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BOARD OF DIRECTORS



Solomon B. Monyame
Chairman



Nkgopolang Tlhomelang
Vice Chairman



Patrick Setsiba
Treasurer



Monica Selelo
Secretary



Bakalanga Mahoko
Member



Michael Sibanyoni
Member



Nemetso Keboetswe
Ex-officio member





MANAGEMENT TEAM



Thato J. Mokobi
Chief Executive Officer



Francinah Tshukudu
Finance & Administration
Manager



Ditiro Chaa
Documentation &
Distribution Manager



Thatayaone A. Namane
Licensing Manager

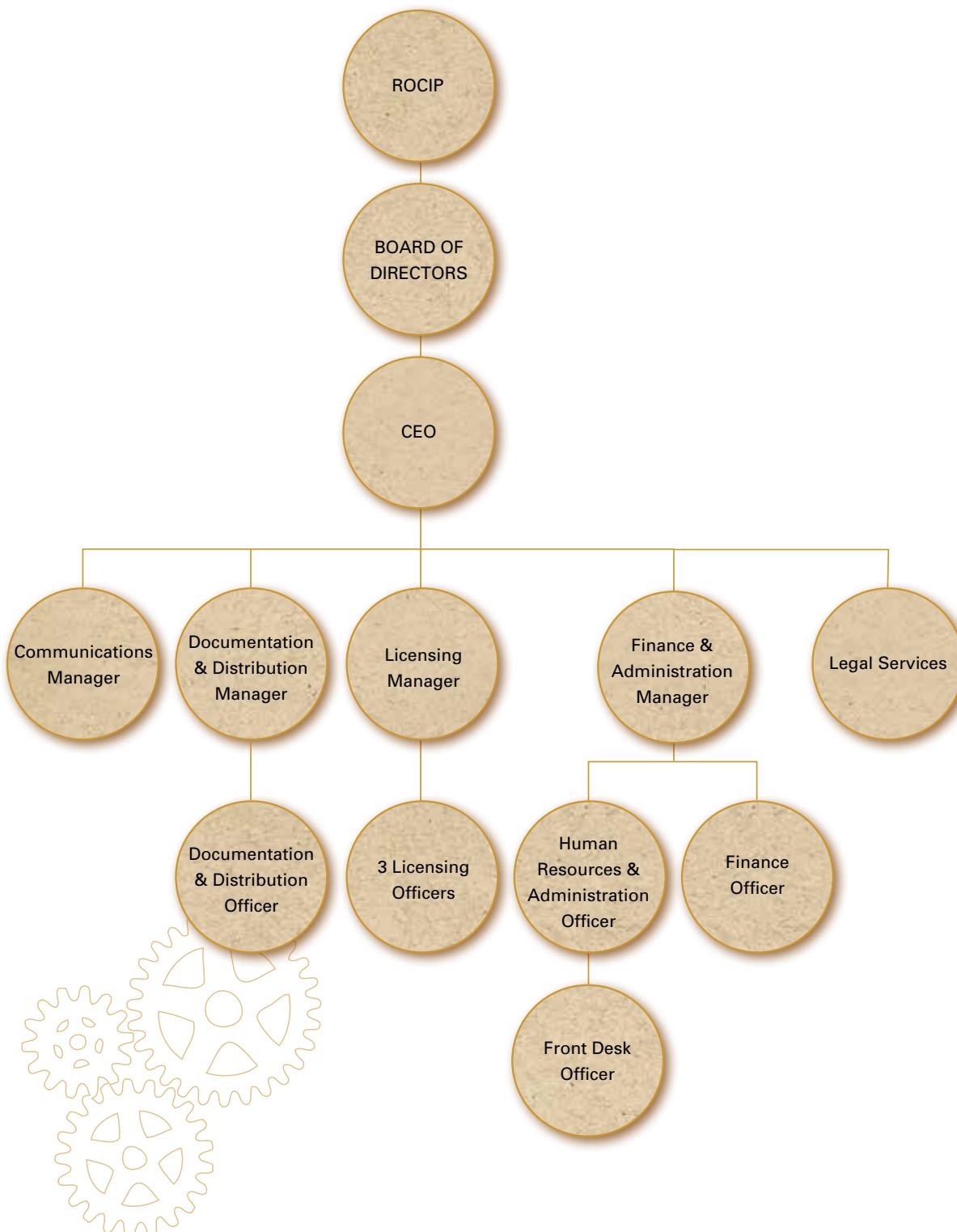


Itumeleng Mangole
Corporate Communications
Manager





ORGANOGRAM





1. (left to Right) Thato Mokobi, Ditiro Chaa and Solomon Monyame posing with some members of the Authentication Panel: Mogatusi Kwapa, Gaolape Basuhi and Batho Molema

2. Patrick Matlapeng of COSBOTS during the membership registration of Andries Bock in Verda

3. Ditiro Chaa explaining the membership process

4. WIPO - Documentation and Distribution Training

5. Cosbots Staff at a membership workshop at Thapong Visual Arts Centre

6. (Left to Right) Solomon Monyame, Nametso Keboetso, Michael Sibanyoni and Thato Mokobi during the EOGM

7. Participants at the press conference

8. Patrick Matlapeng explaining the membership process





CHAIRMAN'S REPORT



Introduction:

It has been an exciting but rewarding financial year, as usual with its pro's and con's, however by and large, the Copyright Society of Botswana has achieved significant milestones in the process to start up operations. The major challenges encountered were mainly in the areas of lack of awareness of the Copyright and Neighbouring Rights Act by the majority of 'users of copyrighted works', this is despite the media campaign that had been undertaken, which made it cumbersome and near impossible to achieve licensing, a process that began in earnest mostly at the beginning of this financial year. Another area of concern pertained to registration of artists, which began as a slow process, probably due to the initially inherent doubt in artists minds that the Society would achieve the mandate as stated in prior communication. Despite all these issues, I am elated to report that at a strategic level COSBOTS has made true progress towards achieving its vision and mission.

