



gospel house kwasa kwasa afro pop
motswako jazz hip hop accapella

traditional	kwaito	rumba
zouk	kwasa kwasa	afro pop

gospel house jazz hip hop accapella
motswako

	traditional	kwalo	numba	
gospel	house	kwasa kwasa	afro pop	9
	pop	pop	pop	
	pop	pop	pop	

motswako jazz hip hop
traditional kwaito rhumba

gospel house kwasa kwasa afro pop 9
motswako jazz hip hop accapella

	traditional	kwailo	rhumba	
scandal forces	bwasa bwasa	afro pop	9	

gospel house jazz hip hop accapella
motswako jazz lounge afrohouse

motswako jazz pop rock
traditional kwaito rhumba

gospel house kwasa kwasa afro pop 9
motswako jazz hip hop accapella

traditional	kwai-to	rhumba	g
scandal forces	kwasa kwasa	afro pop	9

gospel house jazz hip hop accapella
motswako jazz 福音歌 和音歌

cosbots

Copyright Society of Botswana

ANNUAL REPORT 2015/2016

gospel house kwasa kwasa afro pop
motswako jazz hip hop accapella

	traditional	kwaito	rumba
gospel	house	kwasa kwasa	afro pop

6 m^otswa^{ko} jazz hip hop accapella
tradi^{onal} kwaito rhumba

gospel house kwasa kwasa afro pop
apella motswaho jazz hip hop accapella

traditional kwaito rhumba
 blues blues also rap

gospel house kwasa kwasa afro pop
apella motswako jazz hip hop accapella

traditional	kwailo	rumba
gospel	house	kwasa kwasa

traditional kwaito rhumba

apella	motswako	jazz	hip hop	acappella
		traditional	kwaiito	rhumba



VISION

To be the best Collective Management Organization in the world

MISSION

We empower creativity

VALUES

Results driven
Botho & Integrity
Transparency & Accountability
Teamwork

CORPORATE STATEMENT

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

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BOARD OF DIRECTORS



Solomon Monyame
Chairman



Ngopolang Tlhomelang
Vice Chairman



Kopano Mantswe
Treasurer



Prince Monna
Director



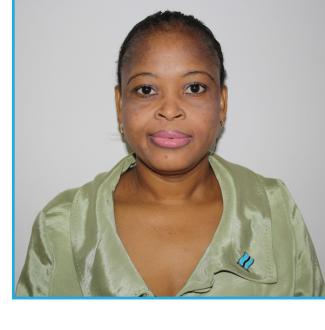
Barolong Seboni
Director



Patrick Setsiba
Director



Bakalanga Mahoko
Director



Nametso Keboetswe
Ex-Officio Member



SENIOR MANAGEMENT TEAM



Thato J. Mokobi
Chief Executive Officer



Francinah Tshukudu
Finance & Administration Manager

Ditiro Chaa
Documentation & Distribution Manager



Seeletso Lekgaba
Corporate Communications Manager



Tebo Motlhaping Licensing Manager





CHAIRMAN'S REPORT

INTRODUCTION

As with any growing entity, Copyright Society of Botswana's (COSBOTS) continued growth and development has attracted new and larger challenges, some of which, if not addressed promptly, have potential to upset the achievements the organization has made since its establishment. It is therefore imperative that critical transformation takes place in order to answer to the growing demands of our collective membership.

During the closing of the period a legal opinion was brought to the attention of the Board by the legal services officer. Due to the gravity of the issues raised in the legal opinion the Board had to conduct a Due Diligence process. In addition to the above developments, there have been some negative media reports which came out on the different media platforms alleging maladministration.

OPERATIONS

COSBOTS was able to run two distributions of royalties during the reporting period (2015/2016), which were officially declared in September 2015 and July 2016. The distributions facilitated for the payment of P789 936.84 and P1 054 204.09, all these amounts were accruing to songs of local rights holders and members.

As you are aware COSBOTS had an on-going monitoring service provision whose contract with the Society ends in February 2017. On Quest mandate was to monitor use of musical works by every broadcaster (radio & television) in Botswana and to provide accurate reports of detailed use of the music by the broadcasters including airplay time, frequency of music play, including videos and adverts.

One of our biggest users of Copyright works being the Department of Broadcasting Services (DBS) has not yet complied with the obligation to pay for use of Copyright works. DBS's main issue is with the method of calculation of our tariff and they had requested clarity on the manner in which COSBOTS calculated the amount. Although the matter has been on-going for a while, COSBOTS and CIPA were able to provide some clarity as requested. We therefore hope that the matter will be concluded soon and permanently.

FINANCE

As it was requested during the previous Annual General Meeting (AGM), that auditors be invited to present to you the situation with our finances for the audited period July 2015 to June 2016, secretariat will also provide some details on this item. COSBOTS has to run as a self-sustainable organization. We are however faced with serious financial limitations due to growing expenses and a reduction in our revenue collection. This situation has affected our capacity to deliver well-paid distributions of royalties and continued growth.

