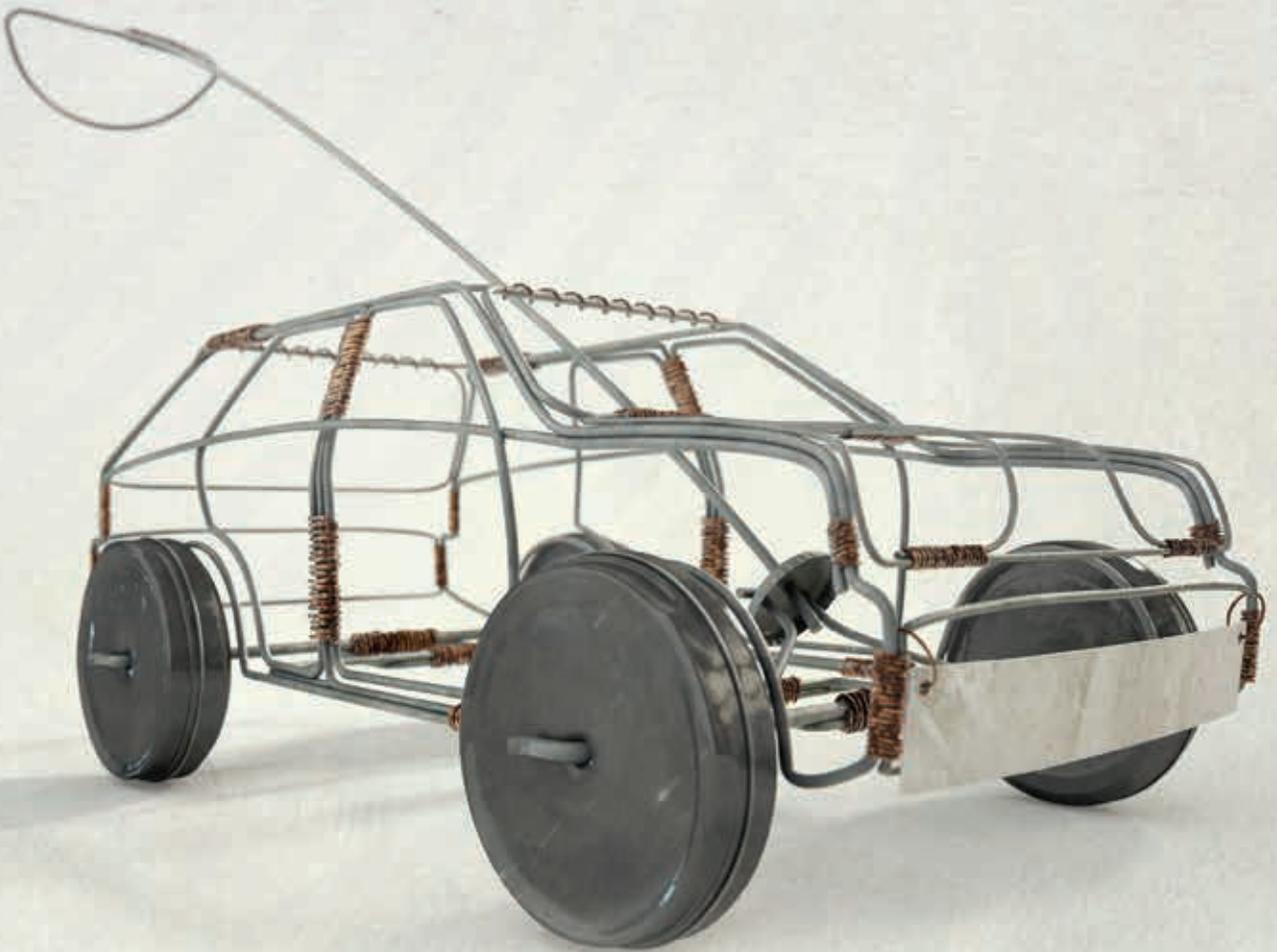


ANNUAL REPORT

2017/18





ABOUT CIPA

The Companies and Intellectual Property Authority (CIPA) is mandated to register businesses and protect intellectual property rights through the administration of four (4) pieces of legislation, namely;

The Companies Act (CAP 42:01), which provides for the incorporation of companies; registration of post incorporation returns and notices; monitoring of post incorporation returns and reservation of company names.

Registration of Business Names Act (CAP 42:05), which provides for reservation and registration of business names, post registration notices such as change of ownership and cessation of businesses.

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

Industrial Property Act, (CAP 68:03) which provides for the protection of industrial property rights in relation to patents, trademarks, utility model certificates, industrial designs, traditional knowledge, layout designs of integrated circuits, geographical indications and handicrafts.

The Authority is headed by the Registrar General who oversees the operations of all divisions of the Authority and ensures that it achieves the mandate for which it was set up.

CIPA as an entity responsible for the registration of businesses and protection of Intellectual Property, represents Botswana in International Organisations such as the World Intellectual Property Organization, African Regional Intellectual Property Organization and Corporate Registers Forum.

Our Vision:

To be the leading Business Registration and Intellectual Property Authority contributing to making Botswana the No.1 business destination in Africa by 2020.

Our Mission:

To protect the interests of Investors and Right Holders by providing efficient and accessible Business Registration and Intellectual Property services.

Our Values:

Customer Focus: We continuously seek to understand our customers' needs and focus on satisfying them. We put the client first in all decisions that we make.

Innovation: We encourage a culture of creativity at all levels of our organisation, an environment for creating new ways of providing services and improving our processes to meet the ever changing needs of our clients.

Integrity: We strive to continuously do the right things. To be consistent with services provided to our clients, being open, honest and accountable as an organisation. We promise to ensure that investor information is accurate and up to date.

Efficiency: We promise to always deliver superior service at a speed that will "WOW" our customers.

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BOARD OF DIRECTORS



Mr Martinus P. Seboni
Board Chairperson



Mr Charles Siwawa
Finance and Audit Committee



Mr Norman Sebonego
Board Tender Committee
Finance and Audit Committee
Human Resource Committee



Mr Phazha Butale
Human Resource Committee



Mr Reginald Bakwena
Human Resource Committee



Ms Itumeleng Avril Moremong
Board Tender Committee



Dr Bernard Bulawayo
Human Resource Committee



Mr Ngele Gabriel Ngele
Finance and Audit Committee,
Human Resource Committee

EXECUTIVE MANAGEMENT



Mr Conductor Paul Masena
Registrar General



Ms Pego M Asaim
*Board Secretary &
Legal Advisor*



Mr Timothy Moolusi
Registrar - Industrial Property



Ms Ntesang Sebetso
*Director - Compliance
Awareness & Client Services*



**Ms Keitseng Nkah
Monyatsi**
Copyright Administrator



Mr Mernard Mothetho
*Director - Corporate
Services*



Ms Hilda Mocuminyane
*Registrar - Companies &
Business Names*



**Mr Greene Sidney
Kamakana**
*Director - information
Technology*



Mr Bumo Boemo Nthoiwa
Internal Audit Manager



Mr Adam Marenga
Strategy Manager

CHAIRMAN'S REPORT

DEAR VALUED STAKEHOLDERS,

On behalf of the Board of Directors, I am pleased to present the third annual report for the Companies and Intellectual Property Authority.



Mr Martinus P. Seboni
Board Chairperson

STRATEGY REVIEW 2017/2018

The overall performance for CIPA for the period 1 April 2017 to 31st March 2018 stood at 75%. Although this represents a 5% decline in performance from the previous financial year, I am optimistic that the Authority is traversing on the right path to achieving its vision of being a leading business registration and intellectual property authority by 2020. The slight decline in performance also represents a decline in revenue generated by the Authority, with a total of P40,6m as compared to P43,5m generated in 2016/2017. I must however, point out that against the Government subvention received of P38,4m, the revenue generated this financial year demonstrates good potential for growth.

Despite the decline in performance and revenue, it is pleasing to note an 82% increase in companies and business names registered during the period, with 62,008 registered compared to 34,021 in the prior period. This is a clear demonstration that registration of companies and business names remain the main revenue earner for the Authority, and with concerted efforts to develop this section of the business through improved compliance to annual returns submissions, the Authority will most certainly see a significant rise in revenue generated. I firmly believe that the introduction of the online registration system will help us in this quest to increase our revenue.

2017/2018 saw a slight increase in Intellectual Property Filings, albeit under the target of 10%. It is also apparent that trademarks remain the most registered Industrial Property – which calls for CIPA to intensify awareness creation for all Intellectual Property rights. We do believe as an Authority, and evidence from more developed nations has shown that, effective protection of Intellectual Property rights contributes to job creation, development and prosperity. Therefore, growth in this area must be systematically and deliberately nurtured as it will have a positive impact on the economy of the country as a whole.

The Authority has achieved a 100% rating on budget utilisation, following the full utilisation of the P38,4m operating expenditure recurrent subvention received from the Ministry for the 2017/18 financial year. This positive performance indicates that with more resources, CIPA will be able to implement key initiatives that will generate more revenue through company registration, annual returns, and industrial property filings.

CHAIRMAN'S REPORT *Continued***CORPORATE GOVERNANCE**

As an entity tasked with one of the pillars that drive the country's economy, it is of paramount importance for CIPA to adhere to statutory and regulatory requirements, as well as ensure that our processes and business dealings display the highest level of transparency and accountability. Under the auspices of the King IV Code of Corporate Governance, CIPA has developed the Board Charter; Terms of Reference for the Finance and Audit Committee, Board Tender Committee, and Human Resource Committees, as well as the CIPA Procurement and Disposal Policy to guide operations. A Risk Management Policy is also in place to address and manage corporate, operational and financial risks.

All eight Board members are in place and their tenure of appointment, which is a major tenet of the King IV Code of Corporate Governance, is valid. The CIPA Act requires the Board to meet at least once every quarter to consider the business of the Authority and give strategic direction. To date, the Board and its committees has achieved 100% compliance to its meeting schedules, and a quorum has been formed in all instances.

OUTLOOK

The Board is focused on sustainable growth and resilience for the Authority by enhancing performance through innovation. We will continually review and develop our strategy to deliver value to our customers and shareholder within a governance framework that provides stability, prudence and effective oversight. The Board is, with excitement, looking forward to the Online Business Registration System as well as the Model Intellectual Property Office, which when delivered, will transform Botswana's doing business landscape, and deliver an enhanced customer experience that is both enabling and conducive for local and foreign investors. Both of these projects speak to CIPA's strategic intent of pursuing strong organic growth through leveraging technology, and significant resources will be put towards their achievement in the next financial year.

ACKNOWLEDGEMENTS

Mr Conductor Paul Masena and his Executive team continue to lead the Authority with great focus and determination, and I thank them for their continued commitment, despite persistent financial constraints. I have been immensely impressed by how the staff of CIPA continue to adhere to the work ethics dictated by the Authority's values of Customer Focus, Innovation, Integrity and Efficiency and I wish to thank them for going the extra mile in serving our customers.

