Audited Financial **Statements**

Copyright Society of Botswana
(Registration number BW00000230497)
Financial statements
for the year ended 30 June 2025

Copyright Society of Botswana
(Registration number BW00000230497)
Annual Financial Statements for the year ended 30 June 2025

General Information

Country Of Incorporation And Domicile	Botswana
Nature Of Business And Principal Activities	The Copyright Society of Botswana was established and has been mandated by the Copyright and Neighbouring Rights Act - CAP 68:02 to, among others, license and collect royalties from users of copyright protected works, and to distribute them to copyright owners.
Directors	Bakalanga Malikongwa Ookeditse Moyambo Kabelo Eric Kgaodi Alfred Morwaledi Mosimanegape Benjamin Mogotsi Winnie Winani Mabone Kelebonye Sibanyoni Martin Ntongana Staffnurse Bangu Lesetedi-Keothepile Letlhogonolo Makwinja
Registered Office	Unit 1 Plot 93 International Commerce Park Gaborone, Botswana
Postal Address	Private Bag B075 Gaborone
Bankers	ABSA Bank Botswana Limited First National Bank of Botswana Limited Bank Gaborone Limited Stanbic Bank Botswana Limited
Auditors	Maemo S D Mesotlo & Associates Firm of Certified Auditors Gaborone, Botswana P O Box 604 AAH, CBD
Secretary	Baker Tilly Botswana

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

Detailed Income Statement	

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Directors' Responsibilities and Approval

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB) 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 directors set standards for internal control aimed at reducing the risk of error or loss in a costeffective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cash flow forecast for the year to 30 June 2026 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual annual financial statements. The annual annual financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 7.

The annual financial statements set out on pages 8 to 38 and supplementary information on pages 39 to 40, which have been prepared on the going concern basis, were approved by the board of directors on ________________ and were signed on their behalf by:

Approval of annual financial statements

Bakalanga Malikongwa

Kabelo Eric Kgaodi

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Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Copyright Society of Botswana for the year ended 30 June 2025.

1. Incorporation

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

2. Nature of business

The Copyright Society of Botswana was established to license and collect royalties from users of copyright protected works and to distribute them to the copyright owners. There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual annual financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB). The accounting policies have been applied consistently compared to the prior year.

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

4. Directorate

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

DIRECTORS	OFFICE	DESIGNATION
Bakalanga Malikongwa	Board Chairperson	Non-executive
Ookeditse Moyambo	Vice Board Chairperson	Non-executive
Kabelo Eric Kgaodi	Treasurer	Non-executive
Alfred Morwaledi Mosimanegape		Non-executive
Benjamin Mogotsi		Non-executive
Winnie Winani Mabone		Non-executive
Kelebonye Sibanyoni		Non-executive
Martin Ntongana		Non-executive
Staffnurse Bangu Lesetedi- Keothepile		Non-executive
Letlhogonolo Makwinja		Executive

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Directors' Report

Retired Directors At Term Completion

DIRECTORS	CAUSE OF CHANGE	DESIGNATION	DATE
Moletlanye Mphoeng	Retirement	Non-executive	10 May 2024
Mpho Motlhasedi	Retirement	Non-executive	10 May 2024
Patrick Setsiba	Retirement	Non-executive	10 May 2024

5. Events after the reporting period

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

6. Going concern

The annual financial statements have been prepared on the going concern basis, which assumes that the Copyright Society of Botswana ("COSBOTS") will continue in operational existence for the foreseeable future and will be able to realise its assets and settle its liabilities in the ordinary course of business.

In assessing the appropriateness of the going concern basis, the Board considered the Society's current financial position, projected cash flows, available cash resources and expected operating activities for a period of at least twelve months from the date of approval of these annual financial statements.

During the year ended 30 June 2025, the Society recorded a profit of P2,848,862 (2024: loss of P3,507,238), resulting in a significant improvement in accumulated losses, which reduced to P99,766 (2024: P2,948,628). The Society also maintained cash and cash equivalents of P34,042,936 at year end, providing adequate liquidity to meet its operational requirements and royalty distribution obligations as they fall due.

Although current liabilities exceeded current assets at the reporting date, the Board noted that a substantial portion of the current liabilities comprises royalty distribution provisions and deferred income arising from the Society's statutory mandate to collect and distribute royalties on behalf of copyright owners. These balances do not represent conventional financing obligations but arise in the ordinary course of administering collective management activities and are expected to be settled through the normal royalty distribution process in accordance with the Copyright and Neighbouring Rights Act and the Society's approved distribution rules.

The Board has reviewed the Society's budgets, cash flow forecasts and expected licensing revenue for the forthcoming financial year and is satisfied that the Society has sufficient financial resources and appropriate operational plans to continue meeting its obligations as they fall due.

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Directors' Report

Accordingly, the directors have concluded that it is appropriate to prepare the annual financial statements on the going concern basis and have not identified any material uncertainty that may cast significant doubt on the Society's ability to continue as a going concern.

7. Secretary

The company secretary is Baker Tilly Botswana.