ACQUISITION OF BUILDING

COSBOTS has been able to acquire an office building. Notwithstanding the circumstance that occurred, the building was eventually purchased at the available possible offer. It is located in Commerce Park unit 1, Plot 93, Gaborone International Commerce Park. Prior to this acquisition, the Board had discussed the issue of acquiring an office building and had instructed secretariat to inquire with different banks regarding the ideal purchasing option.

gospel house	quasa quasa	afro pop	gospel house	quasa quasa	afro pop	gospel house	quasa quasa	afro pop	gospel house	quasa quasa	afro pop	gospel house	quasa quasa	afro pop
motswako	jazz	hip hop	accapella	motswako	jazz	hip hop	accapella	jazz	hip hop	accapella	motswako	jazz	hip hop	accapella
traditional	kwailo	rlumba												

LICENSING OF ALL GOVERNMENT USES

COSBOTS favors the approach of having a once off license for all government uses. We had therefore requested, through the Ministry of Presidential Affairs and Public Administration (MOPAPA) and the Attorney General (AG), to be assisted with compilation of all government uses of copyright works so as to determine a once off copyright license. The MOPAPA and AG could not assist during the reporting period (2015/2016) and the matter is therefore on going.

CONDUCT OF MEMBERS

There have been several acts of indiscipline among some of the members and potential members. Every member is one way or the other an ambassador of COSBOTS, your conduct therefore affects the way in which COSBOTS is viewed by members of the public and the users at large. Any behavior that has potential to harm the integrity and image of COSBOTS will not be condoned. The Board has the authority to reject membership of any person where, based on its determination his/her conduct has been unbecoming. Without going into specific cases being referred to, please be warned about such conduct. The Board will take stern measures against the culprit so as to protect the integrity of the Society. I will therefore be submitting at this meeting, a motion to establish a code of conduct and a disciplinary structure to be decided as a matter of urgency.

STRATEGIC PLAN

The COSBOTS strategic plan established in the review of 2015 is still in effect until 2017/2018. COSBOTS is looking forward to undertaking a strategic planning review and coming up with new strategic targets for itself. The new Board and management are therefore expected to undertake a strategic planning review as soon as possible.

4

Solomon Bame Monyame
Chairman



CEO'S OPERATIONS REPORT

Overview

The reporting period – July 2015 to June 2016 marks the closure of an eventful reporting period, some of which were positive, however we also experienced some new challenges, some of which have been reflected under operations below. The Society was able to run its 4th and 5th distributions of royalties. Auditing of COSBOTS financials for the year 2015/2016 was conducted by newly appointed auditing firm named Mamlathan & Associates.

OPERATIONS

Finance

COSBOTS continues to strive to increase its revenue base, the more revenue we are able to collect the more we will be able to distribute to our members. The reporting period 2015/2016 has been a difficult financial year for COSBOTS. Further details of the Finance situation have been outlined in the Finance Departmental report and the Audited Financials.

Human Resource and Admin (HR & Admin)

Some few positions were refilled following the exit of some officers. Mrs. Seeletso Lekgaba replaced the previous Corporate Communications manager. Mr. Gofaone Nnosang was appointed the HR and Admin officer. We also established the information technology (IT) department and Mr. Bokamoso Kokoro was hired to assist in this area. Other officers who were recruited towards the closing of the period are Ms. Elizabeth Keatsutswe and Mrs. Kefentse Hobona who are licensing officers. Ms Monica Phatshwane was hired as receptionist. Some internship graduates were also recruited during the reporting period. Recruitment process for Managers – Licensing of Music and Reprography also took place during the closing of the period.

Training & Development

Training was arranged based on the most needed skills. The Documentation and Distribution Officer undertook Diploma in Archives and Records Management. The Documentation and Distribution Manager and three other officer had their skills enhanced on Excel Intermediate Training at Cignex College.

Licensing

Some users continue to resist compliance with the COSBOTS licensing requirements. Legal procedures have been instituted on some of the users. COSBOTS is grateful that all judgements passed to date have been in our favour. We also undertook an initiative, in collaboration with law enforcers, to make presentations to liquor operators to facilitate an easier compliance process. More details of the licensing activities have been provided under the licensing and legal departments reports.

Legal Matters

Legal Services continue to be crucial to COSBOTS operations as demonstrated by the several matters that have been filed through court and some subsequent revenue collections through the legal proceedings. Among the several matters that have been heard by courts are the Duma FM and the Cash Bazaar Holdings matters. We are pleased that court ruled in our favor for both matters. However, Duma FM has decided to appeal the matter.

Judgements in our favour such as the above are fundamental to our operations as the judgement remains a law/authority to everyone who attempts to resist compliance with COSBOTS licensing regulations under the same circumstances as the matter arbitrated.

Reprography Licensing

As reflected under HR & Admin, the company is glad to announce that the hiring of the Reprography Manager has been completed and the individual will be starting on the 1st July 2016. Reprography department is being established as one of the categories of copyright works which COSBOTS is responsible for.