I would like to sincerely thank my fellow Board Members for their diligence and providing strategic oversight and commitment to the CIPA vision. My gratitude also goes towards our shareholder, the Ministry of Investment, Trade and Industry for their thoughtful leadership, support and wise counsel.

Last but not least, it would be amiss if I did not thank our most important stakeholders – our valued customers. Your patronage and continued support are critical to the sustainability of the Authority, and we look forward to serving you even better in the future.



REGISTRAR GENERAL'S REPORT

Overview

It is with great pleasure that I present to you the Companies and Intellectual Property Authority (CIPA) Annual Report for the period 1st April 2017 to 31st March 2018. The Authority continues in its pursuit to protect the rights of investors and rights holders as espoused in its long term corporate strategy 2015 - 2020. Our mandate remains critical and relevant to the economy of our country as we endeavour to take Botswana forward, more especially in the ease of Doing Business landscape. We remain a key player in the starting a business front in Botswana due to our contribution in the three sub-indicators of name reservation, company registration and signing a declaration form. This is because we are the first point of call for any entity that seeks to do business in Botswana with the aim of contributing to growing the country's economy.



Conductor Paul Masena
Registrar General

Since the commencement of the Companies and Intellectual Property Authority Act CAP. 42:13 in November 2014, we continue to pursue in earnest our vision of becoming the leading Business Registration and Intellectual Property Authority contributing to making Botswana the No.1 business destination in Africa by 2020. While the path to our vision remains challenging due to limited financial resources, we remain resolute and focussed to keeping our dream alive. Maintaining our operations afloat with a minimum risk of disruption has been our key strong focus during 2017/18. Concerning companies and business names registration, we have been able to deliver 62, 008 companies and business names within an average of nine (9) days (same as previous year) against the annual target of four (4) days during the period under review compared to the 34, 021 processed during the prior period, representing a significant increase of 82%. We are optimistic that these newly registered businesses will have a positive impact on employment creation, poverty alleviation and general economic growth.

CUSTOMER FOCUS

At the core of our existence is the provision of customer centric products to meet the needs of our customers and we have made it our business to continuously evaluate how customers perceive our service provision efforts. In pursuit of our strategic foundations, in particular our high-level value of 'customer focus', we have been interacting with our customers through the Customer Feedback tool, which is a short-term Customer Dipstick Survey to determine the level of approval of our products and services, achieving an overall customer satisfaction index of 84.6%. A more comprehensive customer satisfaction survey will be conducted during 2018/19.

Customers continue to give us feedback on the areas we are doing well and those in which improvements are required in terms of the quality of our services. Some of the positive feedback from customers include excellent and timely service, professionalism by our staff and availability of vital information on services. However, areas of concern related to long queues, uncondusive office environment, long waiting time and shortage of human capital. We endeavour to continuously

REGISTRAR GENERAL'S REPORT *Continued*

address these concerns, while others will be addressed through the relocation of the Gaborone and Francistown branch offices to much bigger and modern offices during the first and third quarter of 2018/19, respectively, as well as the implementation of the Online Business Registration System (OBRS) during the 2019/20 financial year. These issues notwithstanding, the Authority managed to achieve a favourable rating with regards to the resolution of customer complaints, which is a commendable milestone in our quest to be a customer focused entity.

STRATEGIC PARTNERSHIPS

We continue to partner with various stakeholders in a bid to pursue some of our key result areas, more especially those on the internal business processes. This is in recognition of the fact that, without these partnerships, many of our efforts would not bear fruit. The Botswana Police Service continue to play a pivotal role in our bid to rid the market of pirated works through anti-piracy raids and spot checks to re-enforce compliance to our regulatory frameworks. During 2017/18, a total of 17 raids were conducted, out of which 12, 923 pirated works to the value of P1, 033, 840 were confiscated. We continue to sensitize the law enforcement agencies on the need to enhance our enforcement efforts since that is key to promoting creativity and innovativeness among Botswana. In addition, we also continuously capacitate the Botswana Police Service to keep pace with the latest legal requirements and reforms within the intellectual property rights protection environment.

Through the signed Memorandum of Understandings (MOUs) with Competition Authority, Botswana Unified Revenue Service and Public Procurement and Asset Disposal Board as well as the Ministry of Youth Empowerment, Sport and Culture Development, we continue to collaborate and share information to attain some of our salient deliverables within the context of the MOUs. In terms of the CIPA/BURS agreement, there is an ongoing exercise of removing non-compliant companies from the balance of 43,000 list of non-compliant companies, while we continued to hold joint mall activation exhibitions with the Competition Authority to educate the public about services offered by the two Agencies.

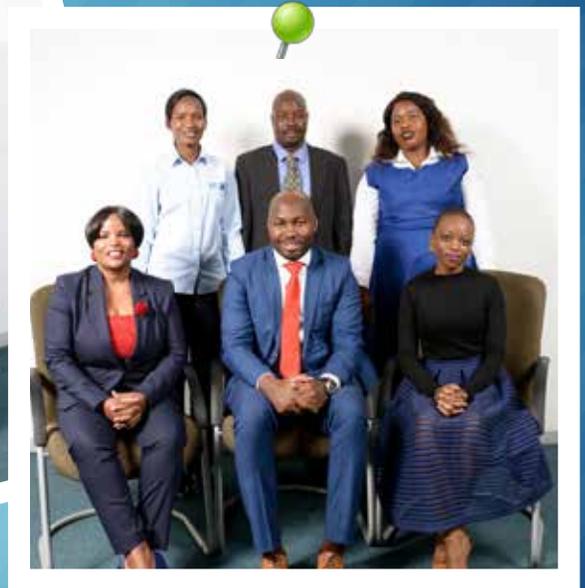
STAKEHOLDER ENGAGEMENT

As an organisation in its fourth year of existence, we recognise the need to continuously engage with our customers on various forums and to that end, a total of 33 stakeholder engagement activities were held in various places across the country against the target of eight (8) to, among others, sensitise our stakeholders on our service offerings as well as get feedback on how we can serve them better. We also continuously engage with our customers on our social media platforms so that they are aware of the services we provide and how to access them.

Intellectual property remains an area of interest for CIPA because of the value creation that can be derived from the protection and ownership of intellectual property rights. To that end, we have collaborated with the United States of America Embassy in Botswana, the World Intellectual Property Organisation (WIPO) and African Regional Intellectual Property Organisation (ARIPO) to train rights holders and our staff on different areas of intellectual property. We also made a presentation at the PIC FORCE under the theme "Using IP as a tool for Economic Development", while we hosted the annual World Intellectual Property Day in the village of D'Kar in the Ghanzi region under the theme "Innovation: Improving lives". The village was chosen as there is an Innovation Centre owned by the community, which solves community problems using modern and traditional methods. We believe that through continuous engagement on intellectual property, and by including rural communities especially with regards to the areas of traditional knowledge, arts and handicrafts, we will attain significant awareness levels which will ultimately impact the number of industrial property filings received by CIPA overtime in the not so distant future.

PERFORMANCE REVIEW

The foregoing positive outlook notwithstanding, there were some key result areas that performed below expectation during 2017/18, which had a pull down effect on our overall results. We had anticipated the commencement of the online registration of companies and business names in December 2017, which did



REGISTRAR GENERAL'S REPORT *Continued*

not happen due to the delays in finalising the legal reforms through the amendment of the Companies and Registration of Business Names Acts, as well as the passing of the Re-registration Bills. However, we still anticipate a positive outlook in terms of impacting the overall starting a business indicator and ultimately the World Doing Business Rankings. Our revenue collection declined from the P43.1m collected during the prior year to P40.6m, despite the increased numbers of registered companies and business names and that is attributable to low compliance to annual returns by registered companies.

While the negative growth in revenue is a concern to us in view of our aspirations to be a self-sustaining organisation in the next five years, we remain optimistic that the envisaged online business registration system will usher in enormous changes that will enhance compliance to annual returns, which is our next revenue earner. The Online Business Registration system will further reduce operational cost for the Authority and opening other revenue streams such as trading big data, especially following the approval of our ICT Strategy 2018 – 2020 by the Board in March 2018.

LOOKING AHEAD

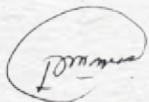
The year ahead promises to be a very engaging one for the Authority. We are looking forward to hosting the annual Corporate Register's Forum (CRF) in May 2018 – a prestigious global conference which will be held under the theme Corporate Registries; A Critical Vehicle for Global Economic Growth. CIPA is a member in good standing of the CRF, through which as a registry we benefit from benchmarking on international best practice for the benefit of improving Botswana's business landscape.

We are also preparing, in earnest, for the Online Business Registration System. Through our countrywide engagements with the business community and key stakeholders, we are encouraged to learn that Batswana are looking forward to this development as much as we are, and we will invest a significant portion of our resources to work towards the delivery of this system in the near future.

On the intellectual property front, work on the Model IP Office, a project sponsored by the World Intellectual Property Office continues. With this initiative, we expect to establish efficient business processes for the registration of intellectual property rights. The year ahead will also see the Authority intensifying awareness on IP, with a view to increasing registrations and ensuring optimal use of the Model IP Office once it is launched. We are also looking forward to being under one roof once the Gaborone office relocates to the CBD during 2018/19, which will undoubtedly improve our operational effectiveness.

I would like to convey special thanks to the management and staff of CIPA who have done all within their capabilities to ensure that we stay on course and focused on delivering our mandate despite the challenges. Moreover, the Board of CIPA has remained committed to steering the Authority to attain its vision and fulfil the mandate for which it was set up and for all that I remain grateful.

I further thank the Shareholder, through the Ministry of Investment, Trade and Industry for the continued support and availing of resources for CIPA to execute its mandate. Our sincere gratitude and appreciation are also extended to our International and Regional partners such as, the World Intellectual Property Organisation (WIPO), Corporate Registers Forum (CRF), New Zealand Companies Office and the African Regional Intellectual Property Organisation (ARIPO) for the assistance and best practices offered to CIPA.





A photograph of an office desk with a computer monitor, keyboard, and papers. A blue banner is overlaid on the top left, containing a large white number '1' inside a white circle. The background shows a filing cabinet and a person's hand holding a document.

1

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE REPORT 2017/2018

CORPORATE GOVERNANCE

The Companies and Intellectual Property Authority was established following the enactment of the Companies and Intellectual Property Authority Act (CIPA Act), No 14 of 2011, as an autonomous body reporting to the Minister of Investment, Trade and Industry, with a common seal, capable of suing and being sued in its own name.

THE BOARD

The Board of Directors is the governing body of the Authority, responsible amongst others for providing strategic direction and leadership, ensuring that good governance practices are adopted and implemented effectively by the Authority, monitoring the deployment and utilisation of the Authority's resources, as well as putting in place sound financial reporting procedures.