The annual financial statements set out on pages 8 to 38 and supplementary information on pages 39 to 40, which have been prepared on the going concern basis, were approved by the board of directors on ________________, and were signed on its behalf by:

Approval of annual financial statements

Bakalanga Malikongwa

Kabelo Eric Kgaodi

Independent Auditor's Report

MSD MESOTLO & ASSOCIATES
AUDIT • TAX • ADVISORY

Plot 54373, Matante Mews, 1st Floor
CBD, Gaborone, Botswana

P O Box 604 AAH, CBD
Gaborone, Botswana

To the Members of Copyright Society of Botswana

Opinion

We have audited the annual financial statements of Copyright Society of Botswana (the company) set out on pages 8 to 39, which comprise the statement of financial position as at 30 June 2025; and the statement of profit or loss and other comprehensive income; the statement of changes in equity; and the statement of cash flows for the year then ended; and notes to the annual financial statements, including material accounting policy information.

In our opinion, the annual financial statements give a true and fair view of the financial position of Copyright Society of Botswana as at 30 June 2025, and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1 and 3) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the BICA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Copyright Society of Botswana annual financial statements for the year ended 30 June 2025", which includes the Directors' Responsibilities and Approval, Directors' Report and the supplementary information as set out on pages pages 40 to 41. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with IFRS Accounting Standards as issued by the

MSD
MESOTLO & ASSOCIATES
AUDIT • TAX • ADVISORY

Plot 54373, Matante Mews, 1st Floor
CBD, Gaborone, Botswana

P O Box 604 AAH, CBD
Gaborone, Botswana

International Accounting Standards Board and the requirements of the Companies Act of Botswana, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

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

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial

(+267) 316 3367 | info@msdmesotlo.com | www.msdmesotlo.co.bw
Partner: Maemo S D Mesotlo (FCCA, FCPA, IIAB, ACFE) | Partner Blessing Nengomazha (CA-ZIM, FCPA)

Independent Auditor's Report

MSD MESOTLO & ASSOCIATES
AUDIT • TAX • ADVISORY

Plot 54373, Matante Mews, 1st Floor
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statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MSD Mesotlo & Associates

Maemo S D Mesotlo & Associates
Firm of Certified Auditors
Practicing member: Blessing Nengomazha (CAN 0038 2026)

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Statement of Financial Position as at 30 June 2025

FIGURES IN PULA	NOTE(S)	2025	2024
ASSETS			
Non-Current Assets			
Property, Plant And Equipment	3	363,931	413,180
Right-Of-Use Assets	4	3,030,389	3,125,072
Intangible Assets	5	-	15,287
		3,394,320	**3,548,770**
Current Assets			
Trade And Other Receivables	6	7,447,523	4,089,632
Cash And Cash Equivalents	7	34,042,936	35,400,206
		41,490,459	**39,489,838**
Total Assets		**44,884,779**	**43,038,608**
EQUITY AND LIABILITIES			
Equity			
Accumulated Loss		(99,766)	(2,948,628)
LIABILITIES			
Non-Current Liabilities			
Lease Liabilities	4	1,164,061	1,169,396
CURRENT LIABILITIES			
Trade And Other Payables	10	779,245	4,079,244
Lease Liabilities	4	148,692	285,591
Deferred Income	8	12,286,163	12,091,630
Provisions	9	30,606,384	28,361,375
		43,820,484	**44,817,840**
Total Liabilities		**44,984,545**	**45,987,236**
Total Equity And Liabilities		**44,884,779**	**43,038,608**

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Statement of Profit or Loss and Other Comprehensive Income

FIGURES IN PULA	NOTE(S)	2025	2024
Revenue	11	26,345,281	20,180,354
Royalty Distribution	12	(14,627,226)	(14,540,081)
Gross Profit		**11,718,055**	**5,640,273**
Other Operating Income	13	301,623	158,327
Royalty Distribution Unclaimed	14	3,831,054	3,563,601
Movement In Credit Loss Allowances	15	138,012	(638,665)
Other Operating Expenses		(13,404,231)	(12,438,619)
Operating Profit (Loss)	15	**2,584,513**	**(3,715,083)**
Investment Income	16	388,559	362,669
Finance Costs	17	(124,210)	(154,824)
Total Comprehensive Income (Loss) For The Year		**2,848,862**	**(3,507,238)**

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Statement of Changes in Equity

FIGURES IN PULA	ACCUMULATED LOSS	TOTAL EQUITY
Balance at 01 July 2023	558,610	558,610
Total comprehensive Loss for the year	(3,507,238)	(3,507,238)
Balance at 01 July 2024	(2,948,628)	(2,948,628)
Total comprehensive Loss for the year	2,848,862	2,848,862
Balance at 30 June 2025	(99,766)	(99,766)
Note(s)		

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Statement of Cash Flows

FIGURES IN PULA	NOTE(S)	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (Used In)/Generated From Operations	19	(1,332,869)	10,392,406
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase Of Property, Plant And Equipment	3	(170,516)	(73,717)
Proceeds From Sale Of Property, Plant And Equipment	3	24,000	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest Income		388,559	362,669
Payments On Lease Liabilities	4	(142,234)	(310,382)
Finance Costs	17	(124,210)	(154,824)
Net Cash From Financing Activities		**122,115**	**(102,537)**
Total Cash Movement For The Year		**(1,357,270)**	**10,216,152**
Cash And Cash Equivalents At The Beginning Of The Year		35,400,206	25,184,054
Cash And Cash Equivalents At The End Of The Year	7	**34,042,936**	**35,400,206**