As I stated in the previous report, this was but the beginning of a long and arduous journey that despite the challenges and difficulties to be encountered, collectively we shall work hard to achieve the targets without the possibility of failure. To this end, my report herein shall stipulate the tremendous gains achieved towards realization of COSBOTS vision.

Funding:

As alluded to in the previous report, we remain grateful to the Registrar of Companies and Intellectual Property, (ROCIP), for having accorded COSBOTS the seed-capital required to have begun the journey of setting up the organization. This has facilitated financing of the resources and assets required, and ROCIP has continued to support COSBOTS throughout this journey by reviewing the use of the funds and releasing subsequent tranches as and when required for the build up of the requisite infrastructure. Our balance sheet attests to these remarkable achievements and we have acquired significant value despite the limitation in resources available. Unfortunately it was only towards the end of the financial year that COSBOTS encountered problems with the release of the last tranche given a slight disagreement with a few operational applications, which were subsequently resolved amicably.

The Board:

As Chairman, it is my duty to thank my fellow Board members for remaining focused, despite not always agreeing on issues given certain instances. The Board members have however availed themselves on most occasions when called upon to deliberate on matters pertaining to the advancement of COSBOTS. The Board has also set up relevant sub-committees to assist Management in expeditious implementation of operational matters that could not await regular Board meetings. The key to COSBOTS success has been, through direction from the Board, prudent expenditure and full accountability for most operational areas on the basis of the constitution, the memorandum of agreement as signed between ROCIP and COSBOTS and strategic direction.



Operations:

COSBOTS major achievements and success for the financial year 2012/13 emanated mainly in the areas of operations. As per previously announced in the last report, training provided by the World Intellectual Property Organization, (WIPO) Consultants under the auspices of the Registrar of Companies and Intellectual Property facilitated direction for management pertaining to collective management and corporate governance, hence our reaping amazing results at the end of this financial year.

Licensing, being the mainstay of the organization, begun almost immediately into the year given approval of the contract for a Licensing Consultant after appropriate tender procedures had been followed. Further details of the Licensing process shall be more precisely articulated in the Chief Executive Officers operational and departmental reports. Membership registration was also another area that literally took off without hindrance given a country tour by the Documentation and Distribution team accompanied by the Chief Executive Officer. Once again the finer detail is furthermore pronounced in the Chief Executive Officers operational and departmental reports.

Conclusion:

COSBOTS operations have been solidified and adequately structured throughout this financial year, for which the Board and I are grateful to the management and staff.

The Board greatly appreciates and thanks The Registrar and his staff for assisting in setting up this organization, COSBOTS. The Ministry of Trade and Industry through "ROCIP" has shown its commitment to the creative industry and to unleashing the economic potential of Batswana artists. This, dear colleagues, is but the beginning of a long journey that, irrespective of the difficulties and challenges to be encountered, collectively we intend to achieve without fail!

"Ga gona poelo morago".

Solomon Bame Monyame
Chairman





CEO'S REPORT



Overview

As anticipated, the financial year 2012/13 espoused a pleasant mix of excitement and overwhelming anxiety at times as the Copyright Society of Botswana, (COSBOTS) began its journey to start up operations. Financial Business Planning; Financial Management; Budget Control and Monitoring; Strategic Planning and Management; Corporate Governance; Developing Business Partnerships; Management Information and Systems; Operational Management and People Management, provided the rock solid foundation required to begin operations for COSBOTS. The year 2012/13 proved to be the serious challenge we had anticipated resulting in the company making an overall loss before tax amounting to just over one million, six hundred and sixty three thousand pula, P1,663,135. This loss is mainly attributable to the late payment of the grant as anticipated from the Registrar's office, and the delayed payment of royalties by the Department of Broadcasting Services. The reporting period provided for significant strides in the registration of provisional members for COSBOTS, emanating in a countrywide tour that also enabled education and creating awareness for artists about the Society. Licensing processes kicked into gear resulting in the collection of the first ever royalty revenue stream that shall hereinafter be distributed as royalties to respective copyright owners. All departments, including Finance and Administration as well as Communications have taken the first but very large steps required for having started the processes of implementation of the Societies mandate, and each is more adequately addressed in the Departmental reports that are entailed herein.

Training

COSBOTS, in order to increase and sustain its internal capacity continued to provide management and staff with requisite training deemed appropriate given little or no previous experience in the field of Collective Management. The World Intellectual Property Organization, (WIPO) in conjunction with the Registrar of Companies and Intellectual Property assisted greatly in providing training for the Licensing Manager in Geneva, as well as the Documentation and Distribution Manager in Tanzania.

WIPO furthermore forwarded highly knowledgeable consultants to provide on-site training for COSBOTS staff in specific operational areas such as Documentation, Licensing and use of the WIPOCOS system to be used for undertaking accurate distribution of royalties in the not too distant future.

Documentation

In relation to collective management, documentation relates to efficient registration and maintenance of members records. WIPO consultants assisted in developing an appropriate system, internationally adhered to for effective and efficient records management for the registration process, which has worked well and established good record keeping. This resulted in the first ever approval of full members by the COSBOTS Board after undertaking authentication of works. Authentication



is not normally implemented by collective management organizations, however the Board and management decided to implement it in Botswana so as to acquire accuracy in distribution and avoid, to the extent possible, legal wrangling resulting from incorrect payment to artists who had provided incorrect information regarding the true origin of their songs.