In discharging their responsibilities, the Board and its Committees are governed by the Companies and Intellectual Property Act, 2011, the Board Charter, Finance and Audit Committee Charter, Board Tender Committee Charter, the Human Resource Committee Charter, Internal policies and procedures, including the Conflicts of Interest Policy which is designed to ensure that personal and/or financial interests of Board members are brought to the attention of the Board and appropriately dealt with, in line with the Corruption and Economic Crime Act (Amendment), 2013.

The CIPA Board comprises eight (8) non-executive directors, appointed by virtue of their diverse knowledge and skills which are aligned to the organisational strategic goals and clearly defined under the CIPA Act. The CIPA Act empowers the Board to co-opt an additional member, appropriately qualified and skilled to provide technical guidance on matters which the Board may consider complex. During the period under review, no Board resignations were recorded, however, renewal of membership was approved by the Minister of Investment Trade and Industry in respect of three Board Members, including the Board Chairperson, whose second five-year term kicked off in the 3rd quarter of 2017/2018 financial year.

Following an exercise to rotate membership within the Board committees, the current membership to the Board and its Committees is illustrated below:

CORPORATE GOVERNANCE REPORT 2017/2018 *Continued*

Board Chairperson: Mr Martinus Seboni – (Overall accountability for the Board)		
COMMITTEE	COMPOSITION	SCOPE
Finance and Audit Committee	Mr Ngele Gabriel Ngele (Chairperson) Mr Charles Siwawa (Member) Mr Norman Sebonego (Member)	To oversee all fiscal and related matters, financial reporting to the Board; oversees the external audit process and provides oversight for internal audit process
Human Resource Committee	Dr Bernard Bulawayo (Chairperson) Mr Reginald Bakwena (Member) Mr Norman Sebonego (Member)	To provide governance in HR issues including recruitment, talent management, industrial relations, and formulate all HR policies and practices and monitor their implementation
Board Tender Committee	Mr Norman Sebonego (Chairperson) Ms Itumeleng Moremong (Member) Mr Phazha Butale (Member)	To oversee the procurement of goods, works and services for CIPA up to approved threshold levels, formulate procurement and disposal policies for CIPA and monitor implementation of such policies.

THE BOARD AND GOVERNANCE

The Authority is committed to adhering to corporate governance principles espoused under the King Code of Governance (King IV report). A total of 15 principles were identified as being core to the Authority's compliance to good corporate governance standards, and out of these the Authority attained an overall compliance rate of 70% against the annual target of 90%, resulting in a performance result of 78%. Of the 15 principles, the Authority was not able to comply in the following areas – Board Evaluation and appraisal, IT Governance, and Internal Audit Processes. The evaluation of the Board was deferred to the next financial year due to inadequate funds.

The Internal Audit role is fundamental to ensuring good governance practices in any organisation, particularly as it discharges the pivotal role of providing independent and overall assurance of financial and other internal controls through the implementation of an adequate Internal Audit Charter and a risk-based internal audit Plan. The absence of an Internal Audit function has hitherto been seen as one of the Authority's weakest links. On a positive note, it is pleasing to report that the Internal Audit Manager was recruited during the last quarter of the reporting period, and will move swiftly to implement processes to monitor and assess the effectiveness of the Authority's internal controls and make recommendations for improvement.

CORPORATE GOVERNANCE REPORT 2017/2018 *Continued*

The Authority continues to review its ICT systems to ensure that they are aligned with the long-term strategic direction of the organisation. The 2017/18 external audit report identified areas of improvement which the Authority continues to prioritize in order to address inadequacies identified from the audit. One of the major achievements during the period under review was the development and approval by the Board, of the IT Strategy which recognizes the role of IT as a key enabler in enhancing service delivery for company and business names registration as well as the protection of intellectual property.

BOARD MEETINGS

Section 15 (3) of the CIPA Act makes provision for the Board to convene its meetings at least once quarterly. During the period under review, the Board and its Committees achieved a 100% compliance to its meeting schedule, and in all instances the issue of quorum is closely monitored by the Secretary of the Board. (See table below)

DIRECTOR DEVELOPMENT

During the last quarter of the 2017/18 financial year, the Board, along with Senior Executive Management participated in an informative two day training course on Finance for Non-Finance Managers. The training was fundamental to the Board's financial reporting responsibilities as it served to fortify and strengthen existing skills, and impart the necessary skills required to better understand financial reporting and critically analyse financial statements and financial reports in a manner that contributes to overall sound business decisions.

RISK MANAGEMENT

Given that all organisations face uncertainties, risk management is recognized as an integral part of effective corporate governance and sound management practices. The creation and adoption of a structured risk management framework is critical to enabling the Board and Management to effectively deal with these uncertainties by promoting a risk-aware culture for the organisation. During the reporting period, the Authority adopted a comprehensive approach to the management of risk through the implementation of the Risk Management Policy. The Policy is intended to guide the Authority in making informed decisions with respect to activities and business processes that it undertakes by appropriately considering both the risks and opportunities arising from those risks. The Policy aims to ensure that all risks in the Authority's operations are systematically managed for the achievement of the Authority's strategic objectives as enshrined in its 2015-2020 Strategic Plan.

The CIPA Board and management are fully committed to the implementation and sustenance of this policy to enable achievement of strategic and operational objectives.

CORPORATE GOVERNANCE REPORT 2017/2018 *Continued***CIPA Board Meeting Attendance 2016/2017**

	Full Board				
	07.02.17	03.04.17	11.05.17	13.07.17	15.08.17
Mr Martinus Seboni	√	√	x	√	√
Mr Charles Siwawa	√	√	√	√	√
Mr Reginald Bakwena	√	√	√	x	√
Dr Bernard Bulawayo	x	√	x	√	√
Mr Norman Sebonego	√	x	√	√	x
Mr Phadza Butale	√	x	√	√	x
Mr Ngele G Ngele	√	√	√	√	√
Ms Itumeleng Moremong	x	x	√	x	√

	Tender Board Committee				
	24.01.17	20.04.17	24.07.17	15.09.17	24.10.17
Mr Phadza Butale	√	√	√	√	√
Ms Itumeleng Moremong			x	√	x
Mr Norman Sebonego			√	√	√
Mr Ngele G Ngele	√	x			
Mr Reginald Bakwena	√	√			

	Human Resource Committee				
	02.01.17	22.07.17	10.08.17	18.10.17	02.03.17
Dr Bernard Bulawayo	√	√	√	√	√
Mr Ngele G. Ngele		√	√	√	√
Mr Reginald Bakwena		√	√	√	√
Mr Norman Sebonego	√				
Mr Charles Siwawa	√				

	Finance and Audit Committee				
	26.01.17	22.03.17	08.08.17	23.10.17	19.02.17
Mr Norman Sebonego	√	√	√	√	√
Mr Ngele G. Ngele	√	√	√	√	√
Mr Charles Siwawa			√	x	√
Ms Itumeleng Moremong	√	√			

 Not Members of the Committee

 Present

 Apology



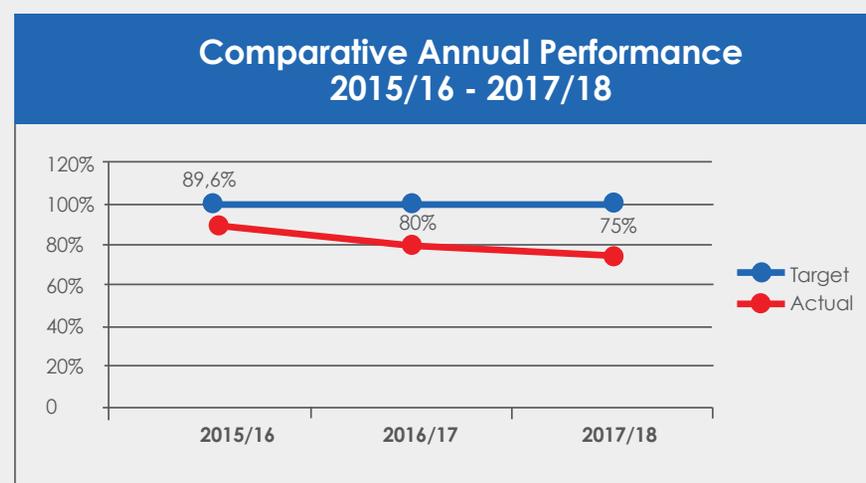
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CORPORATE
PERFORMANCE REPORT

CORPORATE PERFORMANCE REPORT 2017/2018

1.0 INTRODUCTION

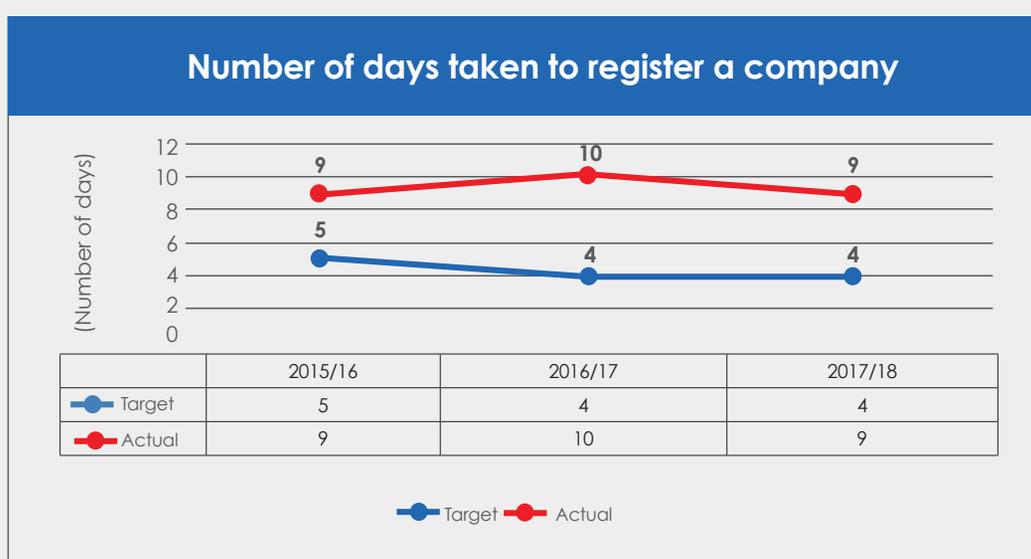
- The overall corporate performance for the Authority for 2017/18 stood at **75%**. This is a decline of 5% in performance as shown on **figure 1** when compared with the performance of **80%** achieved during 2016/17. **Figure 1** further shows that the Authority's performance has been declining from the 89.6% achieved during 2015/16 to the current performance of 75%. This could be due to the fact that during 2015/16, a majority of the indicators (23/34) were not assessed, as their initiatives had not yet been implemented, which had a positive impact in the Authority's performance. Further, only two (2) indicators from those assessed were slightly below target.
- While, there was a huge improvement in the number of indicators assessed, from 11/34 in 2015/16 to 24/34 during 2016/17, the corporate performance for the year declined to 80% due to poor results achieved in three (3) indicators, being: **Starting a Business Ranking, % Increase in IP Filings and Awareness Index** all of which were significantly below their respective targets. On the other hand, the corporate performance for 2017/18 declined further due to the poor results achieved by four (4) indicators, namely; **% Increase in IP filings, % Compliance to annual returns, % Support Processes Mapped and % Increase in Revenue Generated** all of which performed significantly below target.