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Significant Accounting Policies

Corporate information

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

1. Significant Accounting Policies

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

1.1 Basis Of Preparation

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

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

These accounting policies are consistent with the previous period, except for the changes in the statement of profit or loss and other comprehensive income. The structure of the presentation was amended to make the financial statements more presentable to the users of the financial statements. The presentation of expected credit losses was revised to present the movement in credit loss allowances separately from other operating expenses. Accordingly, an amount of P638,665 has been reclassified from other operating expenses to movement in credit loss allowances in the 2024 comparative figures. The reclassification had no effect on the previously reported operating loss, total comprehensive loss, accumulated losses or net assets.

These financial statements were approved by the board of directors on ....

1.2 Significant Judgements And Sources Of Estimation Uncertainty

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

Critical Judgements In Applying Accounting Policies

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

Key Sources Of Estimation Uncertainty

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

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Significant Accounting Policies

1.3 Property, Plant And Equipment

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

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

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

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consitent manner over the shorter of the lease term and the expected useful life of the leased assets. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date the asset is held for sale or derecognised.

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

Item	Depreciation Method	Depreciation Rate
Furniture And Fixtures	Straight Line	10%
Motor Vehicles	Straight Line	25%
Office Equipment	Straight Line	15%
It Equipment	Straight Line	25%

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

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

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

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

1.4 Intangible Assets

An intangible asset is recognised when it is probable that future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

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

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

Item	Depreciation Method	Average Useful Life
Computer Software	Straight Line	4 Years

1.5 Financial Instruments

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

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

Financial Assets	Financial Liabilities
Amortised Cost	Amortised Cost

Note 23 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

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

Trade and other receivables

Classification

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

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

Recognition and measurement

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

They are subsequently measured at amortised cost.

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Significant Accounting Policies

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

Impairment

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

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

Measurement And Recognition Of Expected Credit Losses

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

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

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

Write-Off Policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. After 1 year, the circumstances of the account and collection efforts will be submitted to Bo ard with appropriate recommendations. Where account receivables cannt be collected a full provision is made and details are submitted to Board with full recommendations. Any recoveries made are recognised in profit or loss.

Credit Risk

Details of credit risk are included in the trade and other receivables (note 6) and the financial instruments and risk management note (note 23).

Trade And Other Payables

Trade and other payables (note 10), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

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

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

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Significant Accounting Policies

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in the profit or loss in the finance costs (note 17).

Trade and other payable expose the company to liquidity risk and possibly to interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

Trade and other payables are derecognised when the its obligation is settled, the creditor releases the company from the obligation or the obligation expires.

Cash And Cash Equivalents

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

1.6 Leases

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

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

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

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

Company as Lessee

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

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

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

Lease Liability

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

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

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 17).

Right-of-use Assets

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

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

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

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

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

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

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

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

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1.7 Impairment Of Assets

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

Irrespective of whether there is any indication of impairment, the company also tests intangible assets with an indefinite useful life or intangible assets not yet available for use, for impairment annually by comparing its carrying amount with its recoverable amount.

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

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

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

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

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

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

1.8 Equity

Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

1.9 Employee Benefits

Short-Term Employee Benefits

Employee benefits comprise short-term employee benefits and post-employment benefits.

Short-term employee benefits, including salaries, wages, paid leave and other employee-related benefits expected to be settled within twelve months after the reporting period, are recognised as an expense as the related services are rendered. A liability is recognised for the amount expected to be paid where the company has a present obligation at the reporting date.

The company operates a defined contribution retirement benefit plan. Contributions to the plan are recognised as an expense in the period in which employees render the related service. Amounts unpaid at the reporting date are recognised as liabilities.

Termination benefits are recognised when the company is demonstrably committed to terminating employment or providing termination benefits as a result of an offer made to employees. Termination benefits expected to be settled within twelve months are measured at the undiscounted amount expected to be paid.

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Significant Accounting Policies

1.10 Provisions And Contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilites are not recognised.

1.11 Revenue From Contracts With Customers

The company recognises revenue from the following major sources:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it satisfies its obligation (issuing licenses) to customers. License fees are based on license assessments for the use of copyright work. Revenue is considered to be earned over time when the users make use of the copyright work over the licensed period. Payments received in advance beyond the fee for the licensed period are treated as deferred income.