Licensing

COSBOTS shall forever remain grateful to users whom, when initially approached regarding licensing for the use of copyrighted works were cooperative and willingly paid licensing fees so as to assist artists given the disarray in the music and entertainment industry in Botswana. COSBOTS also greatly acknowledges the support and guidance provided by the Licensing Consultant engaged at the beginning of the reporting period.

The financial year 2012-2013 provided for the most significant growth to the COSBOTS licensing portfolio despite receiving approved tariffs towards the end of the year. Another significant milestone was receipt of the signed reciprocal agreements for performing and mechanical rights from SAMRO despite numerous promises previously made, given agreement having been reached at a meeting in August 2012. This brought the total number of signed reciprocal agreements to eight, (8); due to the fact that some societies insist on COSBOTS being a member of CISAC prior to finalizing the agreement/s. The downside for the year has been non-compliance to the Copyright and Neighbouring Rights Act by the Department of Broadcasting Services, (DBS); who are the largest single user of copyright works in Botswana. This has resulted in COSBOTS seeking assistance from the Office of the President, under which DBS is governed, after numerous attempts to get assistance from the Permanent Secretary did not bear fruit.

Despite difficulties encountered with some users, who not only claimed ignorance of the law pertaining to copyright, and many other reasons as to why not to pay royalties, the Licensing team was steadfast in their resolve and COSBOTS achieved relatively high collection for royalties resulting in minimal losses to the organization as stated in the financials at the end of the reporting period. The Society resultantly resolved that it would therefore be a requirement going forward to institute legal proceedings for users who adamantly refused to comply with the Copyright and Neighbouring Rights Act.

Conclusion:

COSBOTS, despite making significant strides in the main operational areas, encountered untold difficulty especially with respect to insufficient resources. The strategy has always been to retain the staff compliment at the lowest possible number so as to reduce the requirement on administrative cost/s. This is so as to enable distribution of a larger percentage of royalties collected to artists in future. The refusal by some users to comply with the law shall remain a major challenge in COSBOTS journey and needs to be curtailed at the earliest possible stages, as the grant would never facilitate litigation. Despite this scenario, COSBOTS future remains bright and the main requirement will be for the Board, Management and Staff to remain resolute in driving and moving the Society forward so as to achieve desired results and attain the vision.

Please read on for more detailed information as contained in the Departmental reports.

Thato J. Mokobi
Chief Executive Officer





DEPARTMENTAL SUMMARIES

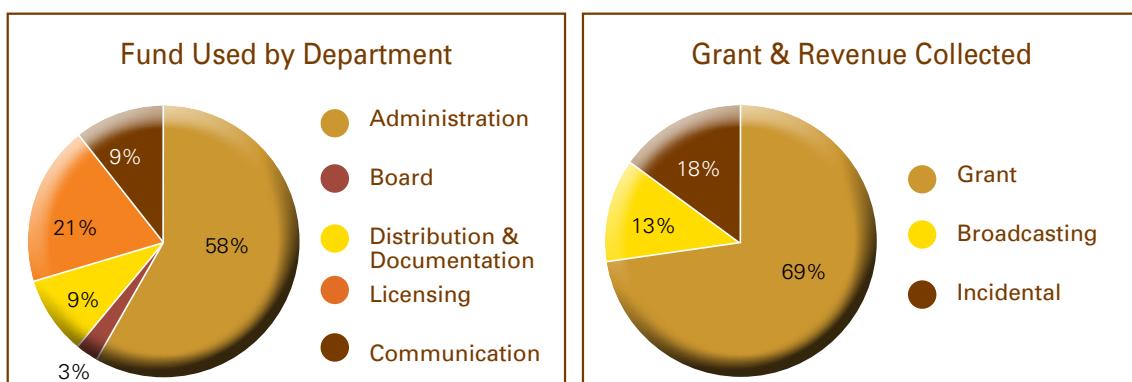
FINANCE AND ADMINISTRATION

The Finance and Administration Department facilitates the Society pursues its objectives as described within the funding agreement; and the major challenge for this financial year was ensuring that the organization remains financially viable. Books of accounts records and management controls were established and maintained in such a manner as to provide reasonable assurance that assets are safeguarded, accounted for and controlled. That transactions are in accordance with International Financial Reporting Standards, the requirements of the Botswana Companies Act, and that the financial, human and physical resources are managed economically and efficiently. The Department also ensures that the operations of COSBOTS are carried out effectively and there is transparency in collection, administration and disbursement of royalties.

The audited annual results for the Society having been released, indicate that the Society had a difficult year recording a loss of (P1 663 135), mainly because the grant disbursement was not received on time before the financial year end.

Grant Utilisation & Revenue Collection

The Society utilised P6, 287,403 (88%) of the Grant, and collected P738,843 by 30th June 2013. The collection happened mainly in the 2nd half of 2013, this is an indication that our Licensing Department has become active and will bring more revenue in the next financial year. The capacity of the Licensing Department was also increased by hiring 3 Licensing Officers effective December 2012.



Preparation of results and accounting policies

COSBOTS financial results for the year ended 30th June 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act in Botswana (Cap 42:01). These results have been audited by the company auditors, Sharma & Associates whose unqualified report is included in page 20 - 21. These annual financial statements appear on pages 18 to 34 of this integrated annual report.

Training

Investing in skills development is a priority at COSBOTS, given the strategic importance of intellectual property to our sustainability in a competitive market. In the review period of 2013 numerous training initiatives were undertaken for the purpose of developing and equipping the Society's Staff with the expertise required in the day to day operations of COSBOTS.

