leverage LTDF to support initiatives there.



"TO BE THE LEADING CMO IN AFRICA"



"We empower creativity through licencing, collection and distribution of royalties and to ensure fair value to the owner"

COSBOTS VALUE CHAIN

VALUE

- 1 Fair value from usage of economic rights
- 2 Fair remuneration to rights holders
- 3 One stop licensing solution for creators (in all sectors)
- 4 Licensing content as an enabler to doing business

CORE

Educate
Stakeholders

Advocate for
competitive tariffs

Registering
member

Licensing Users

Monitoring of usage

Collecting royalties

Distributing to the
rights holders

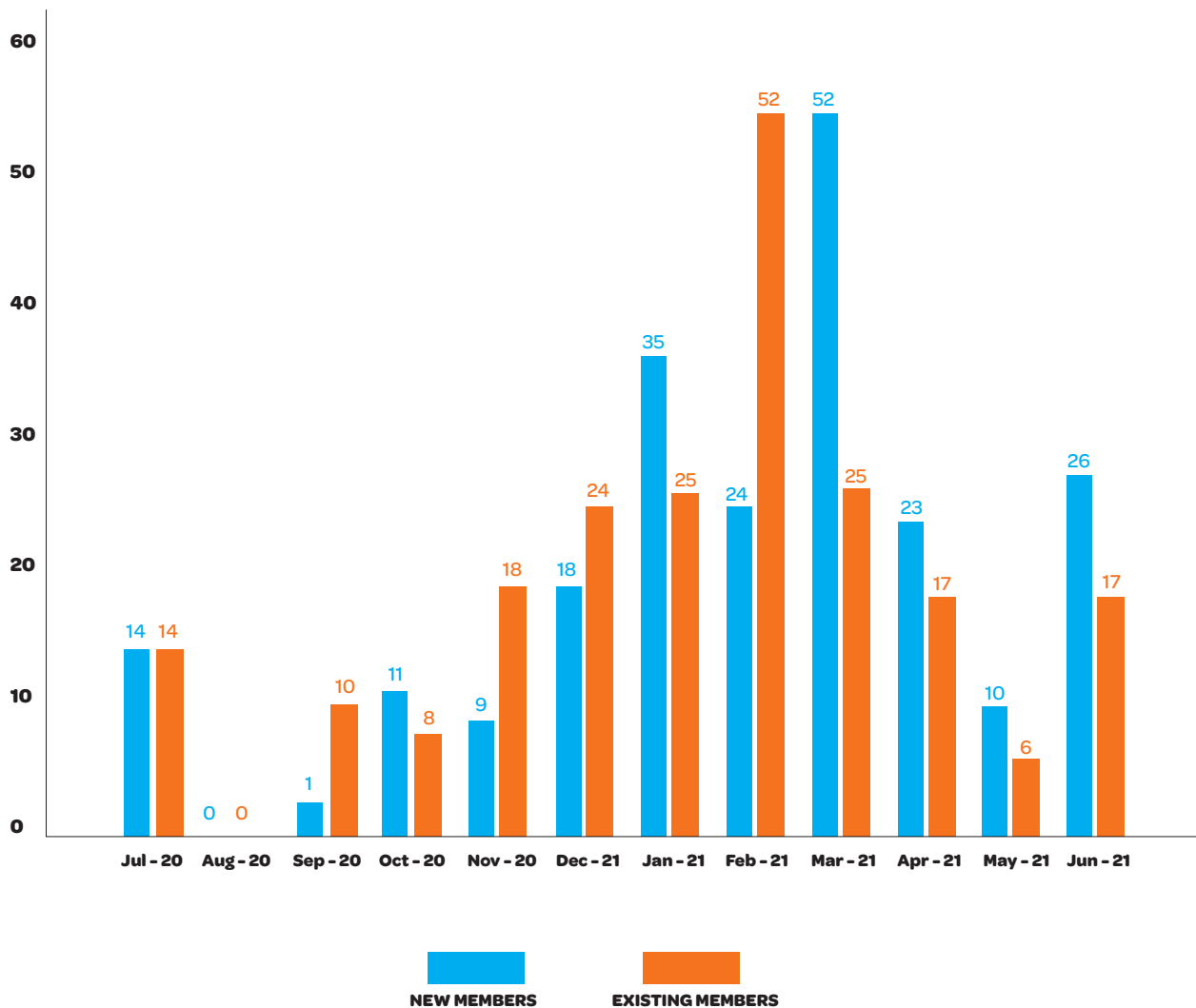
ENABLERS

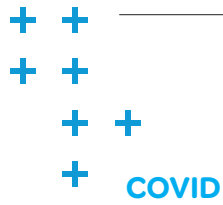
- Marketing Promotions and Corporate Communications
- Human Resource Management
- Information Technology
- Finance
- Administration
- Procurement
- Legal
- Risk and Compliance
- Internal Audit

MEMBERSHIP GROWTH AND TRENDS

Growth in Newly members vs Existing Members updates

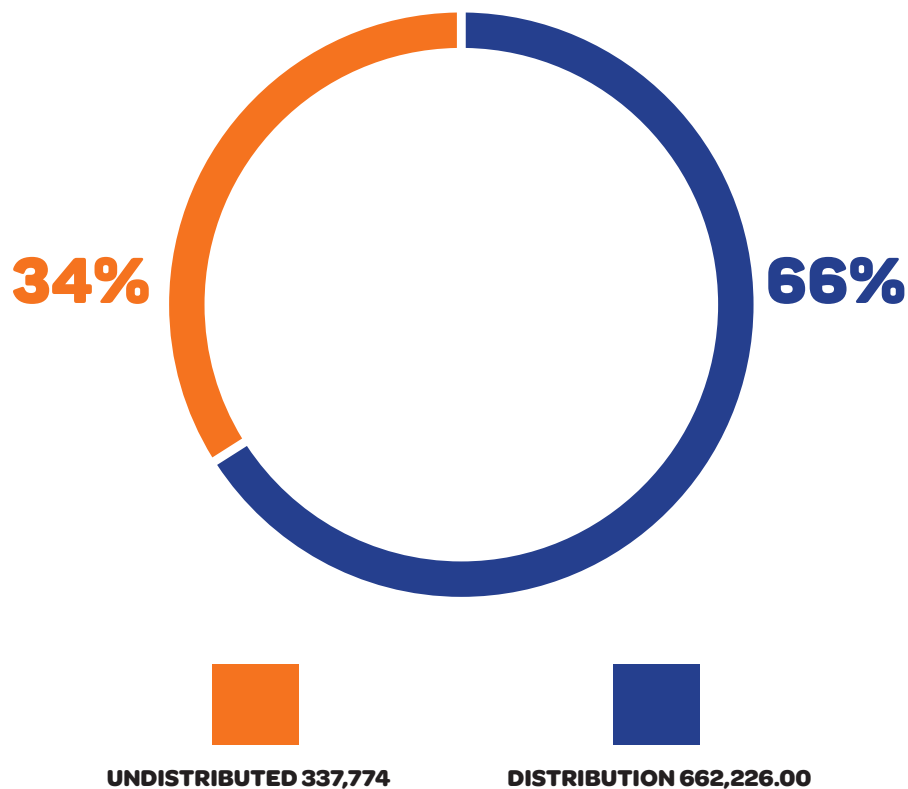
New members VS Existing members Registry by "MONTHS"





Relief fund to relieve members during the times of COVID. Members were given P1000 as relief

DISTRIBUTION - RELIEF FUNDS (SCF)



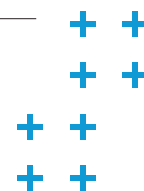
DIGITAL PAYMENT PLATFORMS INCREASED

1

COSBOTS implemented the use of other digital platforms other than Poso Money

2

Royalties are now paid through Orange Money, Mascom My Zaka and Be Mobile Smega as well.



Remembering THE DEPARTED



SHERMAN
JENJEDUBADEMA
MALAMBA



CORPORATE GOVERNANCE REPORT

The Board recognises that it is ultimately responsible for the strategic direction of the Copyright Society of Botswana (COSBOTS) through the delegation of various duties to the Chief Executive Officer and Executive Management. The Board is conscious of its obligations and accountability to the shareholder, as well as other stakeholder expectations.

In the execution of its duties, the Board is guided by a Board Charter, which amongst others, clearly sets out the Board's role, duties, and responsibilities. The Charter provides for Board structures, procedures, and processes; which assists the Board in regulating how it conducts its business. In addition, COSBOTS has adopted relevant corporate governance principles as laid out in the King III Code on Corporate Governance to enhance its effectiveness.