Figure 1: Comparative yearly Performance from 2015/16 to 2017/18**2.0 KEY PERFORMANCE HIGHLIGHTS****2.1 Companies and Business Names Registration**

- An average of ten (10) days turnaround time has been achieved to process a total of 62, 008 applications for companies and business names for out of the 68, 212 applications received from 1st April 2017 to 31st March 2018.
- Out of the total processed, 46, 140 applications were processed within a turnaround time of three (3) days, whilst a total of 15, 868 applications were processed within an average of 17 days, thereby taking the turnaround time to ten (10) days.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued*

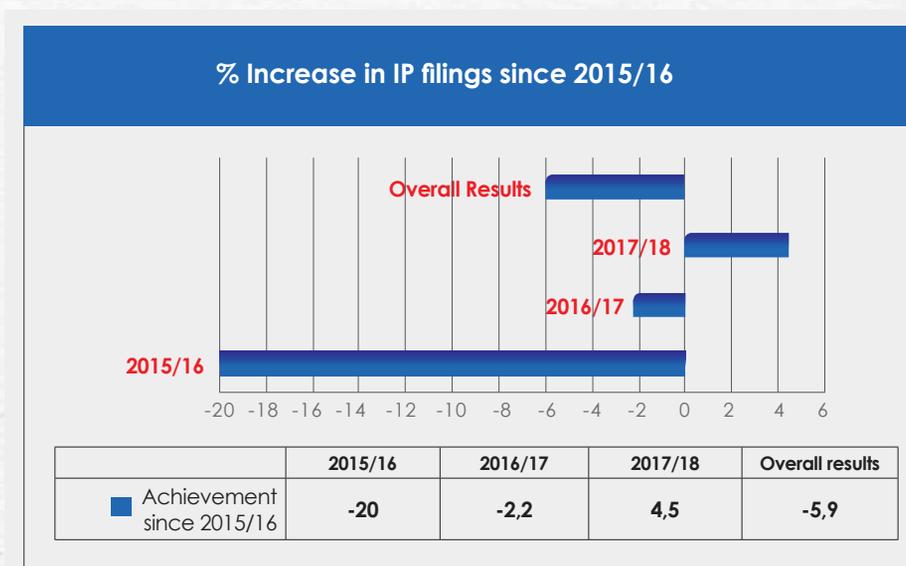
- Since the first year of the strategy in 2015/16 to the current reporting period, the companies and business names registration indicator continued to perform below the target as per figure 2 below. This underperformance could be attributed to a number of factors, which include human capital constraints and the failure by some customers to resubmit copies sent for correction which continue to affect the performance of this indicator, leading to prolonged turnaround times. The same constraints have led to the low performance in the Number of days taken to reserve a unique business/company name indicator, where an average of ten (10) days has been achieved against the annual target of four (4) days during 2017/18. This has ripple effects on the Authority's contribution to starting a business indicator.
- On the 2018 World Bank Doing Business rankings, Botswana is ranked 81st in the World and 4th in Sub Saharan Africa, while on the starting a business ranking we have been rated 153rd in the world and 31st in Africa. These rankings affect our ability to attract the much-needed foreign direct investment, which is essential for employment creation and economic growth.

Figure 2: Company registration performance from 1st April 2015 to 31st March 2018

- There is, however, hope that there will be tremendous improvement in the performance of this indicator with the introduction of online registration for companies and business names in the near future. The legislative reforms aimed at facilitating online registration for companies and business names are currently at an advanced level and it is anticipated that the proposed Bills will be presented to Parliament for approval in April 2018.

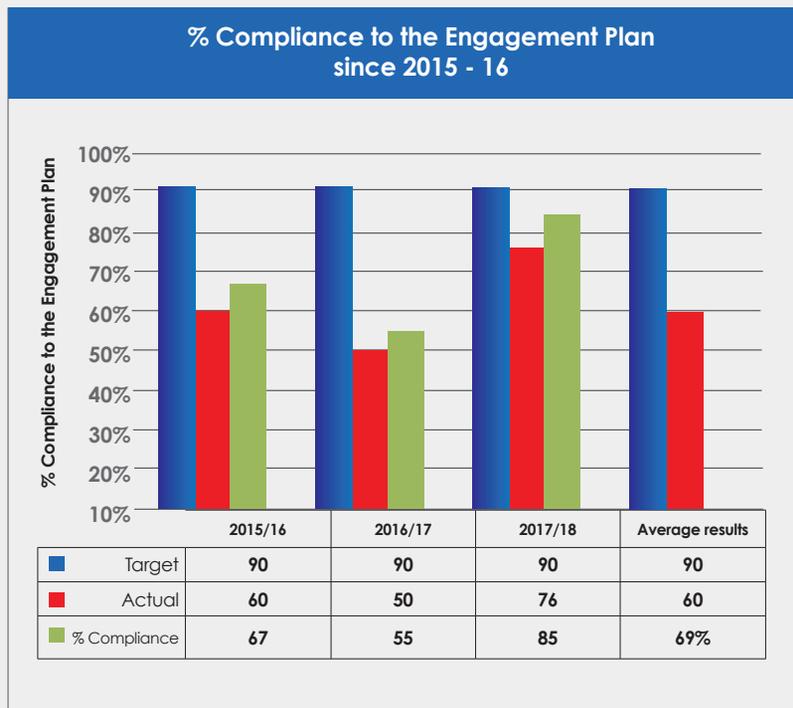
CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***2.2 Industrial Property Filings**

- Percentage Increase in Industrial Property filings is one of our key leading indicators for our business results perspective, which, if achieved, will immersely contribute to the achievement of our vision. Since inception, the target of 10% increase in IP filings has never been achieved as shown on figure 3. While there has been a slight increase in IP filings during 2017/18, this was far below the annual target of 10%. Infact, since inception, the average results to date show a negative variance of 5.9% for the indicator hence there is still more that needs to be done to improve the industrial property filings by firms and individuals.
- This failure to achieve the target for this indicator could be directly linked to the limited number of IP related awareness activities undertaken during the year due to the financial constraints faced by the Authority. Innovative ways of reaching out to rights holders to encourage them to register their IP rights in order to protect them from infringement should, therefore, be explored if the Authority is to be the leading business registration and intellectual property Authority, contributing to making Botswana the number one business destination in Africa by 2020.
- Studies have shown that IP rights have a positive impact on jobs, economic growth and prosperity hence an increased IP registration is likely to impact positively on the economy. For instance, a joint study by the European Patent Office (EPO) and the EU Intellectual Property Office (EUIPO) found that 42% of the total GDP in the EU (some EUR 5.7 trillion annually) is generated by IP-intensive industries, while approximately 38% of all employment in the EU (82 million jobs) stems from businesses that have a higher than average use of IP rights.

Figure 3: Performance of the % Increase in IP Filings indicator

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***2.3 Stakeholder Engagement**

- In line with its customer value proposition, the Authority has an obligation to engage its key stakeholders as part of its business model due to the recognition that business results can never be achieved without the involvement of key stakeholders. The Authority, therefore, develops, on annual basis a comprehensive stakeholder engagement plan based on its stakeholder mapping at the annual strategy review. The Authority then measures itself on the achievement of the engagement plan in its corporate scorecard.
- During the 2017/18 financial year, the Authority achieved a compliance of 76% to the engagement plan against the annual target of 90%, which translates to a performance score of 85%. This is an increase of 30% when compared with the 55% attained during 2016/17. A total of 23 planned engagement activities were undertaken by the Authority during 2017/18 against the annual target of 30. This brings an average of 73% compliance to the engagement plan since the 2015/16 financial year as shown on figure 4.

Figure 4: % Compliance to the Stakeholder Engagement plan since 2015-16

- Whilst the overall performance for the financial year 2017/18 is positive, the muted performance for the indicator since inception, as shown by the average of 69%, cannot be ignored. This is due to the limited financial resources to execute the engagement plan. This will undoubtedly negatively impact on the Authority's ability to reach out to its key stakeholders in order to assert its mandate and thereby create stakeholder value.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***2.4 Resolution of Customer Complaints**

- The Authority has a firm belief that a satisfied customer will contribute positively to the achievement of its mandate by sharing his or her positive experience with other customers. This will not only boost the staff morale, but will also strengthen the Authority's customer relationship management, which will, in turn, reduce customer complaints. To this end, the Authority has developed a customer complaints business process, which was mapped during the last half of the 2017/18 financial year. The process will be rolled out to customers during 2018/19.
- During 2017/18, the Authority received a total of 57 complaints, all of which were resolved to the satisfaction of customers, resulting in a performance score of 100%. This is an indication that the Authority is responding to customer complaints in a timely manner, as evidenced by the average turnaround time of three (3) days for the resolution of customer complaints against the target of ten (10) days achieved during the period under review. This resonates well with the positive customer satisfaction index of 84.5% achieved during 2016/17. The recommendations from the survey are currently being implemented with 70% level of implementation as at 31st March 2018. The number of targeted programmes indicator was also assessed, having recorded 100% achievement following the successful conducting of seven (7)) targeted programmes against the annual target of two (2). The Authority continues to leverage the CIPA/CA MOU signed in July 2017 to carry out some of the awareness campaigns such as mall activations, thereby complementing the ongoing normal outreach activities.