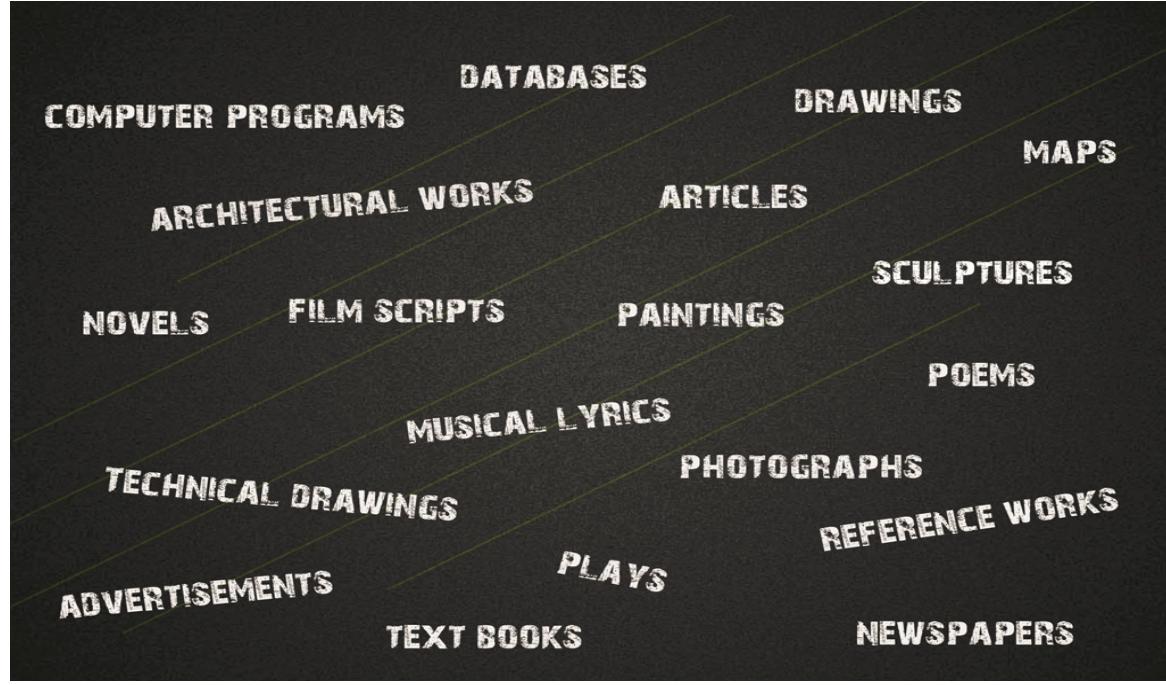
The Reproduction/ Reprographic right means the right to reproduce/replicate copyright protected works. COSBOTS is mandated to license the reproduction of copyright protected literary and artistic works, being works accessible in print media. When a copy of an intellectual work is bought, it is only the physical representation of that work that is bought, e.g. a book, CD or Photo, while the intellectual rights in the work remain vested in the copyright holders of the work. Thus, while you can read, lend, resell or burn the physical representation of a literary or artistic work you bought, the copyright holder in that work remains the only one who can exercise the intellectual rights vested in the work, including the right to reproduce.

COSBOTS is looking forward to developing collective management structures including the licensing and documentation rules and submitting them to CIPA for approval. This will allow us to kick start licensing of users and collections of revenue from the same.

POSSIBLE MODES OF REPRODUCTION

Reproduction can either be mechanical or digital. The different kinds of reproduction include photocopying, printing, scanning, electronic storage in databases and digital copying (for instance on CD's and DVD's), among others.

SCOPE OF LITERARY AND ARTISTIC WORKS PROTECTED UNDER THE COPYRIGHT ACT OF BOTSWANA AND MANAGED BY COSBOTS



Communications

COSBOTS has continued to feature in various media platforms as a way of raising awareness about its operations. In order to enhance this awareness raising, COSBOTS has among other, held meetings with councils, police stations and Ntlo ya Dikgosi. We acceded to membership of Business Botswana.

Other events

COSBOTS successfully organized a Ministry of Trade, Investment and Industry parastatals sports tournament. We also collaborated with other sister organizations to organize an enlightening Intellectual Property day.

Documentation & Distribution

Our membership grew from 819 to 1045 full members during the period. Distribution 04 was for songs played during October 2014 to March 2015 whereas distribution 05 covered songs played during April 2015 to September 2015. More details have been provided on the documentation and distribution departmental report.

Conclusions

COSBOTS continues to adapt to the changing environment as it continues to grow in operations and autonomy. With the introduction of the reprography sector we look forward to broadening the exercise of rights for rights holders and to enhance awareness raising targeted at potential clients and members. We are grateful to those who have complied with the Copyright and Neighbouring rights Act by paying royalties. We urge them to continue doing so and for those who have not yet complied with the copyright law to do so promptly.