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

1	Identify the contract(s) with a customer
2	Identify the performance obligations in the contract
3	Determine the transaction price
4	Allocate the transaction price to the performance obligations in the contract
5	Recognise revenue when (or as) the company satisfies the performance obligations

1.11 Royalty Distributions

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

1.12 Investment Revenue

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

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Significant Accounting Policies

1.12 Borrowing Costs

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

2. New Standards And Interpretations

2.1 Standards And Interpretations Not Yet Effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after **01 July 2025** or **later periods:**

Standard / Interpretation	Effective date: Years beginning on or after	Expected Impact
Amendments to IFRS 19 Subsidiaries without Public Accountability: **Disclosures**	01 January 2027	Unlikely there will be a material impact
IFRS 19 Subsidiaries without Public Accountability: **Disclosures**	01 January 2027	Unlikely there will be a material impact
IFRS 18 Presentation and Disclosure in Financial Statements	01 January 2027	Unlikely there will be a material impact
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards	01 January 2026	Unlikely there will be a material impact
Amendments to IFRS 7 Financial Instruments: Disclosures	01 January 2026	Unlikely there will be a material impact
Amendments to IFRS 9 Financial Instruments	01 January 2026	Unlikely there will be a material impact
Amendments to IFRS 9 Financial Instruments	01 January 2026	Unlikely there will be a material impact
Amendment to IFRS 9 and IFRS 7	01 January 2026	Unlikely there will be a material impact
Amendments to IFRS 10 Consolidated Financial Statements	01 January 2026	Unlikely there will be a material impact
Amendments to IAS 7 Statement of Cash Flows	01 January 2026	Unlikely there will be a material impact
Amendments to IFRS 9 and IFRS 7: **Amendments to the Classification and Measurement of Financial Instruments**	01 January 2026	Unlikely there will be a material impact
Lack of exchangeability - amendments to IAS 21	01 January 2025	Unlikely there will be a material impact

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FIGURES IN PULA	NOTE(S)	2025	2024

3. Property, Plant And Equipment

	2025			2024		
	Cost Or Revaluation	Accumulated Depreciation	Carrying Value	Cost Or Revaluation	Accumulated Depreciation	Carrying Value
Furniture And Fixtures	286,243	(195,971)	90,272	249,729	(182,403)	67,326
Motor Vehicles	1,090,138	(1,028,373)	61,765	1,115,092	(1,047,352)	67,740
Office Equipment	89,555	(58,983)	30,572	83,855	(48,933)	34,922
IT Equipment	969,071	(787,749)	181,322	897,563	(659,140)	238,423
Other Property, Plant And Equipment	6,500	(6,500)	-	6,500	(6,500)	-
Total	**2,441,507**	**(2,077,576)**	**363,931**	**2,352,739**	**(1,944,328)**	**408,411**

Reconciliation Of Property, Plant And Equipment - 2025

	Opening Balance	Additions	Disposals Cost	Disposals Accumulated Depreciation	Depreciation	Total
Furniture And Fixtures	67,326	36,514	-	-	(13,568)	90,272
Motor Vehicles	67,740	56,794	(81,000)	30,026	(11,795)	61,765
Office Equipment	34,922	5,700	-	-	(10,050)	30,572
IT Equipment	238,423	71,508	-	-	(128,609)	181,322
Total	**408,411**	**170,516**	**(81,000)**	**30,026**	**(164,022)**	**363,931**

Reconciliation Of Property, Plant And Equipment - 2024

	Opening Balance	Additions	Reclassification	Depreciation	Total
Furniture And Fixtures	66,224	14,019	-	(12,917)	67,326
Motor Vehicles	-	-	87,879	(20,139)	67,740
Office Equipment	47,500	-	-	(12,578)	34,922
IT Equipment	299,456	59,698	-	(120,731)	238,423
Total	**413,180**	**73,717**	**87,879**	**(166,365)**	**408,411**

4. Leases (company as lessee)

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

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

The finance is payable over 180 months at equal installments of about **BWP 23, 799** at prime plus 3% interest rate compounded, and calculated daily on the outstanding loan balance, and debited to the loan account on a monthly basis in arrears.

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FIGURES IN PULA	NOTE(S)	2025	2024

4. Leases (company as lessee) (continued)

	2025			2024		
	Cost Or Revaluation	Accumulated Depreciation	Carrying Value	Cost Or Revaluation	Accumulated Depreciation	Carrying Value
Buildings	3,787,297	(756,908)	3,030,389	3,787,297	(662,225)	3,125,072

Buildings have been encumbered as security for the finance leases.

Security held:

Land and buildings

1. 1st Continuing Covering Mortgage Bond for **BWP 2, 153, 000** over Plot 93 Sectional Unit Lease Area 1007-KO GICP, Gaborone Commercial (900 sqm)
2. Registered Cession of Fire Policy for **BWP 2, 300, 000.00.**

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

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FIGURES IN PULA	2025	2024

4. Leases (company as lessee) (continued)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	3,030,389	3,125,072

Depreciation recognised on right-of-use assets

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

Buildings	87,454	94,682

Other Disclosures

Interest Expense On Lease Liabilities	124,210	154,824
Leases Of Low Value Assets Included In Operating Expenses	59,220	43,105

Lease Liabilities

The maturity analysis of lease liabilities is as follows:

Within One Year	279,510	285,591
Two To Five Years	1,118,040	1,404,783
More Than Five Years	419,265	428,386
	1,816,815	**2,118,760**
Less Finance Charges Component	(504,062)	(663,773)
	1,312,753	**1,454,987**
Non-Current Liabilities	1,164,061	1,169,396
Current Liabilities	148,692	285,591
	1,312,753	**1,454,987**