COMPOSITION:

The General Assembly appoints the Board Members and charges the Board with the responsibility of setting the direction of the Organisation's affairs. COSBOTS Board is comprised of exclusively non-executive Members; the Board is currently composed of nine (12) non-executive Members, inclusive of a non-executive Board Chairperson, in accordance with the company constitution. This board structure ensures that the Board maintains a high level of objectivity and independence in Board deliberations and resolutions. Conforming to the dictates of Corporate Governance principles, as accepted by the Board for best corporate governance practice, the roles of Board Chairperson and the Chief Executive Officer are separate, with a clear role distinction of duties. The Board members are experts in various creative fields including: Music, Audio-visual, Literary

The table below sets out the current composition of the Board and the membership of each Board Committee

Name	Right to Represent (Y/N)	Concurrently Serves as a Director (Y/N)	Concurrently Serves as an Employee (Y/N)				Concurrently Serves as an Employee (Y/N)
		Executive	Finance, Procurement & Audit	Nominations & Governance	Membership	Human Resources & Staff Welfare	
B. Mahoko	Y	Y					N
P. Setsiba	Y	Y			Y		N
A Mosimanegape	Y				Y		N
M. Motlhasedi	Y	Y	Y		Y		N
M. Mphoeng	Y					Y	N
O. Moyambo	Y			Y		Y	N
K. Sibanyoni	Y		Y		Y		N
K. Kgaodi	Y			Y		Y	N
S. Lesetedi-Keothepile	Y			Y			N
W. Sekani	Y		Y				N
B. Mogotsi	Y			Y			N
M. Ntongana	Y		Y				N

BOARD AND COMMITTEE MEETINGS

The Board and its Committees meet at least four times annually as prescribed in the constitution and board and committee charters to discuss matters relating to, amongst other things; strategy and performance, financial position, risk management, human resource matters, sustainability and governance. Members contribute to strategy formulation as well as monitoring and measuring the Organisation's performance and its Executive Management.

A summary of meetings and attendance by Directors for the financial year 2020/21 is indicated below:

	Board of Directors	Executive	Membership	Human Resources & Staff Welfare	Nomination & Governance	Finance, Audit & Procurement
Bakalanga Mahoko	12	15	3			
Patrick Setsiba	14	14				1
Alfred Mosimanegape	11	8	6		1	2
Mpho Motlhasedi	11	3				4
Kabelo Kgaodi	9			2		
Kelebonye Sibanyoni	8		1			1
Ookeditse Moyambo	9			2		
Winani Sekani	10		2	3		2
Moletlanye Mphoeng	11		2	4		
Benjamin Mogotsi	10		2	2	2	
Staffnurse B. Lesetedi Keothepile	11		4		1	

The Board delegates certain functions to well-structured Committees without relinquishing its own responsibilities. The Committees constitute an integral part of the governance process and are established with clearly defined formal terms of reference. In order to keep up to date with any recent changes in the law and governance principles, the terms of reference are reviewed and approved annually.

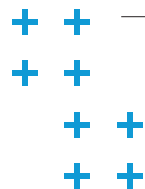
The following are the COSBOTS Board Committees:

EXECUTIVE:

The Executive Committee is to assist the Board of Directors of COSBOTS in the orderly and fair governance of COSBOTS by, among other things, acting on behalf of the Board within the scope of the Committee's authority and overseeing the functions, operations and activities of the Board and its committees. Committee facilitates decision making in Board meetings and in urgent matters.

FINANCE, AUDIT & PROCUREMENT:

Its role is to provide the Board with additional assurance regarding its responsibilities to oversee the financial reporting process, risk management to ensure the transparency and integrity of published financial information, the effectiveness of the organisation's internal financial control and the audit process.



NOMINATION AND GOVERNANCE:

Key responsibilities of the nominating and governance committee include shaping governance policies, planning for board succession and recruiting directors.

HUMAN RESOURCES & STAFF WELFARE:

The Human Resource and Staff Welfare committee's role is to review and report on matters relating to human resources, compensation policy and if necessary, make recommendations to the board or management. It establishes a plan of continuity and development of senior management staff. It further provides counsel on issues of executive management compensation, performance, assessment and succession planning.

MEMBERSHIP:

The membership committee oversees the integrity of the company's membership services and the company's membership and distribution rules, media/PR and communications strategy, code of conduct policy, member issues and the advocacy role of the organization.

ADVISORY:

The role of the advisory committee is to bridge the gap between members and the board as well as to advise the board.

DIRECTORS' RELATIONSHIP WITH THE COMPANY

Name:	Attribute	Relationship with the company*						
		a	b	c	d	e	f	g
Bakalanga Mahoko	Author/Actress	✓	✓		✓	✓		✓
Patrick Setsiba	Author	✓	✓		✓	✓		
Winani Sekani	Author/Publisher	✓					✓	✓
Alfred Mosimanegape	Musician			✓			✓	✓
Staffnurse B Lesetedi-Keothepile	Ex Officio representing Government							✓
Mpho Motlhasedi	Musician	✓					✓	✓
Ookeditse Moyambo	Guitarist/Producer	✓		✓	✓	✓	✓	✓
Benjamin Mogotsi	Author Literary Works	✓	✓		✓	✓		✓
Moletlanye Mphoeng	Musician	✓	✓		✓	✓	✓	✓
Kelebonye Sibanyoni	Film/TV Producer	✓	✓		✓		✓	✓
Kabelo Kgaodi	Composer/Publisher	✓	•		✓	✓	✓	✓
Martin Ntongana								

- PRINT AND PUBLISHING** – representing authors of literary, artistic and musical works as well as publishers in text- and image- based industries.
- VISUAL ARTS AND PHOTOGRAPHY** – representing rights holders for visual material. Visual material takes many forms, including the following:
 - Fine art, such as painting and sculpture
 - Photography, such as documentary, and photographic artworks
 - Illustrations, such as cartoons, diagrams and maps
 - Graft and applied art, such as jewellery, ceramics and textiles
 - Design, such as graphic design
 - Architecture
 - Prints, such as engravings and woodcuts producers as financing partners in the video and film making industries.
- FOLKLORE** – representing artists in the field of traditional knowledge and cultural expressions.
- DRAMATIC AND THEATRICAL** – representing Writers and dramatists, directors and choreographers, scenic designers, actors and singers are involved in the production of a dramatic work.
- AUDIO - VISUAL AND FILM** – representing authors and performers as creative collaborators, and producers as financing partners in the video and film making industries.
- MUSIC AND SOUND RECORDING** – representing rightsholders of musical works being songwriters, performers, composers and music publishers as well as record companies.
- OTHERS**



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control of the Copyright Society of Botswana Board is made voluntarily by the Board in line with its objective of leading by example in championing sound governance, risk management and internal control practices.

RESPONSIBILITIES OF THE BOARD

The Board acknowledges its overall responsibility for the systems of internal controls in the organisation and as well as reviewing the adequacy, integrity and effectiveness of these systems. In doing so, the Board has carried out an ERM maturity assessment which has been used to craft the ERM strategy. ERM framework which enables the identification of risks that are prevalent has also been endorsed. By embedding the risk management aspect in all the business activities via identifying principal risks and ensure implementation of appropriate control measures to manage the risk, the Board anticipates that a reasonable level of assurance can be achieved.

The Board is committed to maintain a sound internal control system for the organisation and review the adequacy and integrity of the system that includes the management of information system, compliance with laws, regulations, rules, directives and guidelines.

The review of the risk management and internal control reports and processes is delegated by the Board to the Audit Committee.

MANAGEMENT'S RESPONSIBILITIES

The implementation of the risk management process for the organisation is the responsibility of the Chief Executive Officer and the respective Heads of Business/Operations within the organisation. The respective business and operations unit heads are required to evaluate the controls to ascertain their effectiveness and efficiency on a periodic basis. The Nominations & Governance Committee reviews internal control matters and highlights significant issues to the Board.