John Shuler

Thato J. Mokobi
Chief Executive Officer

DEPARTMENTAL REPORTS

FINANCE AND ADMINISTRATION DEPARTMENT

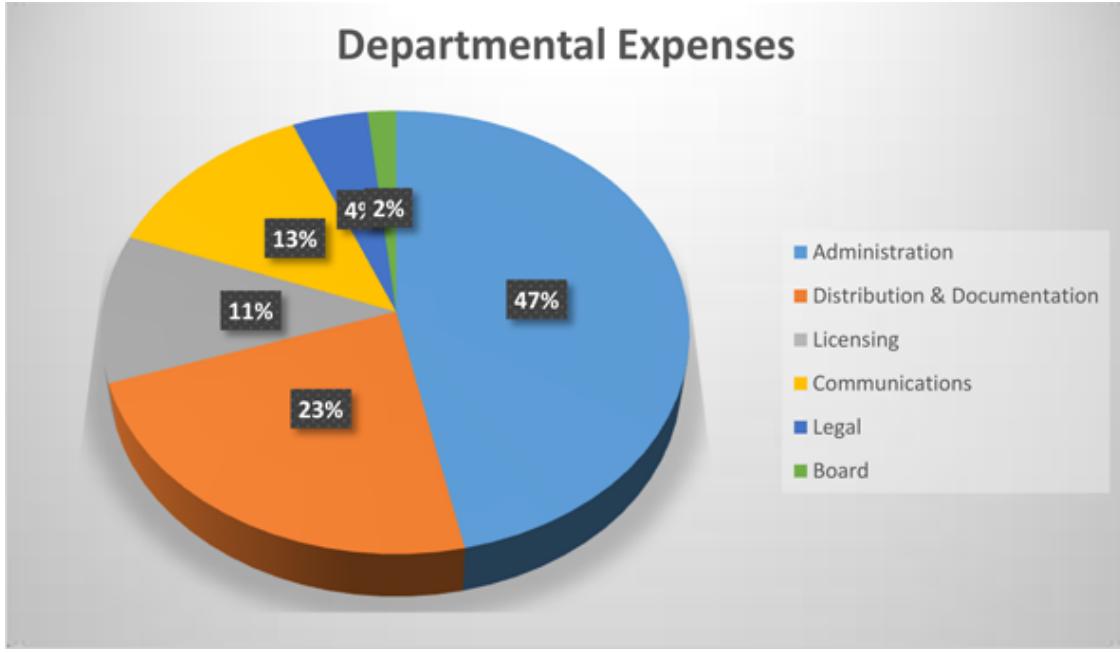
Finance and Administration department consists of Finance, HR, IT and Administration departments. Finance and Administration supports COSBOTS mission through collaborative and sound internal controls, efficient management of human capital and company resources. IT maintains stewardship of the Society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

The financial year July 2015 – June 2016 is the second year that COSBOTS survived solely on its revenue stream of royalties as the Government Support Grant depleted end of financial year 2014.

The audited annual results for the Society has been released, and they indicate that the Society ended 2016 with an operating surplus of P 708,354 as compared to the operating surplus of P 4,010,644 for the year 2015. The decline in surplus is attributed to the fact that the Society's collections dropped. The society's net assets increased by 24.5%.

Revenue Collection

The Society saw a decline in revenue of 0.22% for the year ended 30 June 2016, COSBOTS collected P 10,774,409 by 30th June 2016 as compared to P10, 797 419 by 30th June 2015. This insignificant decrease is attributed to increase in non- compliance by some of users of copyright.



Preparation of results and accounting policies

Our financial results for the year ended 30th June 2016 have been prepared in accordance with International Financial Reporting Standard (IFRS) and the requirements of the Companies Act in Botswana (Cap 42:01). These results have been audited by the company auditors, Mamlathan & Associates.

DOCUMENTATION AND DISTRIBUTION DEPARTMENTAL REPORT

Membership registration and Services

As with the previous reporting period, 2015/2016 has continued to reflect growing interest in the operations of COSBOTS as well as the membership registration. See the table below illustrating membership registration statistics:

DD - 03

Months	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
New Members	24	23	28	26	8	10	30	34	25	9	33	17
Works Submitted	36	32	25	24	9	15	35	40	38	25	50	16

At the closing of the period 2015/2016, COSBOTS full members stood at 1045. The rate of growth reflected is on schedule for our strategic growth target for 2017/2018.

Authentication of works

Most Societies do not usually carryout authentication process on works registered. Therefore, it is perhaps necessary to explain that authentication is the process carried out to determine the extent of originality of the work submitted. In this process musical works are assessed by a panel of experts to identify similarities on elements of music such as musical composition/, musical arrangement and authorship. The results of this process form part of the internal membership assessment process.

This process has been made necessary due to the unique situation of Botswana music and the late introduction of collective management practice in Botswana. The results of the process have so far reflected that music genre such as gospel, traditional as well as to RnB Hip-hop to some extent, have revealed prevalence of copying as compared to other music genre.