5. Intangible Assets

	2025			2024		
	Cost / Valuation	Accumulated Amortisation	Carrying Value	Cost Or Revaluation	Accumulated Amortisation	Carrying Value
Computer Software	61,147	(61,147)	-	61,147	(45,860)	15,287

Reconciliation Of Intangible Assets - 2025

	Opening Balance	Amortisation	Total
Computer Software	15,287	(15,287)	-

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FIGURES IN PULA	NOTE(S)	2025	2024

5. Intangible Assets (continued)

Reconciliation Of Intangible Assets - 2024

	Opening Balance	Amortisation	Total
Computer Software	30,573	(15,286)	15,287

6. Trade and other receivables

Financial instruments:

	2025	2024
Trade Receivables	4,963,079	2,270,249
Loss Allowance	(773,747)	(911,759)
Trade Receivables At Amortised Cost	4,189,332	1,358,490
Deposits	8,880	3,880
Other Receivables	388,868	90,950

Non-financial instruments:

	2025	2024
VAT	87,050	-
Insurance Prepaid	45,235	53,833
Employee Costs In Advance	228,158	82,479
Deposits	2,500,000	2,500,000
Total Trade And Other Receivables	**7,447,523**	**4,089,632**

Split Between Non-Current And Current Portions

	2025	2024
Current Assets	7,447,523	4,089,632

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

	2025	2024
At Amortised Cost	4,587,080	1,453,320
Non-Financial Instruments	2,860,443	2,636,312
	7,447,523	**4,089,632**

Exposure To Credit Risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for

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trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Expected Credit Loss Rate:	2025		2024	
	Estimated Gross Carrying Amount At Default	Loss Allowance (Lifetime Expected Credit Loss)	Estimated Gross Carrying Amount At Default	Loss Allowance (Lifetime Expected Credit Loss)
Not Past Due	-	-	142,412	(5,790)
1-30 Days Past Due: **12% (2024: 9%)**	4,736,101	(569,473)	273,205	(25,847)
31-60 Days Past Due: **44% (2024: 10%)**	3,579	(1,587)	29,205	(3,035)
61-90 Days Past Due: **0% (2024: 14%)**	-	-	22,033	(3,190)
91-120 Days Past Due: **63% (2024: 17%)**	56,406	(35,694)	333,363	(55,756)
121-150 Days Past Due: **0% (2024: 28%)**	-	-	160,212	(44,514)
More Than 151 Days Past Due: **100% (2024: 59%)**	166,993	(166,993)	1,309,819	(773,627)
Total	**4,963,079**	**(773,747)**	**2,270,249**	**(911,759)**

*P Nil was written off against provision for bad debts **(2024: P954,066).***

7. Cash And Cash Equivalents

Cash and cash equivalents consist of:

Cash On Hand	24,213	245
Current Accounts	13,029,485	18,835,682
Call Accounts	172,076	987,748
Fixed Deposits Accounts	20,817,162	15,576,531
	34,042,936	**35,400,206**

Surplus funds are invested in local commercial banks (Absa Bank Botswana and Bank Gaborone) as fixed deposits. The interest earned is at an effective interest rate of 20% across the investment instruments on both banks. The proportionate amount of interest up to 30 June is added to the cost of investment to approximate fair value.

8. Deferred income

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

Deferred Income	12,286,163	12,091,630

Split between non-current and current portions

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FIGURES IN PULA	NOTE(S)	2025	2024

9. Provisions

Reconciliation Of Provisions - 2025

	Opening Balance	Additions	Utilised During The Year	Reversed During The Year	Reclassification During The Year	Total
Social And Cultural Funds	742,065	-	(1,551,249)	-	1,429,211	620,027
Royalty Distributions	27,619,310	14,627,226	(6,832,773)	(3,998,195)	(1,429,211)	29,986,357
Total	**28,361,375**	**14,627,226**	**(8,384,022)**	**(3,998,195)**	**-**	**30,606,384**

Reconciliation Of Provisions - 2024

	Opening Balance	Additions	Utilised During The Year	Reversed During The Year	Reclassification During The Year	Total
Social And Cultural Funds	981,143	-	(1,417,664)	-	1,178,586	742,065
Covid Relief	49,000	-	(49,000)	-	-	-

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

10. Trade and other payables

	2025	2024
Financial Instruments:		
Trade Payables	78,139	339,515
Other Payables	272,719	569,616
Payroll Accruals	396,832	1,310,217
Purchases Accrual	31,555	72,795
Non-Financial Instruments:		
Vat	-	1,787,101
	779,245	**4,079,244**
Financial Instrument And Non-Financial Instrument Components Of Trade And Other Payables		
At Amortised Cost	779,245	2,292,143
Non-Financial Instruments	-	1,787,101
	779,245	**4,079,244**

Exposure To Liquidity Risk

Refer to note 23 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Fair Value Of Trade And Other Payables

The fair value of trade and other payables approximates their carrying amounts.