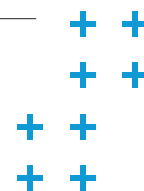
BOARD GOVERNANCE COMPLIANCE

Full Compliance	✓
Partial Compliance	P
Not Done	X

Principles	2021	Comment
The Board should provide Effective leadership based on ethical foundation.	✓	The Board is governed by a Board Charter which is the framework that has put in place best practices that allow for the best ethical leadership.
The Board should ensure that the company is and seen to be a responsible corporate citizen.	P	While the Board recognizes the concept of Corporate Social Responsibility, limitations of financial resources were a constraint in the period under review.
The Board should ensure that company's ethics are managed effectively.	✓	The Organization's ethics are managed through the Executive Committee.
The Board should Act as the focal point for and custodian of corporate governance	✓	The Organization is headed by a Board that directs, governs, and is in effective control of the Organization as embedded in the Board Charter. For effective control the Board delegates some of its duties to its committees which are also governed by Committee charters. The Board meets at least four times a year.
The Board should appreciate that strategy, risk, performance and sustainability are inseparable.	✓	The Board monitors the implementation of strategy through the Chief Executive Officer and who submits reports at quarterly meetings.
The Board should provide effective leadership based on an ethical foundation.	✓	The Board is governed by a Board Charter incorporating effective and responsible leadership. The organization's ethics are managed through the Executive Committee.
The Board should ensure that the company is and seen as to be a responsible citizen.	P	While the Board recognizes the concept of Corporate Social Responsibility, limitations of financial resources were a constraint in the period under review.
The Board should ensure that the Organization's ethics are managed.	✓	The Organization's ethics are managed through the Executive Committee.
The Board should ensure that the company has an effective and independent Audit Committee	✓	The Finance, Audit & Procurement Committee has been established in terms of the Board Charter and the Committee is governed by a Committee Charter which is reviewed annually.
The Board should be responsible for the governance of risk	P	The Board governs risk through its Nominations & Governance Committee which reports directly to the Board at each meeting of the Board.
The Board should be responsible for Information and Technology (IT) governance.	✓	The Board has endorsed the IT Policies and Procedures and an IT Strategy is in the process of being developed. Quarterly progress reports are submitted to the Board.
The Board should ensure that the company complies with applicable laws and considers adherence to non-binding codes and standards.	A	The Organization complies with applicable laws and non-binding rules. The Organization also seeks professional legal advice from time to time as and when required
The Board should ensure that there is an effective risk-based internal audit.	X	The organizations have no internal audit unit but plans to have one as the organization grows
The Board should appreciate that stakeholders' perception affect the company's reputation.	✓	The Board, through the CEO monitors legitimate stakeholder interests and expectations, relevant to the COSBOTS's strategic objectives and long-term sustainability.
The Board should ensure the integrity of the company's integrated reporting.	P	The first integrated report would be produced in 2021/2022.
The Board should report on the effectiveness of the company's internal controls.	✓	The Board is accountable for risk management and the system of internal control and issues annual disclosures that an adequate system of internal control is in place to mitigate the significant risks faced by the organization.
The Board and its Executive Management should act in the best interest of the company.	✓	The Directors make decisions giving due regard to their fiduciary duties and as such act with an independence of mind. The Directors also declare their direct and indirect interests at each Board meeting and the Board Secretary maintains a register of Director's interests.
The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is distressed.	P	The only has Disaster recovery at IT division and is yet to have a fully fleshed coordinated BCM.
The Board should elect a Chairman of the Board who is an independent non-executive director. The CEO should not also fill the role of Chairman of the Board.	✓	The Chairperson of the Board is appointed by vote amongst the Board members in accordance with the constitution and She is an independent non-executive. The role of the CEO and Chairperson are performed by separate individuals.
The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority.	✓	The CEO is appointed by the Board. The CEO is given certain decision-making power. Decisions over this threshold are considered by the Board. This ensures effective and timely decision-making
The Board should comprise a balance of power, with the majority of non-executive directors. The majority of non-executive directors should be independent.	✓	The Board of Directors is wholly non-executive and independent.
Directors should be appointed through a formal process.	✓	The Directors are appointed in accordance with the company constitution and the Companies Act
The induction of and ongoing training and development of Directors should be conducted through a formal process.	✓	Induction and training of Directors is done through a formal process on an ongoing basis.
The Board should be assisted by a competent, suitably qualified, and experienced Board Secretary.	✓	The Board Secretary is appointed by the Board in accordance with the Board Charter. The Board Secretary is a chartered secretary and has the requisite experience for the job as required by Section 162 of the Companies Act.
The evaluation of the Board its committee and the individual Directors should be performed every year.	X	The first evaluation of the Board is scheduled for June 2022
The Board should delegate certain functions to well-structured Committees but without abdicating its own responsibilities.	✓	The Board has well-developed Committees which have been established with clear reporting procedures. The Committee Charters are reviewed annually

Principles	2021	Comment
A governance framework should be agreed between the group and its subsidiary boards.	X	This principle is not applicable
Organisations should remunerate directors and executives fairly and responsibly	✓	Director's remuneration is paid in accordance with the recommendations made by the General Assembly. The Executives' remuneration is determined by the Board.
Companies should disclose the remuneration of each individual director and prescribed officer	✓	This has been disclosed under the remuneration section in the Financial Statements
Shareholders should approve the company's remuneration policy.	✓	The remuneration Policy is approved by the Board of Directors in accordance with the Board Charter.

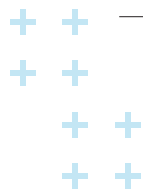
Governance Of Risk		
The Board should be responsible for the Governance of risk	✓	The Nominations & Governance Committee acts in accordance with its delegated authority of the Board in terms of governance of risk. The Committee is an integral component of the risk management process and oversees the development of policies.
The Board should determine the levels of risk tolerance.	P	The Board shall determine the level of risk tolerance according to the Enterprise Risk Framework after finalisation and approval of the framework.
The Risk Committee or Audit Committee should assist the Board in carrying out its risk responsibilities	✓	The Board is assisted by an independent and effective Nominations & Governance Committee in carrying out its risk responsibilities. The Chairperson of the Committee reports to the Board at all its meetings
The Board should delegate to Management the responsibility to design, implement and monitor the risk management plan.	✓	The design and implementation of the risk management plan is the responsibility of Management. The Nominations & Governance Committee provides the necessary oversight.
The Board should ensure that the risk assessments are performed on a continual basis.	✓	Regular risk assessments are undertaken where both the strategic and operational risk registers are on quarterly basis reviewed and revised.
The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risk.	X	A formal ERM framework which relies on ISO31000 and COSO framework have not been developed and presented to the Board
The Board should ensure that Management considers and implements appropriate risk responses.	✓	Quarterly progress made in the implementation of the mitigation measures is presented to the Board.
The Board should ensure continual risk monitoring by Management	P	Quarterly risk reports with significant risks are presented to the Board
The Board should receive assurance regarding the effectiveness of the risk management process	X	Proper risk management process will be implemented in the 2021/2022 annual report
The Board should ensure that there are processes in place enabling complete, timely, relevant and accurate and accessible risk disclosure to stakeholders	X	Proper risk disclosures will be implemented in the 2021/2022 annual report.
The Board should ensure that the Organisation complies with applicable laws and considers adherence to non-binding codes and standards.	✓	The organisation complies with applicable laws and non-binding rules. The Board certifies that such rules are adhered to
The Board and each individual Director should have a working understanding of the effect of applicable laws, rules, codes and standards on the Organisation and its business.	✓	Any changes in laws and rules which affect the Organisation are included in the Board's agenda as and when applicable.
Compliance risk should form an integral part of the Organisation's risk management process	✓	The risk of non-compliance is monitored, assessed and responded to through the organisation's risk management process
The Board should delegate to management the implementation of an effective compliance framework	P	A formal Compliance framework is yet to be developed
Governing of Stakeholder Relationships		
The Board should appreciate that stakeholders' perceptions affect the company's reputation	✓	The Board monitors legitimate stakeholder interests and expectations, relevant to the organisation's strategic objectives and long-term sustainability.
The Board should delegate to Management to proactively deal with stakeholder relationships	✓	Stakeholder relationship management is the primary responsibility of the CEO
The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interest of the Organisation.	✓	The Board strives to achieve an appropriate balance between the interests of various stakeholders in its decision making.
Companies should ensure the equitable treatment of shareholders.	✓	COSBOTS has a cordial relationship with the Government of Botswana through the Ministry of Investment, Trade & Industry
Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	✓	The organisation produces an Annual Report within reasonable timelines. The organisation ensures that information to stakeholders is sent timeously and that it is clear and comprehensive:



Remembering THE DEPARTED



TUMELO
SKONKOVIA
MAFOKO



FINANCE REPORT

MS. WINNIE SEKANI
TREASURER

GENERAL

The COSBOTS accountancy and bookkeeping system and procedures are set up to comply with the Companies Act and International Financial Reporting Standards (IFRS).

This year members will notice a big difference from the company's usual Annual Financial Statement as the company has shifted from the cash basis standard that COSBOTS had utilized since its formation owing to non-compliance by users, which resulted in a large number of bad debts being held by the company, to the accrual basis standard required by International Financial Reporting Standards (IFRS).

INTRODUCTION

CMOs in many countries are but a few institutions and in a number of countries are monopolies, with limited comparisons to other businesses, whether incorporated as Companies Limited by Guarantee, Public Benefit Companies or Public Benefit Organizations.