The Society does not have jurisdiction to take any action against those who may have copied in this manner, but only informs them about its findings. The responsibility is upon right holders to seek redress where their works have been unlawfully copied. Membership applicants also have the responsibility to make honest and full disclosure of all other rights holders in the work during registration. However, COSBOTS can withhold any royalties of a work upon discovery that the work is under dispute.

Documentation of members and works

One of the main responsibilities of the Documentation and Distribution department is the building of a database of members and works for the Society. This is done through database systems and through filing of actual registration documents on physical files.

During the starting of COSBOTS operations a system known as WIPOCOS was installed for COSBOTS. The purpose of WIPOCOS was to assist storage and processing as well as conducting distributions of royalties. However, WIPOCOS has not been applied to this extent due to prevailing technical problems. As an alternative to the above system the department continues to use the MicroSoft Excel system for both data storage and distribution of royalties.

Distributions of royalties

During the 2015/2016 period, the department was able to run two distributions of royalties for its members. These were the 4th and 5th distributions and as with the previous distributions, the 4th and 5th were run through the manual process.

Please see the table below reflecting information on the distributions:

DIST #	DISTR PERIOD	NDR TOTAL (BWP)	MEMBERS	DATE DECLARED
			AMT	
DIST 04	Oct 2014 – Mar 2015	3 559 603.35	789 936.84	26 Sept 2015
DIST 05	Apr 2015 – Sep 2015	DBS(P4 009 002.80)	DBS(962 765.44)	9 July 2016
		PRT(P303 216.69)	PRT(91 438.65)	

Other Information is reflected in the table below:

Distribution 04	Distribution 05
Total NDR: P 3 559 603.35	
Total participating performances: 171 240	
Local performances: 31 104	The DBS distributable AMT is P4 099 002.80 of behalf of 73 841 performances. The value point for the DBS dist is 55.51. COSBOTS member performances constitute 17 344. This will receive P962 765.44 which is 23.49% of the total DBS performances.
COSBOTS member performances: 18 998	
AMT distributed to members: 789 936. 84	
Value Point used: 41.58	On the other hand the Private broadcasters' (Gabz fm, Yarona fm & e-Botswana) distributable AMT is P303 216.69. Our members have been distributed P91 438.65 which constitute 30.12 % of the NDR.

Distribution 04

Distribution 04 covered performances for the period October 2014 to March 2015. The total amount of net distributable revenue (NDR) set aside for distribution was P 3 559 603.35 and the total participating performances were 171 240. The amount distributed to local rights holders and members was P789 936. 84. Which was distributed to 31 104 songs.

Distribution 05

Distribution 05 on the other hand was divided into two distinct distributions these are the Department of Broadcasting Services (DBS) distribution and the Private broadcasters' distribution. The two were separated because of the underlying dynamics between the two groups of users and their copyright licensing.

There are several other distinct phenomena about the above distributions, among these are:

The differences in the NDR amounts and the participating performances for each distribution. The NDR amounts are determined by the rate of collections the Society has achieved during the period. This combination of NDR and overall performances determine the distribution value point and subsequently the distributable amounts received by each recipient. Therefore, if the NDR is low and performances are high, value point will be low and recipient will receive smaller amounts. However, if NDR is high and performances are low as in DBS distribution 05 then the value point will be higher and will subsequently result in higher distributable amounts for the same number of performances.

The department organised two distribution workshops which were aimed at enlightening members about the distribution process. The workshops were held upon completion of the distributions and before actual payments were made.

CORPORATE COMMUNICATIONS

The year 2015/2016 chronicles COSBOTS enduring journey towards strengthening its position as we aspire to be the best collective management organization in the world. In a bid to providing excellent and effective communications, the Corporate Communications Department (CCD) is dedicated to guaranteeing sufficient information reaches all Stakeholders and prospective members by using all means possible, from producing brochures in braille, using email marketing, using media houses available and translating corporate literature to Setswana.

Brand Management

CCD continues to ensure adherence to the Corporate Identity Manual by staff. A significant number and variety of merchandise was also distributed to staff, clients and customers at exhibitions, workshops and parastatal games in June 2016.

Improve Stakeholder Relations

In addition to partaking in stakeholder events, workshops and meetings, COSBOTS was the host of this year's Ministry of Investment Trade and Industry All Parastatal games in 04th June 2016 whose objective is to encourage teamwork and relationship building, to promote wellness as well as provide a social platform for staff in various organizations to interact and network thus advance stakeholder relations. The stakeholders that took part include, BITC, BDC, LEA, CEDA, BOBS and Competition Authority. All these organizations had an opportunity to appreciate COSBOTS mandate.

Publicity & Awareness

The Corporate Communications Department took Publicity to a higher level in this financial year in pursuit to intensify and amplify awareness. P.... was used in both newspapers, magazines and radio jingles.

Exhibitions and Fairs

Business Botswana Northern Trade Fair (BBNTF)

The main ambition for week long exhibition is to ensure that COSBOTS is taken to other parts of the country. The Business Botswana Fair attracts a significant number of Businesses around the country who also are our stakeholders and main Users of copyright works. This is an annual platform which provides exhibitors with an opportunity to actively promote their business and network.