COSBOTS benefitted greatly from employees training courtesy of the World Intellectual Property Organisation (WIPO) during the year 2012. The CEO of COSBOTS went on two training programs; (he attended training on Collective Management of Performing Rights and Reproduction of Music Rights in online media and digital services; and training on Exercise and Management of Copyright and Related Rights in Oslo, Norway.





All COSBOTS employees also further trained online for Copyright and Related Rights courses through World Intellectual Property Organization.

As part of the mission organised by WIPO, the Documentation and Distribution Department received training on the Documentation processes and the Distribution of royalties. Other areas covered included adherence to international standards and access to CISAC databases.

Administration

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

DOCUMENTATION AND DISTRIBUTION

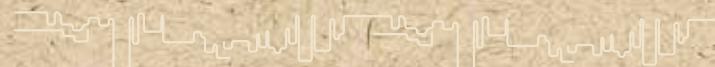
Documentation and Distribution is responsible for coordinating numerous processes such as registration, authentication and distribution in order to build the national database of members, their works and distribution of royalties collected for authorized usage of their works.

Membership Registration

Membership registration is a vital link between members and the Society, given that the credibility of any Collective Management Organization is determined by the size of its repertoire. The number of registered members continues to rise as more and more people become aware of the COSBOTS office location.

The Documentation and Distribution Department undertook a registration tour which covered Francistown, Selebi-Phikwe, Serowe, Palapye, Mahalapye, Gantsi, Jwaneng and Kanye. During this tour COSBOTS was able to sensitise artistes mainly in the music category, and establish contact with different rights holders and their associations. The registration tour continued in areas around Gaborone, such as Ramotswa, Lobatse, Thamaga, Moshupa, Molepolole and Mochudi. The Department liaised with Government Departments such as Arts and Culture and artists' unions to organize artists to fulfil registration with COSBOTS. At the end of the trip the number of registered members had risen by an additional 108 members.





RE01 - Registration of members at COSBOTS

Period/Quarter	Number registered during the period	Total Provisional members registered	Full members approved
July 2012	6	611	
Aug 2012	4		
Sept 2012	108	729	
Oct 2012	7		
Nov 2012	8		
Dec 2012	3	747	
Jan 2013	2		
Feb 2013	8		
Mar 2013	13	770	
April 2013	5		137
May 2013	8		
June 2013	5	791	

During the period, a significant increase was noticed around the month of September, due to the registration trip which the Department had embarked on. The rest of the period reflects a steady growth in our membership registration, mainly through registration done at the COSBOTS office.

The COSBOTS Board approved 137 full members during the reporting period as reflected above.

Documents for members with Visual impairment

The Documentation and Distribution Department was able to convert both the membership and licensing brochures into braille. A handing-over ceremony was held at which the documents were handed to visually impaired members of COSBOTS who sincerely expressed their gratitude and hailed COSBOTS as the FIRST ever organization in Botswana to support their cause through reproduction of documents into braille. The event garnered significant publicity, officiated by the Registrar of Companies and Intellectual Property who stated that COSBOTS had achieved an important milestone and applauded the thoughtfulness, given that Government was still in the process of ratifying international agreements on the availing of braille documents for the visually impaired.

Membership identification

The Department began the process of issuing membership cards and certificates to fully approved members of the Society. This process enables COSBOTS members to easily identify themselves during, for example, Annual General Meetings, (entrance and voting) and any other event or activity organized by COSBOTS.

Documentation

The Society currently has two database systems in place. One is WIPOCOS which is administered by the World Intellectual Property Organization (WIPO) and the other is the documentation spread sheets. WIPOCOS is a computerised system developed for storage and processing of membership data. It can also be used to process the distribution of royalties. The Society also uses the manual documentation spread sheets for data processing, storage and distribution of royalties. This system does not require network connection; it is therefore more reliable for use during times of network failure.

The Society's membership and works information is currently captured in both data systems. As at the end of the reporting period there are 582 members and 1830 musical works captured in our documentation systems.



Authentication Process

After approval of the authentication guidelines and form, authentication of musical works kicked off on the 08 November 2012. At the end of June 2013; 1167 songs from different genres such as Traditional (including traditional choral, borankana and others), Jazz/afro-pop, rhumba, religious and hip hop music have so far been authenticated. These works belong to 128 provisional members who are now eligible for consideration to full membership.

Distribution of royalties

Most activities such as capturing/documentation of membership and works that the department is currently undertaking are all aimed at achieving the first distribution of royalties.

COSBOTS has collected some usage log sheets from some of the users, (which are critical for the distribution process), for the period beginning April 2013. Capturing the log sheets will enable the processing of the distribution of royalties on the basis of actual usage as recorded, and verification through a monitoring system shall facilitate accuracy of records received.

COSBOTS is looking forward to making the first ever distribution of royalties in 2014. This can however only be achieved if users have paid licensing fees, because, in essence you can only distribute what has been collected.

LICENSING

The ultimate goal for the Licensing Department is to attain a wholly licensed and complying community in Botswana; hence for the year under review, the Department continued its task of collection of royalties from users of copyright works through issuing licenses. The summary of the performance of the Licensing Department is reflected in total revenue collected through issuing of Licenses against expected revenue, i.e. total collected revenue vs total invoiced amount. Licensing in the beginning was difficult due to lack of knowledge about the Law.