In many African countries these CMOs:

1. Are recently established
2. Fall into the Small and Medium-sized Enterprises (SME) category of operations
3. Have modest management systems or Enterprise Resource Planning (ERPs) in place
4. Employ financial staff with limited exposure to IFRS (or old GAAP)

Some Key Issues To Be Addressed

Post the GAAP (General Accepted Accounting Practice) era and with the application of IFRS, Collective Management Organizations have been faced with new and revised requirements for their revenue reporting & recognition.

Under IFRS, revenue reporting & recognition are covered under IFRS 9 & IFRS 15.

ACTIVITY REPORT FOR THE YEAR 2020 – 2021

Accounting & Bookkeeping

Management of accounts is undertaken by COSBOTS staff using the software, Sage Pastel. An external consultant reviews and combines the monthly accounts and establishes the yearend accounts.

REPORT OF THE STATUTORY AUDITOR ON FINANCIAL STATEMENTS 2020 – 2021

The 2020/21 accounts were audited in July 2021.

The annual accounts show a total asset balance of P34,500,540.00, which is P2,194,428.00 higher than last year's balance of P32,306,112.00.

Receivables less than one year

Receivables have decreased, this is due to effects of COVID 19 and restating of accounts for the year 2020 to fit with IFRS. The lockdowns due to COVID restrictions once again had a negative impact on this year's revenue in the overall area 'General public performance', which covers revenues from concerts, cinema and background music.

Term accounts

The interest on term accounts continues to increase. Surplus funds are invested in local commercial banks (First National Bank of Botswana, Absa Bank, Bank of Baroda, and Bank Gaborone) which comprise of fixed deposits. The interest earned is at an effective interest rate of 3.30% (2020: 3.30%). The proportionate amount of interest up to 30 June is added to the cost of investment to approximate fair value.

Profit & Loss

The year-end result on the operational accounts shows a deficit of P8,696,338.00. This is due to a number of factors, among them the supplementary distribution of P1.5 million of distribution 13 (D13.5) and other provisions and restating of finances to align with IFRS.

The royalty distribution provision represents management's best estimate of the company's liability towards the owners of copyrighted work. The distributable amount is determined by deducting administrative expenses, contributions to the social and cultural fund, and other provisions from gross revenue.

Operational Reserve

The operational reserve decreased as the Board transferred P2.6 million to increase the Net Distributable amount for distribution 14. The Board also approved another P2 million to be distributed to the members as covid relief, where each member benefited P1000.00.

Long term liabilities

Bank Gaborone finance lease for COSBOTS building- The finance is payable over 180 months at equal instalments of about BWP 23,799.24 at prime plus 3% interest rate compounded.

Wesbank Finance lease - The company has purchased motor vehicles through the Wesbank finance lease arrangement. The average lease term is 5 years (2020: 5 years) at an average rate of 9.25% (2020: 9.25%).

Distribution

In 2021, COSBOTS distributed P8.8 million, of which P1.5 million was secondary distribution of distribution number 13 and P7.3 million as primary distribution for distribution number 14 to rightsholders in Botswana and abroad for music performed in 2021 and previous years.

Social & Cultural Fund

Every year, COSBOTS allocates up to 10 per cent of our net earnings to assist members in social and cultural causes like bereavements.



Winnie Sekani
Treasurer

CERTIFICATE BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby certify, in terms of the Compliance Act, that for the year ended June 30, 2021. The Company has lodged with the Registrar of Companies all such returns as are required of a company in terms of the Companies Act and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



Itai Dzimir
Company Secretary
21 May 2022

Remembering THE DEPARTED



OTILLIA
"SISTER KHUMO"
PINAEMANG

General Information

Country of incorporation and domicile

Botswana

Nature of business and principal activities

The Copyright Society of Botswana was established and has been mandated by the Copyright and Neighbouring Rights Act - CAP 68:02 of 2006 to among others to license and collect royalties from users of copyright protected works, to distribute them to copyright owners.

Directors

Bakalanga Mahoko
Patrick Setsiba
Winnie Winani Sekani
Alfred Morwaledi Mosimanegape
Moletlanye Mphoeng
Mpho Motlhasedi
Benjamin Mogotsi
Kabelo Eric Kgaodi
Ookeditse Moyambo
Kelebonye Sibanyoni
Martin Ntongana

Registered office

Plot 93, Unit 1, Gaborone International Finance Park
Gaborone, Botswana

Postal address

Private Bag B075, Gaborone, Botswana

Bankers

Bank of Baroda
Bank Gaborone
Absa Bank Botswana
First National Bank of Botswana
Stanbic Bank Botswana

Auditors

Maemo SD Mesotlo & Associates
BICA Member Firm: MeFBW17014
Unit 05F, First Floor, Plot 145, Lake View Office Park
Gaborone International Finance Park
P O Box 604 AAH, CBD
Gaborone, Botswana

Secretary

Baker Tilly Botswana

Legal advisors

Akoonyatse Law Firm
Ndawana Dubani & Company
The Jones Moitshepi Firm

Company registration number

BW00000230497

Incorporation date

29 May 2008

Currency

Botswana Pula

Contents

Page

Directors' Responsibilities and Approval

3

Directors' Report

4 - 5

Independent Auditor's Report

6 - 8

Statement of Financial Position

9

Statement of Profit or Loss

10

Statement of Changes in Equity

11

Statement of Cash Flows

12

Accounting Policies

13 - 21

Notes to the Annual Financial Statements

22 - 39

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

Detailed Income Statement

40 - 41

Supplementary Information

42

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company 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 International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 annual 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 company's cash flow forecast for the year to 30 June 2022 and, in light of this review and the current financial position, they are satisfied that the company has or had 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 company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 8.

The annual financial statements set out on pages 9 to 41, which have been prepared on the going concern basis, were approved by the board of directors on 2 - 03-2022 and were signed on their behalf by:

Approval of financial statements



Bakalanga Mahoko (Board Chairperson)



Winnie Winani Sekani (Treasurer)

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Copyright Society of Botswana for the year ended 30 June 2021.

1. Incorporation

The company is domiciled in Botswana where it is incorporated as a private company limited by guarantee under the Companies Act. The address of the registered office is set out on page 1.

2. Nature of business

The Copyright Society of Botswana was established and has been mandated by the Copyright and Neighbouring Rights Act - CAP 68:02 of 2006 to among others to license and collect royalties from users of copyright protected works, to distribute them to copyright owners.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards 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 company are set out in these annual financial statements.

4. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Changes
Bakalanga Mahoko	Chairperson	Non-executive	Appointed 27 March 2021
Patrick Setsiba	Vice Chairperson	Non-executive	
Winnie Winani Sekani	Treasurer	Non-executive	
Alfred Morwaledi Mosimanegape		Non-executive	
Moletlanye Mphoeng		Non-executive	
Game Goabaone Bantsi		Non-executive	Resigned 27 March 2021
Mpho Motlhasedi		Non-executive	
Benjamin Mogotsi		Non-executive	
Staffnurse Bangu Lesetedi-Keothepile		Non-executive	Resigned 27 March 2021
Tomeletso Sereetsi		Non-executive	Resigned 27 March 2021
Kopano Mantswe		Non-executive	Resigned 27 March 2021
Kabelo Eric Kgadi		Non-executive	Appointed 27 March 2021
Ookeditse Moyambo		Non-executive	Appointed 27 March 2021
Kelebonye Sibanyoni		Non-executive	Appointed 27 March 2021
Martin Ntongana		Non-executive	Appointed 15 June 2021

Resignations

Directors	Cause of change	Designation	Date
Game Goabaone Bantsi	Resignation	Non-executive	27 March 2021
Staffnurse Bangu Lesetedi-Keothepile	Resignation	Non-executive	27 March 2021
Tomeletso Sereetsi	Resignation	Non-executive	27 March 2021
Kopano Mantswe	Resignation	Non-executive	27 March 2021

Directors' Report

Appointments of directors

Directors	Office	Designation	Date
Bakalanga Mahoko	Chairperson	Non-executive	27 March 2021
Patrick Setsiba	Vice Chairperson	Non-executive	26 August 2017
Winnie Winani Sekani	Treasurer	Non-executive	26 August 2017
Alfred Morwaedi Mosimanegape		Non-executive	26 August 2017
Moletlanye Mphoeng		Non-executive	26 August 2017
Game Goabaone Bantsi		Non-executive	26 August 2017
Mpho Motlhasedi		Non-executive	26 August 2017
Benjamin Mogotsi		Non-executive	26 August 2017
Staffnurse Bangu Lesetedi-Keothepile		Non-executive	26 August 2017
Tomeletso Sereetsi		Non-executive	26 August 2017
Kopano Mantswe		Non-executive	26 August 2017
Kabelo Eric Kgaodi		Non-executive	27 March 2021
Ookeditse Moyambo		Non-executive	27 March 2021
Kelebonye Sibanyoni		Non-executive	27 March 2021

5. Events after the reporting period

The directors are aware of the approvals by the Copyright Office at the Companies and Intellectual Property Authority (CIPA) for the distribution of royalties of P4,670,016 and P1,500,000 for Distribution 13 and Distribution 13.5 respectively on 01 November 2021 and 13 August 2021. The directors are also aware of the board resolution, dated 11 November 2021, and CIPA approval, dated 02 December 2021, to distribute royalties amounting to P7,300,000. The CIPA approvals and board resolution are considered adjusting events and they have been adjusted accordingly in the financial statements.