At this fair COSBOTS interacted with at least, 71 clients, Francistown Local Authority leadership prospective members and students. COSBOTS scooped second Position on overall information dissemination in Private companies.

World Intellectual Property Day Commemoration 2016
This is a WIP Day commemoration on the 26th April 2016

This year's IP day was celebrated on the 9th June 2016 under the theme "Digital Creativity, Culture Reimagined" in Gaborone. The commemoration was packed with educative activities including debates between four local Universities, University of Botswana, Limkokwing, BIUST, and Botho. A panel discussion was also done by Graphic designers, Photographers and Musicians to share the significant developments and challenges brought about by digital creativity.

The event was a collaboration of COSBOTS, Companies and Intellectual Property Authority CIPA, Department of Research Science and Technology, DRST, and Botswana Innovation Hub and WIPO.

Other Stakeholders

In collaboration with Licensing Department the following law enforcement stations and Users were workshoped;
Botswana Police Service

- Broadhurst Police Station
- Urban Police Station
- Gaborone West Police Station
- Mogoditshane Police Station
- Bars, Juke box, and Restaurant Owners
- Broadhurst Businesses
- Mogoditshane Businesses

Local Authorities

Gaborone District

Seminars/Workshops and Conferences

- Presentation to Local and international Artists at the International Music Conference was done at Botswana Youth Council facilities
- Documentation and Distribution department attended Arts sector workshop at Limkokwing
- Documentation and Distribution department participated at the BOCRA local content seminar
- Staff attended a Wipoccos training
- Corporate Communications department and IT attended a 1 day workshop on JOOMLA Content Management System
- COSBOTS participated in a stakeholder workshop hosted by CIPA at Maharaja Conference Centre on Intellectual Property.
- COSBOTS team also travelled to Rwanda on a mission to train Rwanda Society of Authors staff

Distribution of Music royalties

Royalty distributions were done in April 2015 and September 2015 in conjunction with Workshops to sensitize the Members on the progress made by COSBOTS in collection of royalties and on how calculations of royalties are undertaken.

Media Publicity

Please refer to the Table below;

Media Channel	Media mix	Media House	Frequency
Newspapers	<ul style="list-style-type: none"> Articles 	<ul style="list-style-type: none"> Daily news Gazette Mmegi The Monitor Midweek sun Guardian The Nation Echo Sunday Standard The Voice 	A total of eighteen (12) articles were produced
Radio	<ul style="list-style-type: none"> Interviews and Jingles 	<ul style="list-style-type: none"> Gaz FM Duma FM Yarona FM RB 2 RB 1 	A total of seven (68) Radio interviews and jingles were made
Television	<ul style="list-style-type: none"> Interviews 	<ul style="list-style-type: none"> BTV (News) Prime Time 	A total of (3) interviews were made
Stakeholder Publications	<ul style="list-style-type: none"> Articles and Advertorials 	<ul style="list-style-type: none"> Thapong Magazine BOMU magazines Business Botswana 	Informative information was flighted on membership and licensing in (3) stakeholder magazines

Internet Communications Services

Website

In addition to our website, The Communications department has decided to also use Business Botswana and Tsena Botswana websites to solicit wider coverage. All correspondences and Advertisements sent to media houses are flighted through the websites.

E-mail

COSBOTS e-mail continues to receive a lot of enquiries, especially specific to the company's mandate. For the current year info@cosbots.com has been inundated with job requests while other companies have resorted to sell their services to COSBOTS through it.

E-mail Marketing

In this financial year one of the greatest achievements was the society's decision to join Business Botswana (BB). Through the various platforms availed by BB, COSBOTS managed to utilize their email marketing to reach out to various users and stakeholders at the click of a button. The information sent through the website reach more than two thousand five hundred member business establishments affiliated to Business Botswana. This has also made communication to main stakeholders in the likes of HATAB to appreciate COSBOTS mandate better.

Social media

Facebook
Sait

Continuous updates on social media were recorded, also taking into consideration the significant increase of interaction from 1857 during the 2014/15 financial year to 2199 at the end of 2015/16 year.

COPYRIGHT SOCIETY OF BOTSWANA

(Registration number CO2008/3322)

Financial Statements for the year ended 30 June 2016

General Information

Country of incorporation and domicile	Botswana
Nature of business and principal activities	To manage the rights of copyrightable works collection and distribution of royalties

Directors

S.B Monyame (Chairperson)
N.Tlhomelang(Vice Chairperson)
P. Mahlala(Secretary)
Kopano Mantswe (Treasurer)
B.Mahoko
B.Seboni
P.Monna
P.Setsiba

Auditor's Mamlathan & Associates
Certified Accountants
Registered Auditors
MeFBW15015

COPYRIGHT SOCIETY OF BOTSWANA

(Registration number CO2008/3322)

Financial Statements of the year ended June 2016

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The reports and statements set out below comprise the financial statements presented to the shareholder

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

Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act of Botswana.