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FIGURES IN PULA	2025	2024
11. Revenue		
Revenue from contracts with customers		
Royalty Income	26,345,281	20,180,354
Disaggregation of revenue from contracts with customers		
The company disaggregates revenue from customers as follows:		
Royalty Income		
Royalty Income	26,345,281	20,180,354
Timing of revenue recognition		
Over Time		
Royalty Income	26,345,281	20,180,354
12. Royalty distributions		
Royalty Distribution	14,627,226	14,540,081
13. Other operating income		
Rental Income	21,056	19,117
Other Income	280,567	139,210

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FIGURES IN PULA	NOTE(S)	2025	2024
14. Royalty Distribution Unclaimed			
Royalty distribution unclaimed	3	3,831,054	3,563,601
15. Operating profit (loss)			
Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:			
Auditor's Remuneration - External			
Audit Fees		95,213	60,668
Remuneration, Other Than To Employees			
Administrative And Managerial Services		2,057	-
Consulting And Professional Services		494,747	259,899
		496,804	**259,899**
Employee Costs			
Salaries, Wages, Bonuses And Other Benefits		4,230,598	4,086,193
Retirement Benefit Plans		217,992	173,763
Termination Benefits		452,822	369,652
Total Employee Costs		**4,901,412**	**4,629,608**
Depreciation And Amortisation			
Depreciation Of Property, Plant And Equipment		164,022	166,365
Depreciation Of Right-Of-Use Assets		94,683	113,140
Amortisation Of Intangible Assets		15,287	15,287
Total Depreciation And Amortisation		**273,992**	**294,792**
Movement In Credit Loss Allowances			
Trade And Other Receivables		(138,012)	638,665
Expenses By Nature			
The total costs of royalty distributions, marketing expenses, general and administrative expenses, maintenance expenses and other operating expenses are analysed by nature as follows:			
Royalty Distribution		14,627,226	14,540,081
Employee Costs		4,901,412	4,629,608
Lease Expenses		59,220	43,105
Depreciation, Amortisation And Impairment		1,036,802	294,792
Other Expenses		7,406,797	7,471,114
		28,031,457	**26,978,700**
16. Investment income			
Interest income			
Investments in financial assets:			
Bank Fixed Deposits		388,559	362,669

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FIGURES IN PULA	2025	2024
17. Finance Costs		
Lease Liabilities	124,210	154,824
18. Other Non-Operating Gains (Losses)		
19. Cash (Used In)/Generated From Operations		
Profit For The Year	2,848,862	(3,507,238)
Adjustments For Non-Cash Items:		
Depreciation, Amortisation, Impairments And Reversals Of Impairments	1,036,802	294,792
Losses On Sale Of Assets And Liabilities	26,974	-
Net Impairments And Movements In Credit Loss Allowance	-	(638,665)
Movements In Provisions	2,245,009	5,540,442
Adjust For Items Which Are Presented Separately:		
Interest Income	(388,559)	(362,669)
Finance Costs	124,210	154,824
Changes In Working Capital:		
(Increase) Decrease In Trade And Other Receivables	(4,120,701)	156,116
Increase (Decrease) In Trade And Other Payables	(3,299,999)	1,241,592
Increase (Decrease) In Deferred Income	194,533	7,513,212
	(1,332,869)	**10,392,406**

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FIGURES IN PULA	NOTE(S)	2025	2024

22. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2025

	Opening balance	Cash flows	Closing balance
Finance Lease Liabilities	1,454,987	(142,234)	1,312,753
	1,454,987	(142,234)	1,312,753
Total liabilities from financing activities	**1,454,987**	**(142,234)**	**1,312,753**

Reconciliation of liabilities arising from financing activities - 2024

	Opening balance	Cash flows	Closing balance
Finance Lease Liabilities	1,765,370	(310,383)	1,454,987
	1,765,370	(310,383)	1,454,987
Total liabilities from financing activities	**1,765,370**	**(310,383)**	**1,454,987**

21. Related parties

Relationships
Non-executive directors ***Refer to page 2***

Compensation To Directors And Other Key Management

	2025	2024
Short-Term Employee Benefits	1,875,860	1,822,421
Post-Employment Benefits	41,750	171,763
	1,917,610	**1,994,184**

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Notes to the Annual Financial Statements

FIGURES IN PULA	2025	2024

22. Directors' Emoluments

Non-Executive

2025

Directors' emoluments **Services as director or prescribed officer**	**Directors Fees**	**Total**
Bakalanga Malikongwa	152,810	152,810
Ookeditse Moyambo	98,530	98,530
Kabelo Eric Kgaodi	59,360	59,360
Alfred Morwaledi Mosimanegape	92,780	92,780
Mpho Motlhasedi	27,780	27,780
Benjamin Mogotsi	74,680	74,680
Winnie Winani Mabone	81,720	81,720
Kelebonye Sibanyoni	78,410	78,410
Martin Ntongana	85,970	85,970
Staffnurse Bangu Lesetedi-Keothepile	90,480	90,480
	842,520	**842,520**