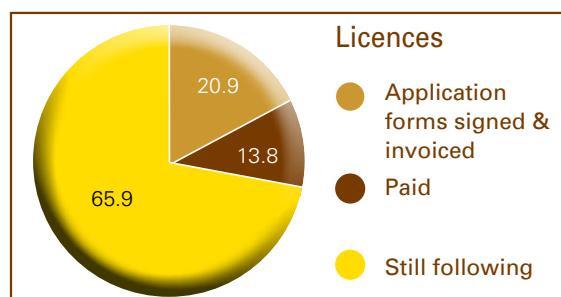
Appointment of Licensing Officers

COSBOTS appointed 3 Licensing Officers in December 2012 to expedite the licensing operations, and this was a positive move by and for the office since a lot of groundwork was covered by the officers within a very short space of time immediately after the appointments.

Licensing of users of copyright works

The amended Tariffs were approved in March 2013 and gave a leeway for the Licensing Department to intensify its licensing activities; through carrying out actual invoicing which was previously not done due to then pending approval of amended Tariffs. The process involved creating a database for users of copyright works and creating a long term mutually beneficial relationship with them where they are permitted to legitimately use copyright works for a fee. As of June 2013, the status of the licensing process was as shown below:

Total number of potential licensees contacted	Total application forms signed & invoiced	Paid	Still following
191	40	25	126



The chart shows the total number of licensees that have been met, which are 191. It shows that 20.9% of the licensees have signed application forms and have been invoiced, 13.8% have paid whereas 65.9% are still being followed.





The year 2012/2013 had its ups and downs and the slow getting on board by users could be attributable to ignorance and lack of understanding of intellectual property law by some users. However, the media campaign to users of copyright works is believed to have been a positive move towards addressing the situation. All in all, users who do not comply should understand that non-compliance is infringement of rights and punishable by law, as a criminal and/or civil offence and that COSBOTS will stop at nothing to ensure that rights owners benefit from the use of their works.

CORPORATE COMMUNICATIONS

The Corporate Communications Department effectively disseminates information to all stakeholders and the general public, manages the company's brand, and coordinates COSBOTS events and activities. It also creates and maintains relations with, not only the media, but all key stakeholders. The Department, throughout the reporting period, continued to educate, inform, sensitize and update owners of copyright works, users of copyright works and the general public through various outreach and awareness activities.

Publicity

The year 2012/13, witnessed wide coverage in various media across the board. Please refer to the media publicity activities in the table below:

Media channel	Item	Media house	Frequency
Newspapers	Articles	Mmegi Mmegi Monitor Gazette Dailynews	5 2 1 6
	Adverts	Botswana Guardian The Voice Dailynews	1 1 1
	Articles	Highlife Magazine Segaba (BOMU Awards) TAYA (Thapong)	3 1 2
	Adverts	Segaba (BOMU Awards) TAYA (Thapong)	1 1
Radio	Radio interviews	Yarona FM RB I RB II	3 5 4
	Live reads	RB 2	27
Television	Interview programs	BTV	3

Press conference/workshop

A press conference cum workshop was organized to provide the media with insight into copyright issues, the mandate of, as well as updates on COSBOTS progress on membership, authentication, licensing, monitoring and distribution processes. The National Broadcasting Board had also been invited so as to state and explain its mandate, and appreciate its potential links with COSBOTS.

Social media

The Department witnessed a significant increase in the number of enquiries and comments in the COSBOTS Facebook page. Most of the enquiries were on issues of Membership registration and processes. The page currently sits at 270 likes and growing.





Stakeholders Relationship building

As a way of deriving awareness, presentations were made to various stakeholders and meetings were held in a bid to clarify issues pertinent not only to the mandate, but progress being made in the operations of COSBOTS. The following is a list of stakeholders where COSBOTS made presentations;

- Botswana Folklore Association Executive Committee
- Intellectual Property Rights Committee
- Ratsie Setlhako's tribute (Mokgware)
- Generations in Harmony workshop (Botswana Craft)
- Botswana Musicians Union (BOMU) awards workshop
- RB II presenters and producers (Mass media complex)

Branding

The Department continued to make COSBOTS visible through consistency in following the newly developed Corporate Identity Manual. A variety of merchandise such as calendars, pens, folders, t-shirts and caps were provided to members during registration tours.

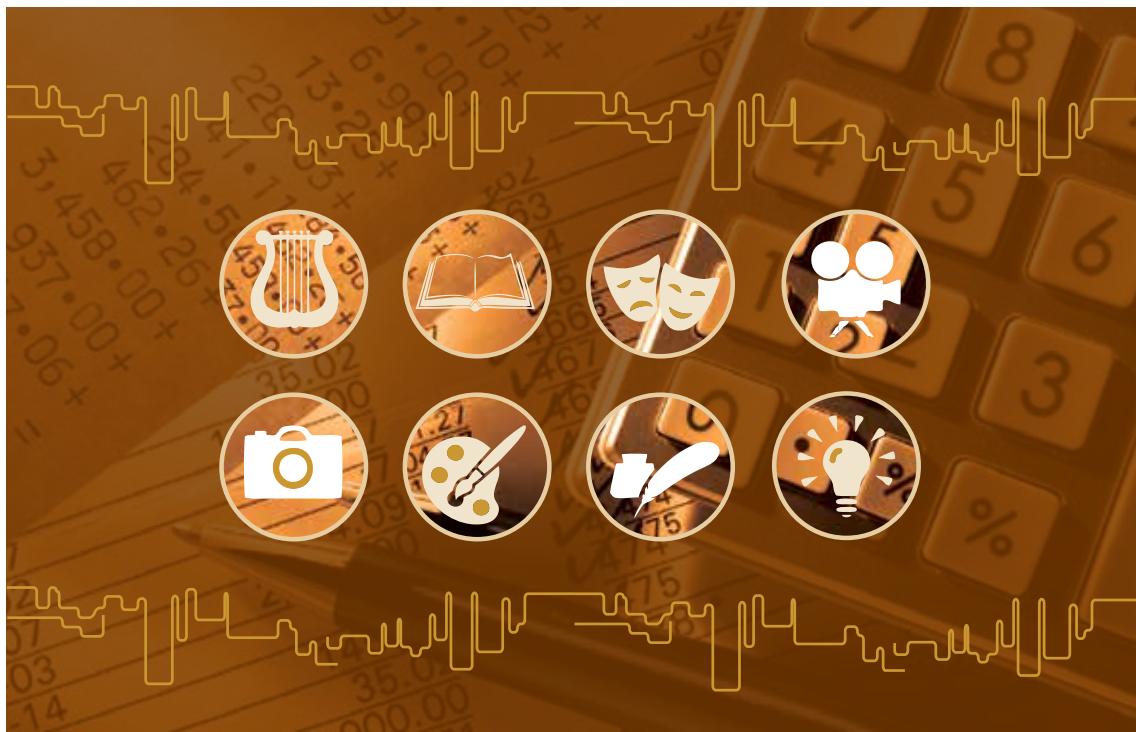
Awareness on copyright and neighboring rights is still a challenge and a mammoth task which requires a collective effort and support from all stakeholders; however COSBOTS will continuously strive hard and continue to inform, educate and sensitize the public on issues of collection and distribution of royalties.