6. 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.

The directors believe that the Society has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Society is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Directors have assessed the ability of the Society to continue as going concern and the impact of COVID-19 pandemic on its operations and have no reason to believe the Society will not continue in operational existence for the foreseeable future.

The ability of the Society to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company.

7. Secretary

The company secretary is Baker Tilly Botswana.

The annual financial statements set out on pages 9 to 41, which have been prepared on the going concern basis, were approved by the board of directors on 02 - 03 2022 and were signed on its behalf by:

Approval of annual financial statements






Plot 145, Lake View Office Park, Unit 5F
Gaborone International Finance Park
P O Box 604 AAH CBD
Gaborone, Botswana

Independent Auditor's Report

To the Members of Copyright Society of Botswana

Qualified Opinion

We have audited the annual financial statements of Copyright Society of Botswana set out on pages 9 to 39, which comprise the statement of financial position as at 30 June 2021, statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matters described in the Basis for Qualified Opinion section of our report, the annual financial statements present fairly, in all material respects, the financial position of Copyright Society of Botswana as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

Revenue and trade receivables

Revenue reflected on the statement of profit or loss of BWP12,209,141 (2020: BWP15,725,051) was not recognised in accordance with the requirements of IFRS 15: *Revenue from Contracts with Customers*. We were therefore unable to determine the accuracy and completeness of revenue reported thereon, and the consequential impact on deferred income recognised on the statement of financial position of BWP5,921,052 (2020: BWP 4,900,000), respectively.

Trade receivables of BWP448,443 (2020: BWP363,892), respectively were not recognised in accordance with the requirements of IFRS 9: *Financial Instruments*, we were therefore unable to determine the appropriate valuation with respect to trade and receivables.

Since revenue and associated trade receivables were not recognised in accordance with the applicable financial reporting standards, we were unable to determine whether all the adjustments necessary to be made in respect of the statement of financial position at 30 June 2021, and the statement of profit or loss and cash flows, for the year then ended, were complete.

There were no alternative audit procedures we could perform to obtain reasonable assurance as to the appropriate recognition of revenue and trade receivables. Management is still in process of evaluating the underlying transactions against the requirements of the relevant accounting standards with a view of developing and implementing accounting policies and procedures that will result in compliance with IFRS 15 and IFRS 9.

Royalties' provisions

We were not provided with supporting documentation for a balance of BWP 1,421,778 relating to Distribution 9 and 10 included in the Royalty provisions in the statement of financial position of BWP 19,177,148. Due to the unavailability of supporting documentation, there were no alternative audit procedures we could perform to obtain reasonable assurance as to the completeness and accuracy of Royalty distribution provision. Consequently, we do not express an opinion on the Provision of BWP 19,177,148 reflected in the statement of financial position.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Botswana Institute of Chartered Accountants (BICA) code, which is consistent with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the BICA 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.

Emphasis of Matter

We draw attention to Note 22 of the annual financial statements which indicates that the company has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Financial Reporting Standards. Our opinion is not modified in respect of this matter.

Other Matter

The annual financial statements of Copyright Society of Botswana for the year ended 30 June 2020 were audited by another auditor, Mompoti Kgaimena of Mamlathan & Associates who expressed an unmodified opinion on those statements on 14 January 2021.

As part of our audit of the 2021 financial statements, we also audited the adjustments described in Note 25 and 26 that were applied to amend the 2020 financial statements. The predecessor auditor reported on the financial statements of the prior period before these adjustments were made. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements of the company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements taken as a whole.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Copyright Society of Botswana annual financial statements for the year ended 30 June 2021", which includes the Directors' Report and the supplementary information as set out on pages 40 to 42. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 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 Annual Financial Statements

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

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Maemo S D Mesotlo

Maemo S D Mesotlo & Associates

Certified Auditors

Practicing member: Maemo Seleke Mesotlo (20120118)

BICA Member Firm: MeFBW17014

Statement of Financial Position as at 30 June 2021

Figures in Pula	Note(s)	2021	2020 Restated *
Assets			
Non-Current Assets			
Property, plant and equipment	3	180,579	214,623
Right-of-use assets	4	3,913,397	4,210,518
Intangible assets	5	61,147	-
		4,155,123	4,425,141
Current Assets			
Trade and other receivables	6	363,892	448,443
Cash and cash equivalents	7	29,981,525	27,432,528
		30,345,417	27,880,971
Total Assets		34,500,540	32,306,112
Equity and Liabilities			
Equity			
Retained income		5,875,555	14,572,444
Liabilities			
Non-Current Liabilities			
Lease liabilities	4	2,043,576	2,294,965
Current Liabilities			
Trade and other payables	9	1,231,819	1,966,703
Lease liabilities	4	251,389	220,572
Deferred income	10	5,921,053	4,900,000
Provisions	8	19,177,148	8,351,428
		26,581,409	15,438,703
Total Liabilities		28,624,985	17,733,668
Total Equity and Liabilities		34,500,540	32,306,112

Statement of Profit or Loss

Figures in Pula

	Note(s)	2021	2020 Restated *
Revenue	11	12,209,141	15,725,051
Other operating income	13	109,136	1,462,362
Other operating gains (losses)	14	1,058	-
Other operating expenses		(8,917,674)	(8,888,154)
Operating profit	15	3,401,661	8,299,259
Investment income	18	609,380	113,620
Finance costs	19	(213,546)	(198,836)
Royalty distribution	12	(12,493,833)	(4,251,876)
Total (loss) profit for the year		(8,696,338)	3,962,167

Statement of Changes in Equity

Figures in Pula	Retained income	Total equity
Opening balance as previously reported	10,900,268	10,900,268
Adjustments		
Prior year adjustments	(289,991)	(289,991)
Restated* Balance at 01 July 2019 as restated	10,610,277	10,610,277
Total profit for the year	3,962,167	3,962,167
Balance at 01 July 2020	14,571,893	14,571,893
Total Loss for the year	(8,696,338)	(8,696,338)
Balance at 30 June 2021	5,875,555	5,875,555

Statement of Cash Flows

Figures in Pula

Note(s)

2021

2020
Restated *

Cash flows from operating activities

Cash generated from operations	20	2,463,368	13,170,496
--------------------------------	----	-----------	------------

Cash flows from investing activities

Purchase of property, plant and equipment	3	(28,991)	(577,672)
---	---	----------	-----------

Disposal of property, plant and equipment	3	1,058	-
---	---	-------	---

Purchase of intangible assets	5	(61,147)	-
-------------------------------	---	----------	---

Net cash from investing activities		(89,080)	(577,672)
---	--	-----------------	------------------

Cash flows from financing activities

Payment on lease liabilities		(220,572)	(333,495)
------------------------------	--	-----------	-----------

Interest income		609,380	113,620
-----------------	--	---------	---------

Finance costs		(213,546)	(198,836)
---------------	--	-----------	-----------

Net cash from financing activities		175,262	(418,711)
---	--	----------------	------------------

Total cash movement for the year		2,549,550	12,174,113
---	--	------------------	-------------------

Cash at the beginning of the year		27,432,528	15,258,415
-----------------------------------	--	------------	------------

Total cash at end of the year	7	29,982,078	27,432,528
--------------------------------------	---	-------------------	-------------------

Accounting Policies

Corporate information

Copyright Society of Botswana is company limited by guarantee incorporated and domiciled in Botswana.

The Copyright Society of Botswana was established and has been mandated by the Copyright and Neighbouring Rights Act - CAP 68:02 of 2006 to among others to license and collect royalties from users of copyright protected works, to distribute them to copyright owners.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Pulas, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 22 International Financial Reporting Standards.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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.

Key sources of estimation uncertainty

The annual financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.3 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 year.

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 all of the expenditure which is directly attributable to the acquisition or construction of the asset.

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 year 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.