2024

Services as director or prescribed officer	**Directors Fees**	**Total**
Bakalanga Malikongwa	101,250	101,250
Ookeditse Moyambo	69,000	69,000
Winnie Winani Mabone	61,250	61,250
Alfred Morwaledi Mosimanegape	50,750	50,750
Moletlanye Mphoeng	15,338	15,338
Mpho Motlhasedi	55,000	55,000
Benjamin Mogotsi	38,850	38,850
Kabelo Eric Kgaodi	38,750	38,750
Patrick Setsiba	41,500	41,500
Kelebonye Sibanyoni	38,000	38,000
Martin Ntongana	39,240	39,240
Staffnurse Bangu Lesetedi-Keothepile	52,500	52,500
	601,428	**601,428**

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FIGURES IN PULA	NOTE(S)	2025	2024

23. Financial Instruments And Risk Management

Categories Of Financial Instruments

Categories Of Financial Assets

2025

FIGURES IN PULA	NOTE(S)	AMORTISED COST	TOTAL	FAIR VALUE
Trade And Other Receivables	6	4,587,080	4,587,080	4,587,080
Cash And Cash Equivalents	7	34,042,936	34,042,936	34,042,936
		38,630,016	**38,630,016**	**38,630,016**

2024

FIGURES IN PULA	NOTE(S)	AMORTISED COST	TOTAL	FAIR VALUE
Trade And Other Receivables	6	1,453,320	1,453,320	1,453,320
Cash And Cash Equivalents	7	35,400,654	35,400,654	35,400,654
		36,853,974	**36,853,974**	**36,853,974**

Categories Of Financial Liabilities

2025

	NOTE(S)	AMORTISED COST	LEASES	TOTAL	FAIR VALUE
Trade And Other Receivables	10	779,245	-	779,245	779,245
Finance Lease Obligations	4	-	1,312,753	1,312,753	1,312,753
		779,245	**1,312,753**	**2,091,998**	**2,091,998**

2024

	NOTE(S)	AMORTISED COST	LEASES	TOTAL	FAIR VALUE
Trade And Other Receivables	10	2,292,144	-	2,292,144	2,292,144
Finance Lease Obligations	4	-	1,454,987	1,454,987	1,454,987
		2,292,144	**1,454,987**	**3,747,131**	**3,747,131**

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FIGURES IN PULA	2025	2024

23. Financial Instruments And Risk Management (Continued)

Pre Tax Gains And Losses On Financial Instruments

Gains And Losses On Financial Assets

2025

Recognised In Profit Or Loss:	NOTE(S)	AMORTISED COST	TOTAL
Interest Income	16	388,559	388,559
Movement In Credit Loss Allowances	15	138,012	138,012
Net Gains (Losses)		**526,571**	**526,571**

2024

Recognised In Profit Or Loss:	NOTE(S)	AMORTISED COST	TOTAL
Interest Income	16	362,669	362,669
Movement In Credit Loss Allowances	15	(638,665)	(638,665)
Net Gains (Losses)		**(275,996)**	**(275,996)**

Gains And Losses On Financial Liabilities

2025

Recognised In Profit Or Loss:	NOTE(S)	LEASES	TOTAL
Finance Costs	17	(124,210)	(124,210)

2024

Recognised In Profit Or Loss:	NOTE(S)	LEASES	TOTAL
Finance Costs	17	(154,824)	(154,824)

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FIGURES IN PULA	NOTE(S)	2025	2024

23. Financial Instruments And Risk Management (Continued)

Capital risk management

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

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

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

Lease Liabilities		1,312,753	1,454,987
Trade And Other Payables	10	2,292,142	1,185,305
Total Borrowings		**3,604,895**	**2,640,292**
Cash And Cash Equivalents	7	(34,042,936)	(35,400,206)
Net Borrowings		**(30,438,041)**	**(32,759,914)**
Equity		(99,766)	(2,948,628)

Financial risk management

Overview

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

- Credit risk
- Liquidity risk

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

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

Credit risk

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

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

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

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

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Notes to the Annual Financial Statements

23. Financial instruments and risk management (continued)

		2024			2023		
		Gross Carrying Amount	Credit Loss Allowance	Amortised Cost / Fair Value	Gross Carrying Amount	Credit Loss Allowance	Amortised Cost / Fair Value
Trade And Other Receivables	6	5,360,827	(773,747)	4,587,080	2,365,079	(911,759)	1,453,320
Cash And Cash Equivalents	7	34,042,936	-	34,042,936	35,400,206	-	35,400,206
		39,403,763	**(773,747)**	**38,630,016**	**37,765,285**	**(911,759)**	**36,853,526**

Liquidity Risk

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

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

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

2025

	1 To 2 Years	2 To 5 Years	Over 5 Years	Total	Carrying Amount
Non-Current Liabilities					
Lease Liabilities	-	1,118,040	419,265	1,537,305	1,164,061
Current Liabilities					
Trade And Other Payables	601,421	-	-	601,421	779,245
Lease Liabilities	279,510	-	-	279,510	148,692
	880,931	**1,118,040**	**419,265**	**2,418,236**	**2,091,998**

2024

	1 To 2 Years	2 To 5 Years	Over 5 Years	Total	Carrying Amount
Non-Current Liabilities					
Lease Liabilities	-	1,404,783	428,386	1,833,169	1,169,396
Current Liabilities					
Trade And Other Payables	2,292,143	-	-	2,292,143	2,292,144
Lease Liabilities	285,591	-	-	285,591	285,591
	880,931	**1,118,040**	**419,265**	**2,418,236**	**2,091,998**

Interest Rate Risk

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

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

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

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Notes to the Annual Financial Statements

FIGURES IN PULA	NOTE(S)	2025	2024

24. Going Concern

The annual financial statements have been prepared on the going concern basis, which assumes that the Copyright Society of Botswana ("COSBOTS") will continue in operational existence for the foreseeable future and will be able to realise its assets and settle its liabilities in the ordinary course of business.