The planned strategic workshop will enable the Corporate Communications Department to plan for intensive awareness campaigns to reach the general public, hence increase the number of registrations by potential members as well as increase the number of users who comply and apply for COSBOTS license/s.





FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2013



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GENERAL INFORMATION

BOARD OF DIRECTORS: S. B. Monyame (Chairperson), N. Tlhomelang (Vice Chairperson), M. Selelo (Secretary), P. Setsiba (Treasurer), B. Mahoko, M. Sibanyoni, N. Keboetswe (Ex-Officio)

NATURE OF BUSINESS: To manage copyright, collect and distribute royalties.

POSTAL ADDRESS: P/Bag BO75, Bontleng, GABORONE

PHYSICAL ADDRESS: 1st Floor, Plot 4792, GABORONE

AUDITORS: Sharma & Associates (Chartered Accountants), P.O. Box 401886

BANKERS: First National Bank, Industrial Branch, GABORONE

COMPANY REGISTRATION NUMBER: CO2008/3322

DATE OF INCORPORATION: 29th May 2008

COUNTRY OF INCORPORATION: Botswana

REGISTERED OFFICE: Plot 4792, GABORONE

APPROVAL OF FINANCIAL STATEMENTS BY THE DIRECTORS

The financial statements which appear on pages 19 - 34 were approved by Board of Directors and signed on their behalf by:



(Chairperson)



(Chief Executive Officer)



(Treasurer)

GABORONE

Dated: 19th November, 2013





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

Report on the financial statements

We have audited the accompanying financial statements of Copyright Society of Botswana, set out on pages 19 - 34, which comprise the statement of financial position as at 30th June, 2013 and the statement of comprehensive income and retained earnings, statement of changes in equity and the statements of cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for SMEs and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

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

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

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

Managing Partner: Zaeem Anwar M.Com., A.C.S., F.C.A.(India), A.C.M.A., C.G.M.A.(UK), F.C.A.(Botswana)



Opinion

In our opinion:

- the financial statements present fairly, in all material respects the financial position of Copyright Society of Botswana as of 30th June, 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

- Without qualifying our opinion, we draw attention to the disclosure made under note no. 12 to the annual financial statements which indicates that the society incurred a net loss of Pula 1,663,135 during the year ended 30th June, 2013. Further to that the society shows a net current liability position of Pula 993,316. These conditions indicate the existence of an uncertainty which casts doubts about the society's ability to continue as a going concern.

Supplementary Information

The supplementary schedule set out on page 23 does not form part of the Annual Financial Statements and it presents additional information. We have not audited this schedule and accordingly we do not express an opinion on it.

Report on other legal and regulatory requirements

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

- we have satisfied ourselves as to the existence of securities; and
- in our opinion, the company has kept proper books of account with which the financial statements are in agreement.

Sharma & Associates

For Sharma & Associates
(Certified Auditors)
Practicing Member: Zaeem Anwar (2002122.034)

Place: GABORONE
Date: 20th November, 2013





REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30TH JUNE, 2013

The directors of COPYRIGHT SOCIETY OF BOTSWANA (COSBOTS) have great pleasure in submitting their report for the year ended 30th June, 2013.

1. Incorporation

The Company was incorporated in 29th May, 2008.

2. Business and operations

The company's business and operations and the results thereof are clearly reflected in the attached Financial Statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

3. Statements of responsibility

The directors of the company i.e. Copyright Society of Botswana (COSBOTS) are responsible for the maintenance of adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statement fairly present the state of affairs of the company at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards and in the manner required by the Botswana Companies Act (CAP 42:01).

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

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

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

The directors have reviewed the company's cash flow forecast for the year to June, 2014 and in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operations existence for foreseeable future.