2.5 The Filing of Annual Returns by Companies

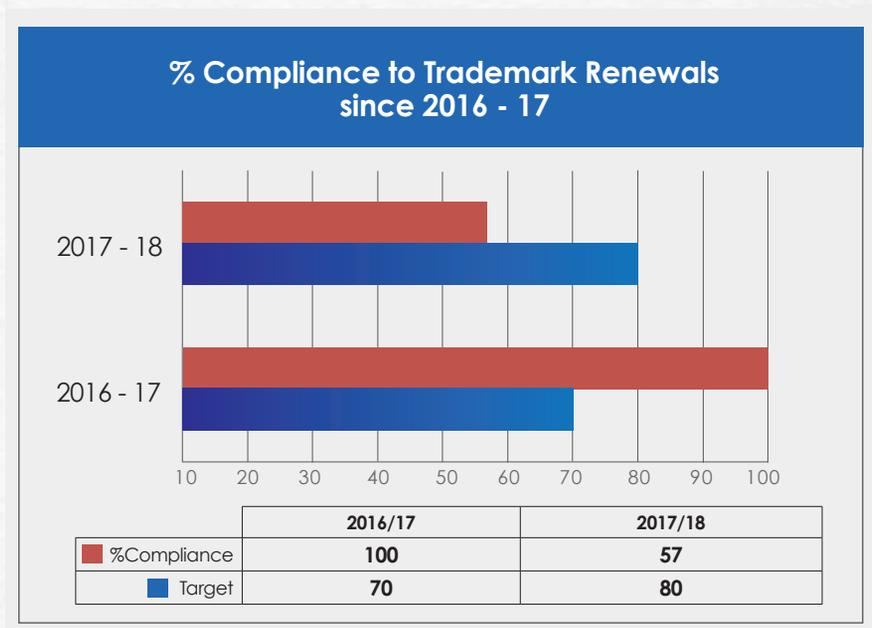
- Over 60% of the Authority's revenue comes from post incorporation services chief of which is the filing of annual returns by companies in the Authority's register. However, the % Compliance to Annual Returns indicator continues to underperform, as the majority of the firms default when it comes to the filing of annual returns. This has tremendously put a strain on the Authority's ability to increase its revenue collection, which may have far reaching implications on the Authority's sustainability.
- Out of the 131, 572 companies, which were expected to pay annual returns during 2017/18, only 21, 027 or 16% of the companies submitted their returns as shown on **figure 5**. This translate to an average % compliance of 22.8%. The following issues continue to be experienced, which hinder the achievement of this indicator:
 - **Some customers are not aware of the obligation to pay annual returns.**
 - **Outdated and unreliable information on our system.**
 - **Manpower shortage as Field Officers are not yet employed to carry out their mandate.**
 - **Inadequate budget to facilitate the initiatives for pushing the compliance levels.**
 - **There are no compliance officers and field assistants at the branch levels due to budgetary constraints.**
 - **Inadequate funds.**
 - **Some companies continue to operate despite being deregistered**

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued*

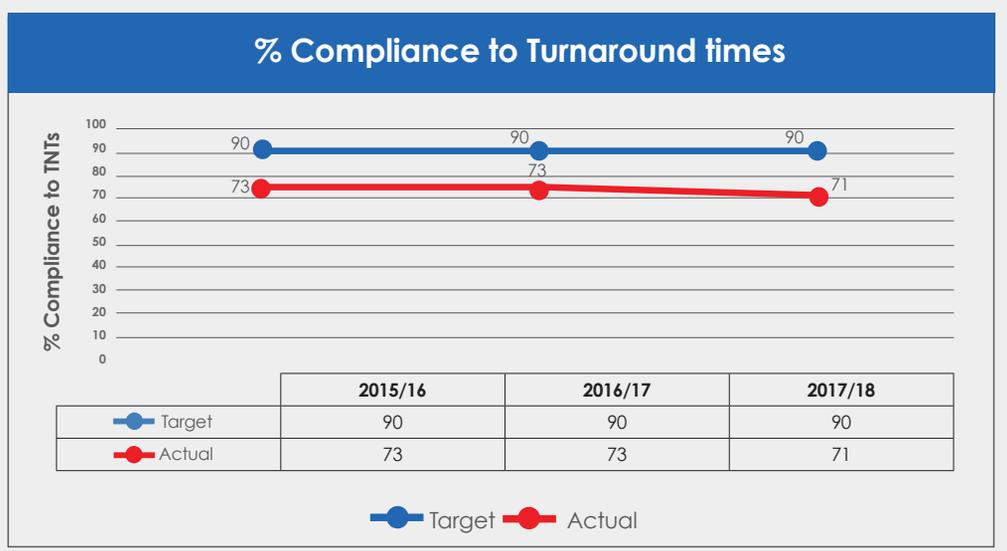
- As an intervention, the Authority will continue to conduct awareness campaigns to sensitise customers on the need to file annual returns. The Authority will also leverage on the MOU signed with BURS to enforce compliance, whilst building relations and exchanging information with Authorities that undertake compliance and enforcement activities. Further, the Authority will track the deregistered companies as well as engage third parties with the view to sensitise them on the risks involved in operating and contracting with deregistered companies.

Figure 5: % Compliance to Annual Returns**2.6 Trademark Renewals**

- % Compliance to Trademarks renewals remained challenged during 2017/18 where an actual of 45.3% was achieved against the annual target of 80%, resulting in the performance score of average of 57%.
- Although an average performance score of 79% was achieved for the % Increase in Trademark Renewals indicator since the 2016/17 financial year as shown on figure 6, Trademark renewals remain a challenged area, as the decision to renew or not renew a trademark lies solely with the owner of the trademark hence the Authority has little influence on the achievement of the process.
- However, as an intervention, reminder letters continue to be sent to rights holders whose trademarks are due for renewal six (6) months prior to their expiry to motivate rights holders to renew their marks and continue enjoying protection under the Industrial Property Act.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***Figure 6: % Compliance to Trademark Renewals from 2016-17****2.7 Adherence to Critical Business Processes**

- Operational efficiency is key to achieving customer value hence the importance of monitoring the performance of business processes cannot be over emphasized. During the 2017/18 financial year, a number of critical processes, which include Trademarks (receiving and capturing of trademarks, examination of trademarks, monthly production of trademark journal, registration of trademarks, assignments, renewals and changes); Patents (receiving and capturing of new applications and granting of patents); Companies and Business names (reservation of a unique company name and registration of companies and business names) were monitored for adherence to their turnaround times.
- Consequently, an average of 71.4% adherence to turnaround times was achieved against an annual target of 90%, resulting in 79% compliance. This takes the average % Compliance to turnaround times to 78% since the 2015/16 financial year, which is the first year of our corporate strategy as shown on figure 7.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***Figure 7: % Compliance to TNTs since 2015/16**

- Efficiency, speed and convenience are core tenets of our customer value proposition and the Authority takes very seriously operational effectiveness and efficiency in order to deliver high quality value for its customers and key stakeholders. Therefore, as part of improving process efficiency, the Authority embarked on an initiative to map both its critical and support business processes during 2017/18. To this end, a total of nine (9) core business processes were mapped against a target of nine (9), representing a performance score of 100%. These processes included Inspection of books of returns for producers and importers of sound and audio-visual works, supervision of the Copyright Society of Botswana (COSBOTS), monitoring of projects funded under the Levy on Technical Devices Fund (LTDF), Levy on technical devices fund (LDTF) Appeals process, Resolution of Copyright disputes, Administration of the Levy on Technical Devices Fund (LTDF), Sale of Security Device (Hologram), Accreditation of producers/importers and Voluntary de-registration of companies.
- During the same period, five (5) support business processes, namely; Setting up of Board/Committee Meetings, Provision of legal advice/opinion (internal), Provision of legal advice (external), Vetting of Commercial Agreements/MOUs and Resolution of customer complaints were also identified and mapped against the target of 18 processes, which represents 33% achievement against an annual target of 100%.
- The remaining eight (8) support business processes, which are under the review of the Department of Corporate Services, will be mapped during 2018/19. The outcome of the mapped processes would be the development of a customer service standards framework or Service Level Agreement (SLA), which will not only provide the minimum expectations on business process performance, but will also serve as a guide to customers on the Authority's business processes, their critical activities, process flows and turnaround times. This will be developed during 2018/19.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***2.8 Anti-piracy Campaigns**

- As part of monitoring the implementation of the Copyright and Neighbouring Rights Act, the Authority conducts anti-piracy campaigns on quarterly basis in collaboration with the Botswana Police Service. During 2017/18, a total of 17 raids were conducted in the various areas as contained on Table 1 against a set target of 12, representing over 100% achievement. During the raids, 67 culprits were apprehended for selling 12, 923 pirated works valued at P 1, 033, 840.
- Despite the great achievement in terms of the actual conducting of the raids, a number of challenges were experienced, which, if not addressed, are likely to lead to the non-achievement of the Improve Compliance strategic objective. These include;
 - The monetary fines for perpetrators are not deterrent enough, the imposition of corporal punishment by the Court can be a deterrent.**
 - Those nabbed on the streets are not the sources of this activity as indications are that they are those who reproduce the works in large quantities.**
 - Inadequate funds to carryout raids in other parts of the country such as Ghanzi and Kasane.**
- The Authority will, therefore, continue to explore other options like prosecution of offenders in terms of the Copyright and Neighbouring Rights Act. This can only happen with continued engagement and collaboration with the Police through training and sensitisation of the Law Enforcement Agencies on the consequences of IP infringements. The Authority will also target the source of the pirated works as well as continue to advocate for additional funding for countrywide anti-piracy campaigns.

Table 1: Total number of Raids conducted during 2017/18

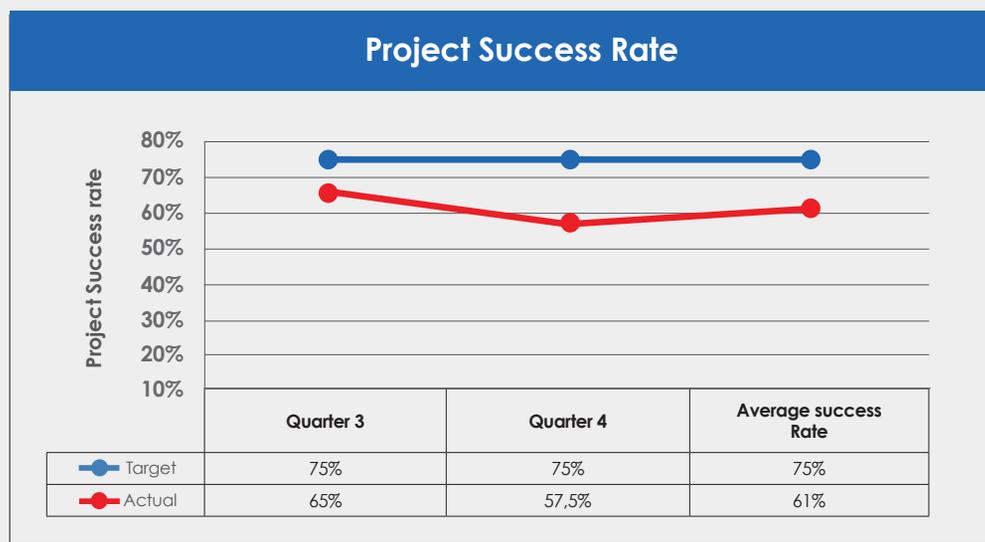
Quarter	Dates	Venue	# of raids	# of works	Value of works (Pula)
Q1	15/06/17	Kanye	1	762	60, 960
Q2	24/07/17	Old Naledi	1	1706	136, 480
	28/07/17	Gaborone Station	1	359	28, 720
	31/07/17	Gaborone West	1	800	64, 000
	03/08/17	Ramotswa	1	251	20, 080
	18/08/17	Francistown	1	1 086	86, 880
Q3	23 & 24/10/17 & 03/11/17	Mogoditshane	4	4 876	390, 080
Q4		Gaborone, Mahalapye, Maun & Serowe	7	3083	P246, 640
Cumulative total for 2017/18			17	12 923	1, 033, 840