Accounting Policies

1.3 Property, plant and equipment (continued)

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. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	2.5%
Furniture and fixtures	Straight line	10%
Motor vehicles	Straight line	25%
Office equipment	Straight line	15%
IT equipment	Straight line	25%

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

The depreciation charge for each year is recognised in profit or loss.

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.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	4 years

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial liabilities:

- Amortised cost

Accounting Policies

1.5 Financial instruments (continued)

Note 27 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Accounting Policies

1.5 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 6.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 15).

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. After 1 year, the circumstances of the account and collection efforts will be submitted to Board with appropriate recommendations. Where account receivables cannot be collected a full provision is made and details are submitted to Board with full recommendations. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 6) and the financial instruments and risk management note (note 27).

Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 9), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 19).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 27 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost and stated at carrying amount which is deemed to be fair value.

1.6 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Accounting Policies

1.6 Leases (continued)

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 15) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the company is a lessee are presented in note 4 Leases (company as lessee).

Lease liability

Lease payments included in the measurement of the lease liability comprise the following:

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

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 19).

The company remeasures the lease liability, when applicable, in accordance with the following table:

Lease liability remeasurement scenario	Lease liability remeasurement methodology
Change to the lease term.	- discounting the revised lease payments using a revised discount rate.
Change in the assessment of whether the company will exercise a purchase, termination or extension option.	- discounting the revised lease payments using a revised discount rate.
Change to the lease payments as a result of a change in an index or a rate.	- discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
Change in expected payment under a residual value guarantee.	- discounting the revised lease payments using the initial discount rate.
Lease contract has been modified and the lease modification is not accounted for as a separate lease.	- discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Accounting Policies

1.6 Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

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

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.7 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

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

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

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

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

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

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

Accounting Policies

1.8 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 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 contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.9 Provisions and contingencies

Provisions are recognised when:

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

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

The Copyright and Neighbouring Act requires COSBOTS to distribute royalties to owners of the copyright, of which the distribution should be made within the scheduled dates stipulated in the Membership and Distribution rules thus creating an obligation to be honoured annually. The Board of Directors proposes, through resolutions, an amount to be distributed to the members. The amount remains a proposal until approved by the Copyright Office at Companies and Intellectual Property Authority (CIPA).

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.10 Revenue from contracts with customers

The company recognises revenue from the following major sources:

- Income from licensing and royalty operations

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue to the extent that it is probable that the economic benefits will flow to the company and those benefits can be measured reliably. License fees are based on license assessments for the use of copyrighted work. Revenue is considered to be earned over time as and when the users make use of the copyrighted work over the licensed period. Payments received in advance beyond the fee for the licensed period are treated as deferred income.

Revenue recognition follows a five-step model framework as follows:

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

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

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

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

1.11 Royalty distributions

This amount represents net revenue from license revenue available in royalty distributions. Royalty distributions are standard processes, whereby net licence income from the licensing of public performance, broadcast and rights in copyrighted works, owned by those whose rights are administered by COSBOTS is allocated in the form of royalties to those rights holders whose copyrighted works were logged as performed, broadcast or played by licensed users of copyright work during the year.

Accounting Policies

1.12 Investment revenue

Investment income comprise of interest earned from short-term liquid investments placed with local commercial banks. Interest is recognised on a time proportion basis according to the effective interest rate method which takes into account the effective yield on the asset over the period it is expected to be held. Interest is recognised on an accrual basis.

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 July 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 	01 January 2009	Unlikely there will be a material impact
<ul style="list-style-type: none"> Classification of Liabilities as Current or Non-Current - Amendment to IAS 1 	01 January 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> IFRS 17 Insurance Contracts 	01 January 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1 	01 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Reference to the Conceptual Framework: Amendments to IFRS 3 	01 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9 	01 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16 	01 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37 	01 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41 	01 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4 	01 January 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7 	01 January 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9 	01 January 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16 	01 January 2021	Unlikely there will be a material impact
<ul style="list-style-type: none"> Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39 	01 January 2021	Unlikely there will be a material impact

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

3. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	224,330	(138,301)	86,029	223,214	(118,525)	104,689
Office equipment	37,765	(17,168)	20,597	37,765	(11,503)	26,262
IT equipment	446,871	(372,918)	73,953	440,149	(356,477)	83,672
Total	708,966	(528,387)	180,579	701,128	(486,505)	214,623

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	104,689	1,115	(19,775)	86,029
Office equipment	26,262	-	(5,665)	20,597
IT equipment	83,672	27,876	(37,595)	73,953
	214,623	28,991	(63,035)	180,579

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	101,322	25,444	(22,077)	104,689
Office equipment	31,927	-	(5,665)	26,262
IT equipment	53,309	75,483	(45,120)	83,672
	186,558	100,927	(72,862)	214,623

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the finance leases :

Land and buildings	3,409,119	3,503,801
Motor vehicles	504,278	706,717

Security held:

Land and buildings

1. 1st Continuing Covering Mortgage Bond for BWP 2,153,000 over Plot 93 Sectional Unit Lease Area 1007-KO GICP, Gaborone Commercial (900 sqm)
2. Registered Cession of Fire Policy for BWP 2,300,00.00.

Motor vehicles

1. Wesbank has a financial interest over the following vehicles: Toyota Corrola Quest CVT, Isuzu D-Max 250 D/CAB X-rider and 2019 Toyota Fortuner 2.4 GD6.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

4. Leases (company as lessee)

The company has purchased land & buildings and motor vehicles under a finance lease arrangement.

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

4. Leases (company as lessee) (continued)

Details pertaining to leasing arrangements, where the company is lessee are presented below:

1. Bank Gaborone finance lease

The finance is payable over 180 months at equal installments of about BWP 23,799.24 at prime plus 3% interest rate compounded, and calculated daily on the outstanding loan balance, and debited to the loan account on a monthly basis in arrears.

2. Wesbank finance lease

The company has purchased motor vehicles through the Wesbank finance lease arrangement. The average lease term is 5 years (2020: 5 years) at an average rate of 9.25% (2020: 9.25%).

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Buildings	3,409,119	3,503,801
Motor vehicles	504,278	706,717
	3,913,397	4,210,518

Additions to right-of-use assets

Motor vehicles	-	476,745
----------------	---	---------

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 15), as well as depreciation which has been capitalised to the cost of other assets.

Buildings	94,683	94,683
Motor vehicles	202,440	96,102
	297,123	190,785

Other disclosures

Interest expense on lease liabilities	213,546	198,836
---------------------------------------	---------	---------

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	475,004	470,979
Two to five years	1,818,172	2,000,396
More than five years	1,230,601	1,516,192
	3,523,777	3,987,567
	(1,228,812)	(1,472,030)
	2,294,965	2,515,537
Non-current liabilities	2,043,576	2,294,965
Current liabilities	251,389	220,572
	2,294,965	2,515,537

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

5. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	61,147	-	61,147	-	-	-

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Total
Computer software	-	61,147	61,147

6. Trade and other receivables

Financial instruments:

Trade receivables	303,418	352,844
Deposits	880	880
Insurance	51,076	38,493

Non-financial instruments:

Employee costs in advance	8,518	56,226
---------------------------	-------	--------

Total trade and other receivables

363,892 448,443

Split between non-current and current portions

Current assets	363,892	448,443
----------------	---------	---------

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	355,374	392,217
Non-financial instruments	8,518	56,226
	363,892	448,443

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5,671	4,985
Current accounts	6,538,992	499,893
Call accounts	7,724,483	11,820,156
Fixed deposit accounts	15,712,379	15,107,494
	29,981,525	27,432,528

Surplus funds are invested in local commercial banks (First National Bank of Botswana, Absa Bank, Bank of Baroda and Bank Gaborone) which comprise of fixed deposits. The interest earned is at an effective interest rate of 3.30% (2020: 3.30%). The proportionate amount of interest up to 30 June is added to the cost of investment to approximate fair value.

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

8. Provisions

Reconciliation of provisions - 2021

	Opening balance	Additions	Utilised during the year	Change in estimate	Total
Royalty distributions	8,351,428	7,964,375	(986,585)	3,693,833	19,023,051
Social and cultural funds	-	835,625	(681,528)	-	154,097
	8,351,428	8,800,000	(1,668,113)	3,693,833	19,177,148

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Change in estimate	Total
Royalty distributions	5,280,794	3,070,634	-	-	8,351,428
Legal provision	1,491,487	-	(141,107)	(1,350,380)	-
	6,772,281	3,070,634	(141,107)	(1,350,380)	8,351,428

The royalty distribution provision represents management's best estimate of the company's liability towards the owners of copyrighted work. The distributable amount is determined by deducting administrative expenses, contributions to social and cultural fund and other provisions from gross revenue, and then management through an annual budget proposes the amount to the Board of Directors. The Board of Directors through a resolution makes the final decision on the distributable amount. The actual timing and amount of the distribution remains uncertain until it is approved by the Copyright Office.