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

4. Financial results

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

5. Dividends

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



6. Share capital

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

7. Events subsequent to the year end

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

8. Directors

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

S.B. Monyame (Chairperson)
N. Tlhomelang (Vice Chairperson)
M. Selelo (Secretary)
P. Setsiba (Treasurer)
B. Mahoko
M. Sibanyoni
N. Keboetswe (Ex-Officio)

9. Auditors

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

.....
Chairperson

.....
Chief Executive Officer

.....
Treasurer

Dated: 19th November, 2013





STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2013

	NOTES	30.06.13 (P)	30.06.12 (P)
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	1	289,030	286,575
Current Assets		247,572	1,092,058
Trade and Other Receivables	2	102,412	28,524
Cash and Cash Equivalent	3	145,160	1,063,534
TOTAL ASSETS		536,602	1,378,633
EQUITY AND LIABILITIES			
Capital & Reserve		(704,286)	958,849
Retained Income		(704,286)	958,849
Current Liabilities		1,240,888	419,784
Provisions for Future Expenses	4	1,226,273	417,684
Trade and Other Payables	5	14,615	2,100
TOTAL EQUITY AND LIABILITIES		536,602	1,378,633

STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED ON 30 JUNE, 2013

	NOTES	2013 (P)	2012 (P)
Gross Revenue	6	2,397,770	3,129,741
Direct Cost	7	(1,014,507)	(180,874)
Gross Income		1,383,263	2,948,867
Other Income/(Loss)	8	(2,287)	7,184
Total Income		1,380,976	2,956,051
Other Operating Exps.	9	(3,044,112)	(2,314,702)
Net Profit/(Loss) Before Tax		(1,663,135)	641,348
Less -Provision For Taxation	10	-	-
Net Profit/(Loss) for the year		(1,663,135)	641,348
Retained Earning at the start of the year		958,849	317,501
Dividends		-	-
Retained Earning at the end of the year		(704,286)	958,849



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 30 JUNE, 2013

	Distributable Reserve (P)	Total Amount (P)
Balance at 30th June, 2011	317,501	317,501
Net profit/(Loss) for the year	641,348	641,348
Balance at 30th June, 2012	958,849	958,849
Net profit/(Loss) for the year	(1,663,135)	(1,663,135)
Balance at 30th June, 2013	(704,286)	(704,286)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON 30 JUNE, 2013

	NOTE	2013 (P)	2012 (P)
Cash flows from operating activities			
Cash generated by operating activities	10.1	(806,837)	1,023,022
Finance & Other Income		(804,550)	1,015,838
Finance Cost		(2,287)	7,184
		-	-
Cash flows from investing activities			
Expenditure to maintain operating activities		(111,537)	(41,884)
Property, plant and equipment acquired		(117,497)	(41,884)
Proceeds from disposal of PPE		5,960	-
Amount advanced to related companies		-	-
Amount received from related companies		-	-
		-	-
Cash flows from financing activities			
Capital Raised		-	-
Loans repaid (Net Off)		-	-
		-	-
Increase in cash and cash equivalents		(918,374)	981,138
Cash and cash equivalents at the beginning of the year		1,063,534	82,396
Cash and Cash Equivalents at the end of the year	10.2	145,160	1,063,534





1. Summary of significant accounting policies

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

1.1 Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS for SMEs). The financial statements have been prepared under the historical cost convention as modified by financial assets and financial liabilities at fair value through profit or loss. The financial statements have been prepared on the going concern basis which assumes the continued support of the shareholders.

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

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

1.1.1 Adoption of standards in the current financial year

In 2013, the company adopted the following new or revised IFRS, which are relevant to its operations.

- IAS 1 Presentation of financial statements
- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- IAS 10 Events of Changes in Foreign Exchange Rates
- IAS 16 Property, Plant and Equipment
- IAS 17 Leases
- IAS 21 The Effects of Changes in Foreign Exchange Rates
- IAS 24 Related Party Disclosures
- IAS 32 Financial Instruments: Recognition and Measurement
- FRS for SMEs

- The adoption of above standards did not result in substantial changes to the company's accounting policies.
- IAS 1 has affected the presentation and other disclosures in the financial statement
- IAS 21 had no material effect on the company's policy. The functional currency of the company has been re-evaluated based on the guidance to the revised standards.
- IAS 24 has affected the identification of related parties and related-party disclosures.

Management assessed the relevance of following new standards, amendments and interpretations with respect to the company's operations and concluded that they are not relevant to the company.

- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investments in Associates
- IAS 31 Interests in Joint Ventures
- IAS 33 Earnings per Share
- IAS 40 Investment Properties
- IFRS 2 Share-based Payment





- IFRS 4 Insurance Contracts
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRIC 2, Members' Shares in Co-operative Entities and Similar Instruments
- IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.
- IAS 39 (Amendment), Transition and Initial Recognition of Financial Assets and Financial Liabilities
- IAS 39 (Amendments), Cash Flow Hedge Accounting of Forecast Intragroup Transactions.
- IAS 39 (Amendments), The Fair Value Option.
- IAS 39 and IFRS 4 (Amendments). Financial Guarantee Contracts.
- IAS 19 (Amendments), Employee Benefits.
- IFRS 1 (Amendments), First-time Adoption of International Financial Reporting Standards and IFRS 6 (Amendments), Exploration for and Evaluation of Mineral Resources.
- IFRS 6, Exploration for and Evaluation of Mineral Resources.
- IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures.
- IFRIC 10, Interim Financial Reporting and Impairment.
- IFRIC 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds.

1.2 Property, plant and equipment

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

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

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

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

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

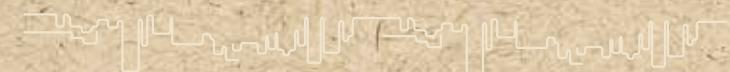
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.3).

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

1.3 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for Impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair





value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that impairments are reviewed for possible reversal of the impairment at each reporting date.