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued*

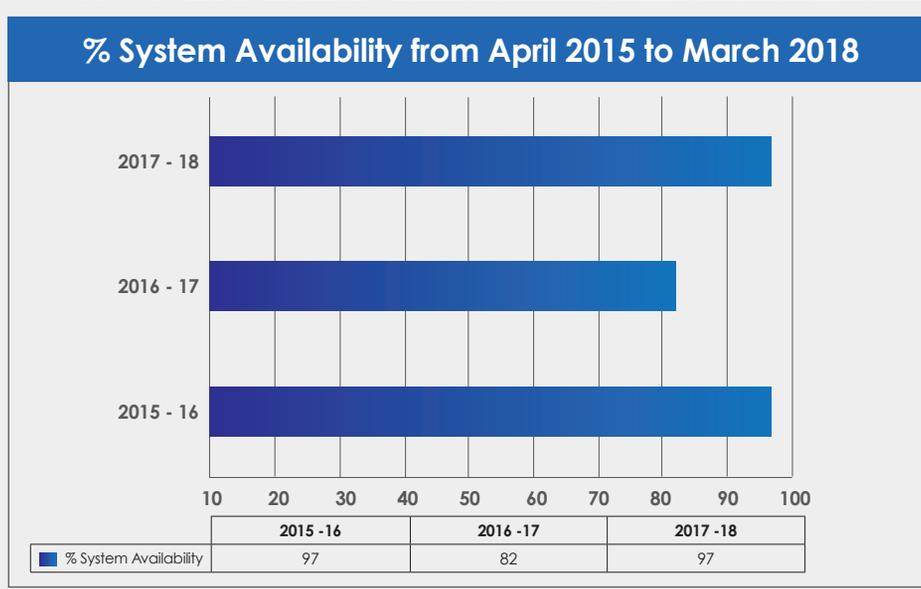
- In addition to the raids, the Authority also conducts spot checks in shops around Gaborone and on merchants operating from ungazetted places to monitor the use of the hologram. During 2017/18, a total of seven (7) spot checks were conducted against the annual target of eight (8). The level of compliance was found to be disatisfactory as most of the shops visited did not affix holograms to their works.
- The Authority will continue to monitor compliance to the use of hologram through anti-piracy campaigns and spot checks despite the shortage of manpower as Field Officers are not yet employed to carry out their mandate. The Authority is also faced with inadequate budget to carry out initiatives meant to increase compliance levels.

2.9 Success Rate for the Levy on Technical Devices Fund (LTDF) Projects

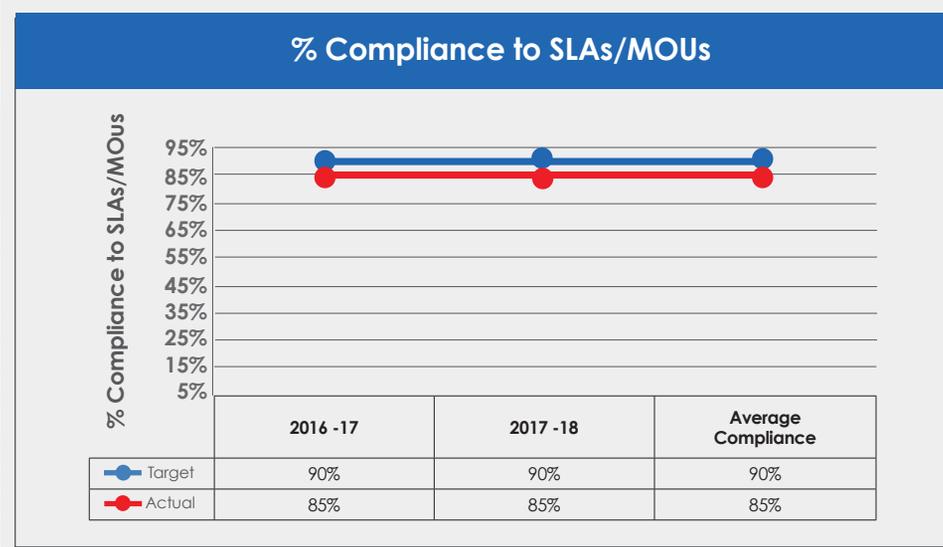
- CIPA administers the Levy on Technical Devices Fund (LTDF) whose objective is to award grants for projects that are geared towards the promotion and development of the creative industries from various sectors of the industry in a bid to create more opportunities for the creative industries of Botswana. Since inception in 2008, a total of P34, 754, 189.14 has been awarded towards 41 projects, out of which P16, 603, 843.83 has already been disbursed.
- The funded projects are in the areas of book publishing, capacity building in theatre, crafts, music, film and television production and software development. The projects are expected, at full implementation, to provide employment opportunities, especially for the youth in the creative industry.
- In order to promote the efficient administration of the LTDF, the Authority came up with two (2) indicators being the Number of Projects Funded and the Project Success Rate, the latter of which was introduced much later at the strategy review session held in February 2017. The Number of Projects Funded indicator was not assessed during the 2017/18 financial year due to the temporary suspension of the issuance of open calls for new applications for the LTDF projects pending the review of the Fund Guidelines. This culminated into the development and eventual launch of the Hand Book of Policies for the LTDF on 8th December 2017.
- However, the Project Success Rate indicator was assessed for the LTDF projects scheduled for completion during 2017/18. While none of the projects scheduled for completion during 2017/18 were completed as scheduled, a number of milestones for the projects have been achieved. Based on the completed project milestones, the average project success rate for 2017/18 stood at 61% against the target of 75%, representing a performance score of 81% as shown on figure 8.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***Figure 8: Project Success Rate****2.10 Availability of Critical Systems**

- One of the strategic objectives of the Authority is Leveraging ICT, which is measured by two indicators, namely; % **Critical Business Processes Automated** and % **Systems Availability**. This is in line with the Authority's mission of protecting the interests of Investors and Right Holders by providing efficient and accessible Business Registration and Intellectual Property services. The Authority's strategy is, therefore, ICT driven hence online registration is one of our future cost drivers.
- Whilst % **Critical Business Processes Automated** indicator was not measured during 2017/18, as it awaits the implementation of the Online Business Registration System (OBRS), the average % **(Critical) Systems Availability** for the Industrial Property Administration System (IPAS) and the Companies and Business Names Administration System (CBNAS) stood at 97% against the annual target of 98%.
- From 1st April 2015 to 31st March 2018, the critical systems were available at an average of 92% against the annual target of 98% as per **figure 9**. The positive performance is largely due to the stability of the IT infrastructure, which has led to improved system performance. This excellent system performance notwithstanding, there is need to develop the CIPA ICT strategy, which will usher in IT Policies whose implementation will strengthen internal controls in the ICT space.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***Figure 9: % Systems Availability from April 2015 to March 2018****2.11 Collaboration with Strategic Partners**

- CIPA continues to collaborate with strategic partners to enhance its customer value proposition in line with our strategic objective, "Promote Effective Linkages and Partnerships". To facilitate and harness this collaboration, the Authority continues to enter into Memorandum of Understandings (MOUs) and Service Level Agreements (SLAs) with strategic partners. This is drawn from the understanding that our business enjoys partner networks to drive our supply perspective of our business model. Existing partnerships in terms of MOUs and SLAs signed include the following:
 - **CIPA/BITC SLA – Signed in April 2014 (prior to existence of CIPA)**
 - **CIPA/BURS – signed in September 2015**
 - **CIPA/CA – signed in June 2016**
 - **CIPA/MYSC – signed in March 2017**
 - **CIPA/PPADB – signed in August 2017**
 - **CIPA/BOBS – signed in December 2017**
- In terms of the implementation of the deliverables for these MOUs, an average of 85% compliance to these MOUs and SLAs was achieved during 2017/18 against the annual target of 90%, resulting in a performance score of 94%. For the past two (2) financial years from the 2016/17 to 2017/18, the Authority's performance on this indicator has been impressive with an average of 85% against the target of 90% as per figure 10. This is a clear demonstration of our willingness and determination to harness and leverage the capabilities of our stakeholders to enhance our customer and stakeholder value in line with our strategic objective of increasing customer and stakeholder satisfaction.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***Figure 10: % Compliance to SLAs/MOUs**

- The Authority continues to collaborate with BURS to facilitate the removal of non-compliant companies from the balance of 43,000 list, whilst the CIPA/PPADB Joint Working Committee (JWC) for the operationalization of the MOU was established during the 4th quarter 2017/18 and is yet to be implemented.
- With regards the CIPA/CA MOU, the two agencies continue to collaborate through joint exhibitions and mall activations to sensitise the public on their services. On 28th March 2018, a joint exhibition was held at Rail Park mall in Gaborone to educate the public about services offered by the two entities.
- CIPA/MYSC MOU is not yet operational as the establishment of a JWC is still pending. The two entities will continue to engage each other to fast-track the process to facilitate the operationalization of the MOU, whose objectives include to, among others, facilitate outreach services for registration of companies for the Youth in the remote area communities; facilitate technical assistance towards the promotion of the Creative Industries as well as to undertake capacity building workshops for law enforcement authorities and the general public on legislation relating to the Creative Industries and to collaborate on the development and implementation of the Creative Industries Strategy.
- As we enter a new and exciting phase of a business in terms of providing online services for both the companies and intellectual property side of our business, we remain open to exploring new frontiers in strategic partnerships in order to enhance our customer value proposition.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***2.12 Corporate Governance**

- At CIPA, Corporate Governance is more than just adherence to the statutory and regulatory requirements, it is also about ensuring that our practices attain the highest levels of transparency and accountability in all our business dealings throughout the organization. To this end, CIPA has developed a number of corporate governance documents to guide it in its adherence to the cardinal principles of corporate governance specific to the Authority under the King III Code of Corporate Governance. These include; the Board Charter; Terms of Reference for the Finance and Audit Committee, Board Tender Committee, and Human Resource Committee, as well as the CIPA Procurement and Disposal Policy. A Risk Management Policy is also in place to address and manage corporate, operational and financial risks. The CIPA Act requires the Board to meet at least once every quarter. To date, the Board and its committees has achieved 100% compliance to its meeting schedules. The Committees and the Board formed the quorum in all instances. All eight (8) Board members are in place and their tenure of appointment, which is a major tenet of the King III Code of Corporate Governance, is valid. The Authority also appointed the Internal Audit Manager who reported for duty on 1st February 2018.
- Out of the 15 CIPA specific principles as contained in the draft CIPA Governance Framework drawn from King III Code of Corporate Governance, the Authority has attained an average compliance rate of 70% against an annual target of 90%, resulting in a performance score of 78%.
- As part of strengthening the Authority's corporate governance, a two day training on Finance for Non-Financial Managers was conducted for the Executive Committee and Board members on 30th and 31st January 2018. Four (4) Board members attended the training, which served to empower participants to more effectively communicate with accounts and finance people and to better understand the financial aspects of business decisions. The training was also meant to provide cross functional knowledge and grounding on the most recent trends in financial reporting to non-financial executives in a pragmatic manner.
- As a way of combating corruption, CIPA has a draft Anti-Corruption Policy, which was submitted to DCEC in November 2016 for their review and input prior to implementation. Comments were received from the DCEC and the policy document was referred back to the Directorate for finalisation. Feedback from DCEC on the final document is still awaited. CIPA is committed to implementing anti-corruption initiatives hence it has gift registers and conflict of interest declaration forms in place. Board members, CIPA Management and staff members continue to declare their interest and recuse themselves in activities where conflict of interest matters may arise such as in Board meetings and the internal tender committee meetings. Further, a one-day anti-corruption training was conducted on 6th March 2018 and 27th March 2018 for Francistown and Gaborone CIPA employees, respectively. This was meant to raise awareness on corruption prevention and corruption risks management. A total of 103 employees (93 for Gaborone and 10 for Francistown) were reached.
- Still on corporate governance, the Authority appointed External Auditors from Pricewaterhousecoopers to conduct an audit and financials for its books of accounts for the period 1st April 2016 to 31st March 2017.