9. Trade and other payables

Financial instruments:

Trade payables	380,015	469,640
Payroll accruals	819,991	1,311,509

Non-financial instruments:

VAT	31,813	185,554
	1,231,819	1,966,703

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	1,200,006	1,781,149
Non-financial instruments	31,813	185,554
	1,231,819	1,966,703

10. Deferred income

Revenue is considered to be earned over time as and when the users make use of the copyrighted work over the licensed period. Payments received in advance beyond the fee for the licensed period are treated as deferred income. Significant portion of the deferred income is from Department of Broadcasting Services.

Deferred income during the year is P5,921,053 (2020: 4,900,000).

11. Revenue

Revenue from contracts with customers

Royalty income	12,209,141	15,725,051
----------------	------------	------------

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

11. Revenue (continued)

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Royalty income

Royalty income

12,209,141

15,725,051

Timing of revenue recognition

Over time

Royalty income

12,209,141

15,725,051

12. Royalty distributions

Royalty distributions

8,800,000

4,251,876

Change in provisions estimate

3,693,833

-

13. Other operating income

Rental income

22,811

91,302

Other income

86,325

20,680

Legal provision - reversal

-

1,350,380

109,136

1,462,362

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

14. Other operating gains (losses)

Gains (losses) on disposals of assets

Property, plant and equipment

3

1,058

-

15. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external

Audit fees

60,500

55,000

Remuneration, other than to employees

Administrative and managerial services

3,001

9,043

Consulting and professional services

420,835

644,629

423,836

653,672

Employee costs

Salaries, wages, bonuses and other benefits

3,914,569

3,653,419

Non-Executive Directors Fees

710,520

474,091

Retirement benefit plans: defined contribution expense

138,714

172,100

Gratuity

409,405

431,390

Termination benefits

3,331

4,544

Total employee costs

5,176,539

4,735,544

Leases

Operating lease charges

Premises

93,046

21,841

Depreciation and amortisation

Depreciation of property, plant and equipment

63,035

72,862

Depreciation of right-of-use assets

297,123

190,785

Total depreciation and amortisation

360,158

263,647

Expenses by nature

The total of royalty distributions, employee costs, marketing expenses, general and administrative expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Royalty distributions

12,493,833

4,251,876

Employee costs

5,176,539

4,735,544

Lease expenses

93,046

21,841

Depreciation

360,158

263,647

Operating expenses

3,287,931

3,867,122

21,411,507

13,140,030

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

16. Employee costs

Employee costs

Basic	3,700,838	3,468,90
Medical aid - company contributions	101,443	141,80
Leave pay provision charge	112,288	42,70
Non-Executive Directors Fees	710,520	474,09
Retirement benefit plans	138,714	172,10
Gratuity	409,405	431,39
Termination benefits	3,331	4,54
	5,176,539	4,735,54

17. Depreciation

Depreciation

Property, plant and equipment	63,035	72,86
Right-of-use assets	297,123	190,78
	360,158	263,64

18. Investment income

Interest income

Investments in financial assets:

Bank fixed deposits	609,380	113,62
---------------------	---------	--------

19. Finance costs

Lease liabilities	213,546	198,83
-------------------	---------	--------

Total interest expense calculated using the effective interest rate, on financial instruments not at fair value through profit or loss amounted to P 213,546 (2020: P 198,836).

20. Cash generated from operations

Loss before taxation	(8,696,338)	3,962,16
Adjustments for:		
Depreciation and amortisation	360,158	263,64
Gains on disposals of assets	(1,058)	
Interest income	(609,380)	(113,62)
Finance costs	213,546	198,83
Movements in provisions	10,825,720	772,49
Changes in working capital:		
Trade and other receivables	84,551	1,429,72
Trade and other payables	(734,884)	1,757,25
Deferred income	1,021,053	4,900,00
	2,463,368	13,170,49

Notes to the Annual Financial Statements

21. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2021

	Opening balance	Cash flows	Closing balance
Finance lease liabilities	2,515,537	(220,572)	2,294,965
Total liabilities from financing activities	2,515,537	(220,572)	2,294,965

Reconciliation of liabilities arising from financing activities - 2020

	Opening balance	Cash flows	Closing balance
Finance lease liabilities	2,182,042	333,495	2,515,537
Total liabilities from financing activities	2,182,042	333,495	2,515,537

22. First-time adoption of International Financial Reporting Standards

The company has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. On principle these standards have been applied retrospectively and the 2020 comparatives contained in these annual financial statements do not differ from those published in the annual financial statements published for the year ended 30 June 2021.

The date of transition was 1 July 2020 and there is no material effect of the transition on the financial statements.

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

23. Related parties

Relationships

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director (Resigned)

Non-Executive Director

Non-Executive Director

Non-Executive Director (Resigned)

Non-Executive Director (Resigned)

Non-Executive Director (Resigned)

Non-Executive Director

Non-Executive Director

Non-Executive Director

Non-Executive Director

Bakalanga Mahoko

Patrick Setsiba

Winnie Winani Sekani

Alfred Morwaledi Mosimanegape

Moletlanye Mphoeng

Game Goabaone Bantsi

Mpho Matlhasedi

Benjamin Mogotsi

Staffnurse Bangu LesetediKeothepile

Tomeletso Sereetsi

Kopano Mantswe

Kabelo Eric Kgaodi

Ookeditse Moyambo

Kelebonye Sibanyoni

Martin Ntongana

Compensation to directors and other key management

Short-term employee benefits

3,029,178

4,084,803

Post-employment benefits - Pension - Defined contribution plan

10,905

172,100

Long-term benefits - incentive scheme

409,405

431,390

3,449,488**4,688,293**

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

24. Directors' emoluments

Non-executive

2021

Directors' emoluments	Directors fees	Total
Services as director or prescribed officer		
Bakalanga Mahoko	60,500	60,500
Patrick Setsiba	80,750	80,750
Winnie Winani Sekani	66,750	66,750
Alfred Morwaledi Mosimanegape	77,250	77,250
Moletlanye Mphoeng	76,500	76,500
Game Goabaone Bantsi	23,500	23,500
Mpho Motlhasedi	57,000	57,000
Benjamin Mogotsi	50,000	50,000
Staffnurse Bangu Lesetedi-Keothepile	77,460	77,460
Tomeletso Sereetsi	19,000	19,000
Kopano Mantswe	28,750	28,750
Kabelo Eric Kgaodi	33,250	33,250
Ookeditse Moyambo	31,750	31,750
Kelebonye Sibanyoni	30,000	30,000

2020

Directors' emoluments	Directors fees	Total
Services as director or prescribed officer		
Patrick Setsiba	29,739	29,739
Alfred Morwaledi Mosimanegape	33,979	33,979
Moletlanye Mphoeng	21,565	21,565
Game Goabaone Bantsi	23,598	23,598
Mpho Motlhasedi	84,287	84,287
Benjamin Mogotsi	34,340	34,340
Staffnurse Bangu Lesetedi-Keothepile	18,905	18,905
Tomeletso Sereetsi	15,315	15,315
Kopano Mantswe	66,649	66,649

25. Prior period errors

1. Computer software was not recognised in accordance with the applicable requirements of IAS 38: Intangible Assets.

2. The following balances were understated based on the available underlying supporting documentation:

- VAT payable of P228,844;
- Gratuity provision of P41,481; and,
- Interest income of P107,494.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Property, plant and equipment	-	(45,860)
Cash and cash equivalents	-	107,494
Trade & other payables	-	(209,178)
Opening retained earnings	-	228,844

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

24. Directors' emoluments

Non-executive

2021

Directors' emoluments	Directors fees	Total
Services as director or prescribed officer		
Bakalanga Mahoko	60,500	60,500
Patrick Setsiba	80,750	80,750
Winnie Winani Sekani	66,750	66,750
Alfred Morwaledi Mosimanegape	77,250	77,250
Moletlanye Mphoeng	76,500	76,500
Game Goabaone Bantsi	23,500	23,500
Mpho Motlhasedi	57,000	57,000
Benjamin Mogotsi	50,000	50,000
Staffnurse Bangu Lesetedi-Keothepile	77,460	77,460
Tomeletso Sereetsi	19,000	19,000
Kopano Mantswe	28,750	28,750
Kabelo Eric Kgaodi	33,250	33,250
Ookeditse Moyambo	31,750	31,750
Kelebonye Sibanyoni	30,000	30,000