Preparer

Tshepiso Motsamai
 Published
 01 December 2016



MAMLATHAN & ASSOCIATES

Auditing, Taxation & Advisory Services

Unit 32, Grand Park, Block 5, Gaborone, P. O. Box AE 746 AEH, Gaborone, Botswana
Tel: + (267) 3161777 Email: mompati.kgaimena@mamlathan.co.bw

Independent Auditor's Report

To the shareholder of COPYRIGHT SOCIETY OF BOTSWANA

We have audited the financial statements of COPYRIGHT SOCIETY OF BOTSWANA, as set out on pages 6 to 16, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

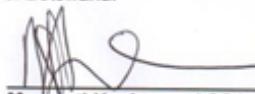
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of COPYRIGHT SOCIETY OF BOTSWANA as at 30 June 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act of Botswana.



Mompati Kgaimena ACCA ACPA
(20100059)
Registered Auditors
MeFBW15015

30 November 2016

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(Registration number CO2008/3322)

Financial Statements for the year ended 30 June 2016

Directors' Responsibilities and Approval

The directors are required by the Companies Act of Botswana, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor's is engaged to express an independent opinion on the financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the 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 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 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor's and their report is presented on page 4.

The financial statements set out on pages 5 to 18, which have been prepared on the going concern basis, were approved by the board of directors on 02 December 2016 and were signed on its behalf by:

Approval of financial statements

Approval of financial statements

S.B Monyame (Chairperson)

Kopano Mantswe (Treasurer)

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Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

	2016 P	2015 P
Assets		
Non-Current Assets		
Property, plant and equipment	483 618	683 126
Current Assets		
Trade and other receivables	6 468 727	435 731
Cash and cash equivalents	3 216 335	5 221 214
	9 685 062	5 656 945
Total Assets	10 168 680	6 340 071
Equity and Liabilities		
Equity		
Retained income	3 595 316	2 886 962
Liabilities		
Current Liabilities		
Trade and other payables	776 094	714 096
Provisions	5 797 270	2 739 013
	6 573 364	3 453 109
Total Equity and Liabilities	10 168 680	6 340 071

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Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

	2016 P	2015 P
Revenue	10 774 409	10 797 419
Cost of sales	(3 145 433)	(1 626 705)
Gross profit	7 628 976	9 170 714
Other income	105 792	3 157 609
Operating expenses	(7 147 112)	(8 360 507)
Operating profit	587 656	3 967 816
Investment revenue	120 698	42 828
Profit for the year	708 354	4 010 644

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Financial Statements for the year ended 30 June 2016

Statement of Comprehensive Income

	2016 P	2015 P
Profit for the year	708 354	4 010 644
Other comprehensive income	-	-
Total comprehensive income	708 354	4 010 644

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Financial Statements for the year ended 30 June 2016

Statement of Changes in Equity

	Retained income P	Total equity P
Balance at 01 July 2014	(1 123 682)	(1 123 682)
Profit for the year	4 010 644	4 010 644
Other comprehensive income	-	-
Total comprehensive income for the year	4 010 644	4 010 644
Balance at 01 July 2015	2 886 962	2 886 962
Profit for the year	708 354	708 354
Other comprehensive income	-	-
Total comprehensive income for the year	708 354	708 354
Balance at 30 June 2016	3 595 316	3 595 316

Note(s)

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Financial Statements for the year ended 30 June 2016

Statement of Cash Flows

	2016 P	2015 P
Cash flows from operating activities		
Cash (used in) generated from operations	(2 172 392)	7 154 615
Interest income	120 698	42 828
Net cash from operating activities	(2 051 694)	7 197 443
Cash flows from investing activities		
Purchase of property, plant and equipment	(51 890)	(474 275)
Sale of property, plant and equipment	98 803	-
Sale of financial assets	(98)	-
Net cash from investing activities	46 815	(474 275)
Total cash movement for the year	(2 004 879)	6 723 168
Cash at the beginning of the year	5 221 214	-
Cash balances	- (1 501 954)	-
Total cash at end of the year	3 216 335	5 221 214

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Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of financial statements

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

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

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

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

1.3 Financial instruments

Initial measurement

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

Financial instruments at amortised cost

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

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

1.3 Leases

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

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Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Employee benefits (continued)

Termination benefits

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

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

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

1.7 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses

1.8 Revenue

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

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

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

Revolutions are recognized on the general basis in accordance with the substance of the relevant agreements.

18 *Reconstruction*

Remember, costs are associated as an expense to the contract in which they are incurred.