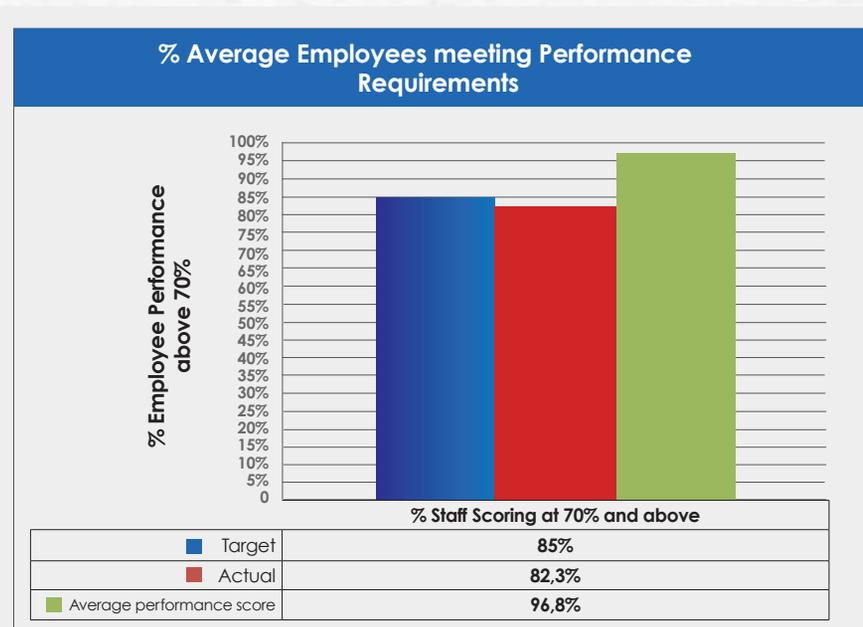
CORPORATE PERFORMANCE REPORT 2017/2018 *Continued*

- Despite the excellent achievement in this front as outlined herein, conducting of the evaluation of the performance of the Board of Directors and the full implementation of the shareholder compact are some of the areas that provides an opportunity for improvement in future.

2.13 Staff Performance Management

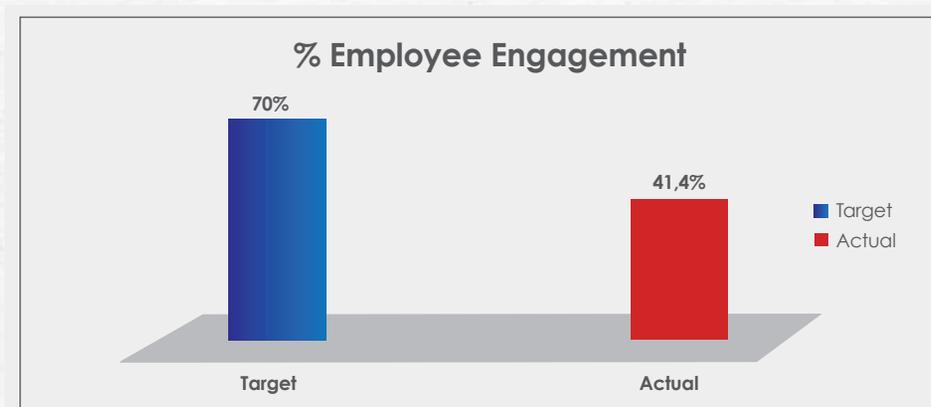
- In terms of the CIPA Conditions of Service, staff reviews are conducted twice a year, from April to September and from October to March. On the overall, 82.3% of the CIPA employees performed at 70% and above against the target of 85% during the 2017/18 performance year, representing a performance score of 96.8% as per **figure 11**.
- Refresher workshops for employees to appreciate the performance review tool were held across all Departments during the 4th quarter 2017/18.
- The results indicate that most of the Authority's employees are excellent performers since none of the employees fell below the target of 70%. This offers hope and encouragement that the High-Performance Culture Organisation that CIPA wishes to build through its human capital (workforce) will not be a distant dream to be attained. However, with more than 20% of the overall ratings falling in the excellent performance category, this may also be an indication of positive leniency on the part of the supervisors during performance evaluation, which borders on subjectivity. A closer monitoring of performance should, therefore, be maintained to ensure that the staff performance remains within the allowable margin of 10% of the corporate performance.

Figure 11: Staff Performance for 2017/18

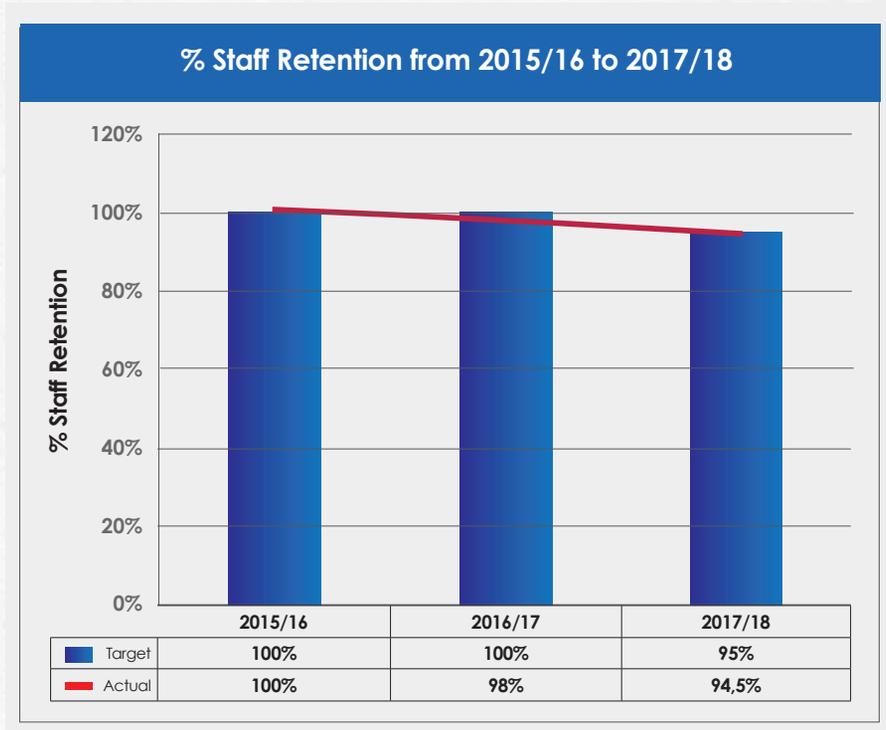


CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***2.14 Employee Engagement**

- An employee engagement survey was carried out during the 4th quarter of 2017/18 using Survey Monkey tool, where a score of 41.4% was achieved against the annual target of 70%, resulting in a performance score of 59% as shown on **figure 12**.
- The survey focused on six (6) critical categories being; Work Engagement, Relationship Management, Work Environment, Benefits, Career Development and Compensation.
- Action plans from the survey recommendations based on employee feedback will be formulated for implementation for the coming year. The implementation of the recommendations from the survey will be vital in ensuring that staff welfare issues are taken into account as a way of promoting and nurturing a high performance culture as well as retaining the Authority's human capital.

Figure 12: Employee Engagement Survey Results**2.15 Staff Retention**

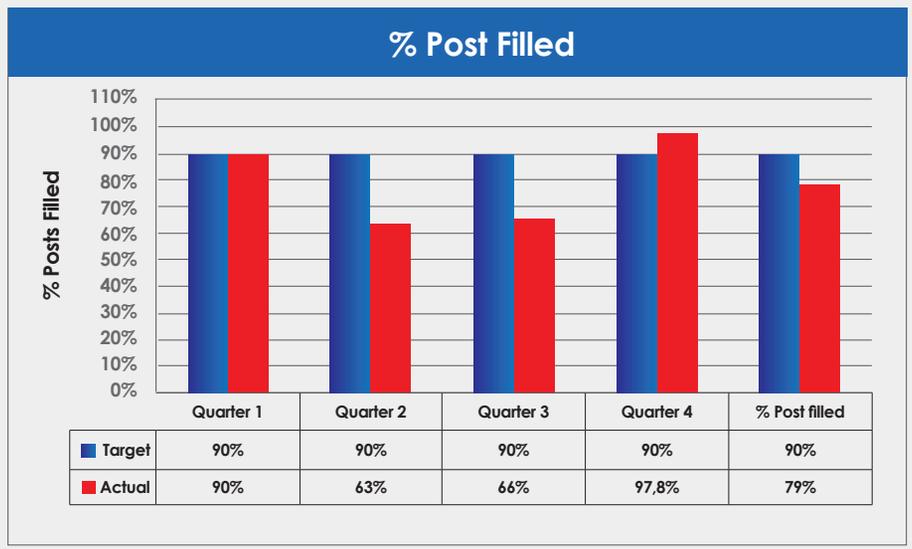
- One of the primary rationale for the establishment of CIPA as an autonomous body was the attraction and retention of skilled human capital, which could not be achieved during the previous dispensation. The Authority, therefore, places a lot of importance on the retention of talent.
- Despite the subdued results on the inaugural employee engagement survey, the Authority managed to retain 94.5% of its workforce following four (4) voluntary attritions during 2017/18, against the target of 95%, which represents a high performance score of 99.5%. As shown on figure 13, average staff retention since 1st April 2015 to 31st March 2018 stood at 97.5%, which is an impressive performance.
- Despite the positive outlook for the staff retention indicator, there is need to actively put in place employee retention strategies and welfare programmes aimed at creating a high performance culture within the Authority.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***Figure 13: Staff Retention from April 2015 to March 2018****2.15 Filling of Vacancies**

- During 2017/18, the Authority continued to fast track the filling of vacancies whenever they occurred in order to ensure that the entire business operated with the required capacity within the confines of the approved positions for the financial year.
- In this regard, of the 91 positions approved for 2017/18, the Authority closed the financial year with the head count of 89 employees, which represents 97.8% HR capacity. Meanwhile, an overall of 79% was achieved in the % **posts filled** indicator against the target of 90%, resulting in the performance score of 88% as per **figure 14**.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued*