2020

Directors' emoluments	Directors fees	Total
Services as director or prescribed officer		
Patrick Setsiba	29,739	29,739
Alfred Morwaledi Mosimanegape	33,979	33,979
Moletlanye Mphoeng	21,565	21,565
Game Goabaone Bantsi	23,598	23,598
Mpho Motlhasedi	84,287	84,287
Benjamin Mogotsi	34,340	34,340
Staffnurse Bangu Lesetedi-Keothepile	18,905	18,905
Tomeletso Sereetsi	15,315	15,315
Kopano Mantswe	66,649	66,649

25. Prior period errors

- Computer software was not recognised in accordance with the applicable requirements of IAS 38: Intangible Assets.
- The following balances were understated based on the available underlying supporting documentation:
 - VAT payable of P228,844;
 - Gratuity provision of P41,481; and,
 - Interest income of P107,494.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Property, plant and equipment	-	(45,860)
Cash and cash equivalents	-	107,494
Trade & other payables	-	(209,178)
Opening retained earnings	-	228,844

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

25. Prior period errors (continued)

Profit or Loss

Employee costs	-	41,481
Interest income	-	(107,494)
Depreciation	-	(15,287)

26. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of Financial Position

Finance leases - non-current portion	-	220,572
Finance leases - current portion	-	(220,572)

Profit or Loss

Depreciation - Right-of-Use Assets	-	190,785
Depreciation - Property, plant and equipment	-	(190,785)

27. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	6	355,374	355,374	355,374
Cash and cash equivalents	7	29,981,525	29,981,525	29,981,525
		30,336,899	30,336,899	30,336,899

2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	6	392,217	392,217	392,217
Cash and cash equivalents	7	27,432,528	27,432,528	-
		27,824,745	27,824,745	392,217

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

27. Financial instruments and risk management (continued)

Categories of financial liabilities

2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	9	1,200,006	-	1,200,006	1,200,006
Finance lease obligations	4	-	2,294,965	2,294,965	-
		1,200,006	2,294,965	3,494,971	1,200,006

2020

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	9	1,781,149	-	1,781,149	1,720,002
Finance lease obligations	4	-	2,515,537	2,515,537	-
		1,781,149	2,515,537	4,296,686	1,720,002

Figures in Pula

2021

2020

27. Financial instruments and risk management (continued)**Pretax gains and losses on financial instruments****Gains and losses on financial assets****2021****Recognised in profit or loss:**

Interest income

Note(s)	Amortised cost	Total
18	609,380	609,380

2020**Recognised in profit or loss:**

Interest income

Note(s)	Amortised cost	Total
18	113,620	113,620

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

27. Financial instruments and risk management (continued)

Gains and losses on financial liabilities

2021

	Note(s)	Leases	Total
Recognised in profit or loss:			
Finance costs	19	(213,546)	(213,546)

2020

	Note(s)	Leases	Total
Recognised in profit or loss:			
Finance costs	19	(198,836)	(198,836)

Capital risk management

The company's objective when managing capital (finance leases, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The company manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The capital structure and gearing ratio of the company at the reporting date was as follows:

Lease liabilities		2,294,965	2,515,537
Trade and other payables	9	1,231,819	1,966,703
Total borrowings		3,526,784	4,482,240
Cash and cash equivalents	7	(29,981,525)	(27,432,528)
Net borrowings		(26,454,741)	(22,950,288)
Equity		5,875,555	14,572,444

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

27. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework..

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instrument. For all other trade receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables.

The maximum exposure to credit risk is presented in the table below:

		2021			2020		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	6	355,374	-	355,374	392,217	-	392,217
Cash and cash equivalents	7	29,981,525	-	29,981,525	27,432,528	-	27,432,528
		30,336,899	-	30,336,899	27,824,745	-	27,824,745

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

27. Financial instruments and risk management (continued)

2021

	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	-	1,057,056	986,520	2,043,576	2,043,576
Current liabilities					
Trade and other payables	1,214,714	-	-	1,214,714	1,200,006
Lease liabilities	251,389	-	-	251,389	251,389
	(1,466,103)	(1,057,056)	(986,520)	(3,509,679)	(3,494,971)

2020

	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	-	1,136,381	1,158,584	2,294,965	2,294,965
Current liabilities					
Trade and other payables	9 1,720,002	-	-	1,720,002	1,781,149
Lease liabilities	220,672	-	-	220,672	220,572
	(1,940,674)	(1,136,381)	(1,158,584)	(4,235,639)	(4,296,686)

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the company is comprised of finance leases, which bear interest at fixed rates. Interest rates on all borrowings compare favourably with those rates available in the market.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

28. 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.

The directors believe that the Society has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The Directors have satisfied themselves that the Society is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Directors have assessed the ability of the Society to continue as going concern and the impact of COVID-19 pandemic on its operations and have no reason to believe the Society will not continue in operational existence for the foreseeable future.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company.

Notes to the Annual Financial Statements

Figures in Pula

2021

2020

29. Events after the reporting period

The directors are aware of the approvals by the Copyright Office at the Companies and Intellectual Property Authority (CIPA) for the distribution of royalties of P4,670,016 and P1,500,000 for Distribution 13 and Distribution 13.5 respectively on 01 November 2021 and 13 August 2021. The directors are also aware of the board resolution, dated 11 November 2021, and CIPA approval, dated 02 December 2021, to distribute royalties amounting to P7,300,000. The CIPA approvals and board resolution are considered adjusting events and they have been adjusted accordingly in the financial statements.

Detailed Income Statement

Figures in Pula

Note(s)

2021

2020

Restated *

Revenue

Royalty income

12,209,141

15,725,051

Royalty distributions

Royalty distributions

(12,493,833)

(4,251,876)

Gross (loss) profit

(284,692)

11,473,175

Other operating income

Rental income

22,811

91,302

Other income

86,325

20,680

Legal provision write-off

-

1,350,380

13

109,136

1,462,362

Other operating gains (losses)

Gains on disposal of assets

1,058

-

Expenses (Refer to page 41)

(8,917,674)

(8,888,154)

Operating (loss) profit

15

(9,092,172)

4,047,383

Investment income

18

609,380

113,620

Finance costs

19

(213,546)

(198,836)

Total (loss)/profit for the year

(8,696,338)

3,962,167

Detailed Income Statement

Figures in Pula

Note(s)

2021

2020

Restated *

Other operating expenses

Administration and management fees		(3,001)	(9,043)
Advertising		(192,895)	(220,354)
Auditors remuneration - external auditors	15	(60,500)	(55,000)
Bad debts		(60,304)	(808,441)
Bank charges		(74,716)	(31,625)
Cleaning		(32,608)	(124,153)
Accounting fees		(165,400)	(151,000)
Consulting fees		(132,282)	(371,693)
Legal fees		(123,153)	(121,936)
Depreciation		(360,158)	(263,647)
Employee costs		(5,176,539)	(4,735,544)
Membership fees		(26,002)	(331,110)
Monitoring expenses		(70,191)	(115,645)
Levies		(75,420)	(41,287)
Board expenses		(799,454)	(131,123)
Social and cultural expenses		(6,102)	(10,000)
Recruitment fees		-	(16,704)
Staff welfare		(145,349)	(46,837)
Fines and penalties		(21,617)	-
Insurance		(76,044)	(61,402)
IT expenses		(269,653)	(138,292)
Lease rentals on operating lease		(93,046)	(21,841)
Levies		(40,106)	-
Motor vehicle expenses		(55,486)	(95,122)
Municipal expenses		(56,207)	(1,121)
Printing and stationery		(217,283)	(120,435)
Repairs and maintenance		(49,527)	(38,855)
Security		(105,806)	(53,913)
Telephone and fax		(258,771)	(168,612)
Training		(86,075)	(168,999)
Travel		(83,979)	(434,420)
		(8,917,674)	(8,888,154)

Supplementary Information

Figures in Pula	2021	2020
Income		
Royalties collected	20,893,703	20,625,051
Interest income	609,380	113,620
Other income	110,194	111,982
Deferred income	(7,011,678)	(4,900,000)
Total Gross Income	14,601,599	15,950,653
Operating expenses		
Administration expenses	(3,741,135)	(2,635,704)
Compensation to directors and other key management	(3,449,488)	(4,688,293)
Employee costs	(1,727,051)	(1,564,157)
Finance charges	(213,546)	(198,836)
Total operating expenses	(9,131,220)	(9,086,990)
Surplus from operations	5,470,379	6,863,663
Social and cultural	(681,528)	-
Available for distribution	4,788,851	6,863,663
Transfer from reserves	2,668,067	-
Net distributable amount	7,456,918	6,863,663