1.4 Foreign currency translation

1.4.1 Functional and presentation currency

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

1.4.2 Transactions and balances

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

1.5 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for the impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

1.6 Cash and Cash Equivalents

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

1.7 Investments

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

1.8 Provisions

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

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





1.9 Revenue recognition

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

1.9.1 Sale of Services

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

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

1.9.2 Interest income

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

1.9.3 Government Grant

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

1.10 Capital Grants

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

1.11 Financial assets

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

Loans and receivables

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

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

1.12 Operating leases

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





1.15 Employee benefits

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

2 Financial risk management

2.1 Financial risk factors

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

(a) Market risk

(i) Foreign currency risk

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

(ii) Cash flow and fair value interest rate risk

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

(iii) Other price risk

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

(b) Credit risk

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

(c) Liquidity risk

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

2.2 Fair value estimation of financial instruments

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





NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 30 JUNE, 2013

1. Property, Plant & Equipment:-

	2013			2012		
	Cost/ Valuation	Accumulated Depreciation	Carrying Value	Cost/ Valuation	Accumulated Depreciation	Carrying Value
Owned Assets						
Plant & Equipment	6,500	1,950	4,550	6,500	975	5,525
Motor Vehicles	215,015	128,314	86,701	215,015	74,560	140,455
Computer Equipments	186,709	85,320	101,389	131,779	44,818	86,961
Office Furniture	114,707	18,317	96,390	63,820	10,186	53,634
Total	522,931	233,901	289,030	417,114	130,539	286,575

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

	2013	Carrying value at beginning of year			Dep. /charge for the year	Carrying value at end of year
		Additions (disposals)				
Owned assets						
Plant & Equipment		5,525	-	975	4,550	
Motor Vehicles		140,455	-	53,754	86,701	
Computer Equipments		86,961	63,310	45,390	104,880	
			3,492)		(3,492)	
Office furniture		53,634	54,187	8,963	98,858	
			(2,468)		(2,468)	
Total		286,575	111,537	109,082	289,030	
2012		Carrying value at beginning of year			Dep. /charge for the year	Carrying value at end of year
		Additions (disposals)				
Owned assets						
Plant & Equipment		6,500	-	975	5,525	
Motor Vehicles		169,925	20,815	50,285	140,455	
Computer Equipments		97,501	20,199	30,739	86,961	
Office furniture		59,146	870	6,382	53,634	
Total		333,072	41,884	88,381	286,575	



**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30 JUNE, 2013**

	2013 (P)	2012 (P)
2. Trade and Other Receivables:-		
Prepaid Expenses	23,319	12,948
Deposits	18,000	8,000
Trade Debtors	61,093	-
VAT Control A/c	-	7,576
TOTAL	102,412	28,524
3. Cash and Cash Equivalents:-		
Cash and Cash Equivalents consist of		
FNB Current A/c	12,031	33,410
FNB Call A/c	129,967	1,026,961
Cash in Hand	3,162	3,163
TOTAL	145,160	1,063,534
4. Provision for Future Expenses: -		
Provision for Royalties	517,190	-
Provision of gratuity for permanent employees	-	5,366
Provision for PAYE	17,208	14,563
Provision of gratuity for contractual employees	656,872	366,755
Provision for Other Accruals & Services	30,341	31,000
VAT Control A/c.	4,662	-
TOTAL	1,226,273	417,684
5. Trade and Other Accounts Payables:-		
Trade Payables	12,295	2,100
Other Payables & Accruals	2,320	-
TOTAL	14,615	2,100



**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30 JUNE, 2013**

	2013 (P)	2012 (P)
6. Gross Revenue:-		
Government Grants	1,658,927	3,129,741
Broadcasting Revenue	314,836	-
Licensing Revenue	424,007	-
TOTAL	2,397,770	3,129,741
7. Direct Cost:-		
Cost of Sales-Royalties	517,190	-
Cost of Sales-Licensing	408,656	180,874
Commission	88,661	-
TOTAL	1,014,507	180,874
8. Other Income/(Loss):-		
Interest received from bank	3,673	5,504
Sundry Income	-	1,680
Profit/(Loss) on sale of assets	(5,960)	-
TOTAL	(2,287)	7,184
9. Operating Profit:-		
Operating profit is stated after:		
Expenditure:		
Accounting & Audit Fees	31,050	23,014
Depreciation		
Property, Plant & Equipment	109,082	88,381
Rent & Rates		
E.D.S. (Pty) Ltd.	252,000	127,264
P.O. Box 401623		
GABORONE		
Total	392,132	238,659





**FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30 JUNE, 2013**

	2013 (P)	2012 (P)
NOTES TO CASH FLOW STATEMENT		
10.1 Cash Generated by Operating Activities		
Net earnings/ (Loss) for the year	(1,663,135)	641,348
Adjustments for:		
Depreciation	109,082	88,381
Finance Cost	-	-
Finance & Other Income	2,287	(7,184)
	(1,551,767)	722,545
Movements in Working Capital		
Movements in Accounts Receivables	(73,888)	3,944
Movements in Provisions	808,589	293,634
Movements in Accounts Payables	12,515	(4,285)
Movements in Taxation	-	-
Total Movement in Working Capital	747,216	293,293
Total Cash Generated by Operating Activities	(804,550)	1,015,838
10.2 Represented by:		
FNB Current A/c	12,031	33,410
FNB Call A/c	129,967	1,026,961
Cash in Hand	3,162	3,163
TOTAL CASH AND CASH EQUIVALENT	145,160	1,063,534

11. Re- grouping of previous year's balance

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

12. Going Concern

We draw attention to the fact that at 30th June, 2013, the society has incurred losses of P 1,663,135 and that the company shows net current liability position of P 993,316.

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

13. Post Balance Sheet Events

There were no events that occurred after the balance sheet date which require adjustments to or disclosure in these financial statements except that society has signed an agreement with Department of Broadcasting Services-Government of Botswana amounting to P 5 Million effective from 1st April, 2013 which was signed on 4th July, 2013.

14. Contingent Liabilities

There were no material contingent liabilities at the balance sheet date to or disclosure in these financial statements.