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016 P	2015 P
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2. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	134 172	(55 871)	78 301	133 187	(42 553)	90 634
Motor vehicles	598 163	(254 146)	344 017	806 682	(312 397)	494 285
IT equipment	285 796	(226 121)	59 675	281 394	(185 787)	95 607
Property, plant and equipment 1	6 500	(4 875)	1 625	6 500	(3 900)	2 600
Total	1 024 631	(541 013)	483 618	1 227 763	(544 637)	683 126

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	90 634	-	-	(12 333)	78 301
Motor vehicles	494 285	-	(43 742)	(106 526)	344 017
IT equipment	95 607	51 890	-	(87 822)	59 675
Property, plant and equipment	2 600	-	-	(975)	1 625
	683 126	51 890	(43 742)	(207 656)	483 618

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	88 798	14 461	(12 625)	90 634
Motor vehicles	216 880	383 929	(106 524)	494 285
IT equipment	69 019	75 885	(49 297)	95 607
Property, plant and equipment 1	3 575	-	(975)	2 600
	378 272	474 275	(169 421)	683 126

3. Trade and other receivables

Trade receivables	6 381 362	370 999
Prepayments (if immaterial)	69 365	46 732
Deposits	18 000	18 000

4 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 135	3 135
Bank balances	3 213 200	5 218 079
	3 216 335	5 221 214

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016 P	2015 P
5. Trade and other payables		
Trade payables	290 970	647 487
Other payables	680 710	66 609
Accrued expense	(196 321)	-
Deposits received	735	-
	776 094	714 096

6. Provisions

Reconciliation of provisions - 2016

	Opening balance	Additions	Total
Provision for Royalties	2 203 254	2 421 181	4 624 435
Provision	535 759	637 076	1 172 835
	2 739 013	3 058 257	5 797 270

Reconciliation of provisions - 2015

	Opening balance	Additions	Total
Provision for Royalties	-	2 203 254	2 203 254
Provision	-	535 759	535 759
	-	2 739 013	2 739 013

7. Revenue

Revenue 10 774 409 10 797 419

8. Cost of sales

Sale of goods
Cost of goods sold 3 145 433 1 626 705

9. Other income

Profit and loss on sale of assets and liabilities	55 061	-
Royalties received	-	3 125 102
Other income	50 731	32 507
	105 792	3 157 609

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016 P	2015 P
10. Cash (used in) generated from operations		
Profit before taxation	708 354	4 010 644
Adjustments for:		
Depreciation and amortisation	207 656	169 421
Profit on sale of assets	(54 963)	-
Interest received	(120 698)	(42 828)
Movements in provisions	3 058 257	2 739 013
Changes in working capital:		
Trade and other receivables	(6 032 996)	(435 731)
Trade and other payables	61 998	714 096
	(2 172 392)	7 154 615

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Financial Statements for the year ended 30 June 2016

Detailed Income Statement

	2016 P	2015 P
Revenue		
Revenue	10 774 409	10 797 419
Cost of sales		
Purchases	(3 145 433)	(1 626 705)
Gross profit	7 628 976	9 170 714
Other income		
Royalties received	-	3 125 102
Sundry income	50 731	32 507
Interest received	120 698	42 828
Gains on disposal of assets	55 061	-
	226 490	3 200 437
Expenses (Refer to page 17)	(7 147 112)	(8 360 507)
Profit for the year	708 354	4 010 644

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Financial Statements for the year ended 30 June 2016

Detailed Income Statement

	2016 P	2015 P
Operating expenses		
Accounting fees	(36 318)	(30 240)
Administration and management fees	(8 343)	(8 312)
Advertising	(201 204)	(307 267)
Bad debts	-	(9 847)
Bank charges	(14 005)	(11 221)
Cleaning	(20 434)	(25 231)
Consulting and professional fees 1	(156 500)	-
Consulting and professional fees 2	(41 264)	(736 937)
Depreciation, amortisation and impairments	(207 656)	(169 421)
Employee costs	(3 517 381)	(3 224 115)
Swipping Machine	(2 022)	-
Membership expenses	(57 369)	(166 604)
Strategic Planning Costs	-	(80 230)
Leave days Expenses	(117 985)	(129 170)
Staff Pension	(112 041)	(72 242)
Board Expenses	(118 661)	(103 685)
Monitoring Expenses	(1 607 687)	(1 832 572)
MITI Games	(31 843)	-
Licencing Expenses	(16 660)	(443 234)
Vat Expenses	-	(345)
IT expenses	(6 992)	(28 162)
Insurance	(51 521)	(37 290)
Lease rentals on operating lease	(335 412)	(299 310)
Legal expenses	(67 044)	(117 994)
Levies	(11 319)	(15 850)
Medical expenses	(71 235)	(70 273)
Motor vehicle expenses	(5 588)	(44 378)
Petrol and oil	(30 306)	(34 499)
Printing and stationery	(65 221)	(46 857)
Profit and loss on sale of assets and liabilities	(98)	-
Royalties and license fees	(7 742)	(7 458)
Security	(4 988)	(5 861)
Staff welfare	(11 243)	(25 944)
Subscriptions	(7 651)	-
Telephone and fax	(121 584)	(120 834)
Training	(35 668)	(99 771)
Travel - local	(46 127)	(55 353)
	(7 147 112)	(8 360 507)

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