In assessing the appropriateness of the going concern basis, the Board considered the Society's current financial position, projected cash flows, available cash resources and expected operating activities for a period of at least twelve months from the date of approval of these annual financial statements.

During the year ended 30 June 2025, the Society recorded a profit of **P2,848,862 (2024: loss of P3,507,238),** resulting in a significant improvement in accumulated losses, which reduced to **P99,766 (2024: P2,948,628).** The Society also maintained cash and cash equivalents of **P34,042,936** at year end, providing adequate liquidity to meet its operational requirements and royalty distribution obligations as they fall due.

Although current liabilities exceeded current assets at the reporting date, the Board noted that a substantial portion of the current liabilities comprises royalty distribution provisions and deferred income arising from the Society's statutory mandate to collect and distribute royalties on behalf of copyright owners. These balances do not represent conventional financing obligations but arise in the ordinary course of administering collective management activities and are expected to be settled through the normal royalty distribution process in accordance with the Copyright and Neighbouring Rights Act and the Society's approved distribution rules.

The Board has reviewed the Society's budgets, cash flow forecasts and expected licensing revenue for the forthcoming financial year and is satisfied that the Society has sufficient financial resources and appropriate operational plans to continue meeting its obligations as they fall due.

Accordingly, the directors have concluded that it is appropriate to prepare the annual financial statements on the going concern basis and have not identified any material uncertainty that may cast significant doubt on the Society's ability to continue as a going concern.

25. Events After The Reporting Period

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

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Detailed Income Statement

FIGURES IN PULA	NOTE(S)	2025	2024
Revenue			
Royalty Income		26,345,281	20,180,354
Royalty Distribution		(14,627,226)	(14,540,081)
Gross Profit		**11,718,055**	**5,640,273**
Other Operating Income			
Rental Income		21,056	19,117
Other Income		280,567	139,210
	13	**301,623**	**158,327**
Other Operating Gains (Losses)			
Royalty Distribution Unclaimed		3,831,054	3,563,601
Movement In Credit Loss Allowances	15	138,012	(638,665)
Expenses (Refer To Page 41)		**(13,404,231)**	**(12,438,620)**
Operating Profit (Loss)		**2,584,513**	**(3,715,084)**
Investment Income	16	388,559	362,669
Finance Costs	17	(124,210)	(154,824)
Total Comprehensive Income (Loss) For The Year		**2,848,862**	**(3,507,239)**

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Detailed Income Statement

FIGURES IN PULA	NOTE(S)	2025	2024
Other Operating Expenses			
Accounting Fees		-	(3,000)
Administration Fees		(2,057)	-
Advertising		(188,628)	(277,112)
Amortisation		(15,287)	(15,287)
Auditor's Remuneration - External Audit	15	(95,213)	(60,668)
Bank Charges		(116,965)	(44,683)
Cleaning		(21,029)	(7,225)
Commission Paid		(21,997)	(14,579)
Legal Fees		(326,081)	(173,973)
Consulting Fees		(168,666)	(82,926)
Depreciation		(258,705)	(279,505)
Donations		-	(490)
Employee costs		(4,901,412)	(4,629,608)
Entertainment		(10,809)	-
Membership expenses		(126,661)	(143,316)
Monitoring expenses		(497,674)	(650,146)
Licensing expenses		(24,934)	(94,422)
Board expenses		(3,486,002)	(3,380,762)
Other expenses		(6,620)	(101,375)
Recruitment		(62,368)	-
Loss on assets disposal		(26,974)	-
IT expenses		(294,044)	(195,769)
Impairment		(762,810)	-
Insurance		(79,829)	(71,761)
Leases of low value assets		(59,220)	(43,105)
Levies		(1,046)	(26,853)
Motor vehicle expenses		(234,184)	(343,580)
Electricity and water		(66,805)	(69,727)
DBS Project		-	(100)
Postage		-	(1,480)
Printing and stationery		(126,043)	(126,662)
Repairs and maintenance		(40,079)	(29,747)
Security		(80,350)	(86,341)
Staff welfare		(270,531)	(122,538)
Subscriptions		(68,160)	(95,645)
Telephone and fax		(204,929)	(253,931)
Training		(67,513)	(149,420)
Travel and accommodation		(690,606)	(862,884)
		(13,404,231)	**(12,438,620)**

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Copyright Society of Botswana

Business Name:
Copyright Society of Botswana (COSBOTS)

Business Address:
Plot 93, Unit 1 Gaborone International Commerce Park, Gaborone
Private Bag BO75, Bontleng, Gaborone, Botswana

Website:
www.cosbots.com

E-mail:
info@cosbots.co.bw

Tel:
(+267) 392 8055

Fax:
(+267) 392 8131