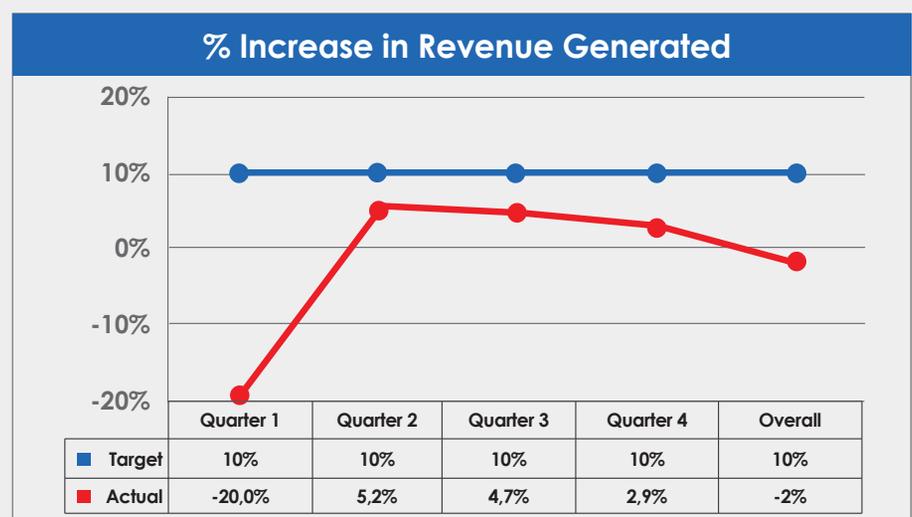
Figure 14: Filling of vacancies during 2017/18



2.16 Revenue Generation

- CIPA collects its revenue from the registration of companies and business names and protection of intellectual property titles.
- A decline in performance for the **% Increase in Revenue Generated** indicator was recorded during the period under review from the 22% performance recorded during 2016/17 to a negative variance of 2%, against the annual target of 10%, resulting in a performance score of 0% as shown on **figure 15**.

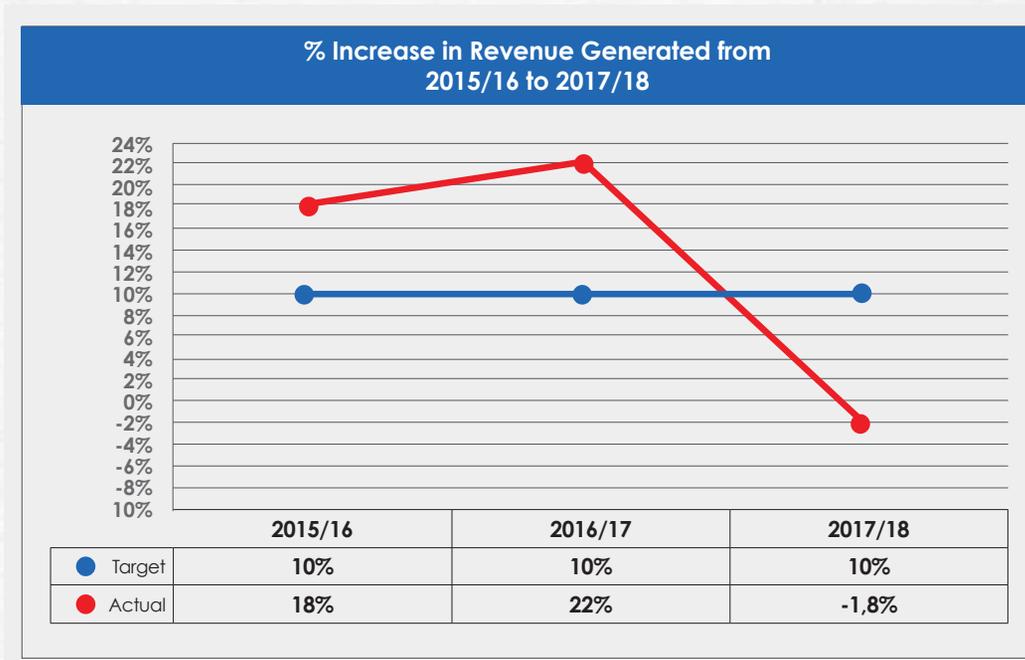
Figure 15: Increase in Revenue Generated during 2017/18



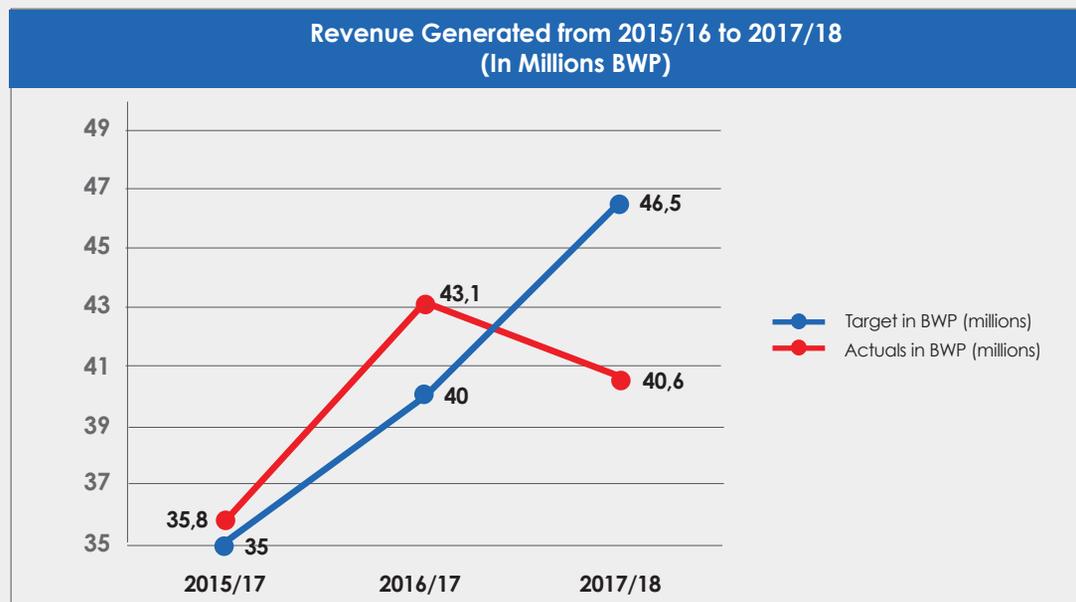
CORPORATE PERFORMANCE REPORT 2017/2018 *Continued*

As per **figure 16** below, the % Increase in Revenue Generated annual target of 10% was exceeded for the first two (2) years of the strategy before dipping in the 2017/18 financial year.

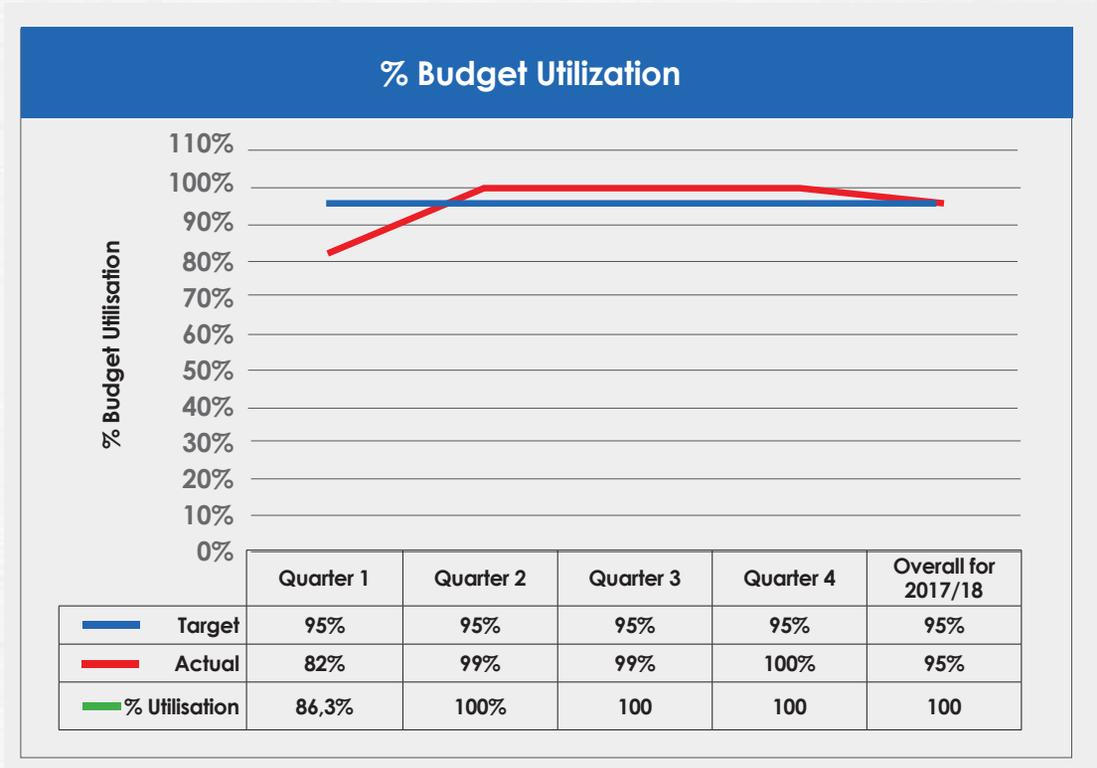
Figure 16: Increase in Revenue Generated from April 2015 to March 2018



- In terms of revenue collected over the past three years, as per figure 16, a total of P35.8m was collected during 2015/16, P43.1m was collected during 2016/17, while a total of P40.6m (unaudited) was collected during 2017/18. This is a shortfall of P5.9m against the annual targeted collection of P46.5m for 2017/18.
- While figures for the registration of companies and business have been increasing, the decline in revenue generation for the period under review is primarily due to the non-compliance of companies to the filing of annual returns, where only 21, 027 or 16% of the targeted 131, 572 companies filed annual returns during 2017/18 against the annual target of 70%, resulting in 23% compliance.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***Figure 17: Revenue collected from 2015/16 to 2017/18 in Figures****2.17 Budget Utilisation**

- The % **budget utilisation** indicator continued to post positive results having maintained the 100% performance attained during 2016/17, following the full utilisation of the P38, 373, 593 OPEX recurrent subvention received from the Ministry for the 2017/18 financial year as depicted on **figure 17**.

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***Figure 17: Budget Utilisation for 2017/18**

CORPORATE PERFORMANCE REPORT 2017/2018 *Continued***3.0 CONCLUSION**

- The Authority's overall corporate performance of 75% for the 2017/18 (1st April 2017 to 31st March 2018) represents a decline of 5% when compared with the overall corporate performance of 80% attained during the 2016/17 financial year. The marginal dip in the overall performance can be linked to the decline in performance for the Internal processes perspective (from 80% to 75%), the Learning and Growth (from 93% to 87%) and the Financial perspective, which declined by 50% from the 100% achieved during 2016/17. On the other hand, the Apex perspective recorded an improvement from 53.3% to 66%, while the Customer and Stakeholder perspective recorded an improved performance from 75% in 2016/17 to 95%.
- While on the overall the performance is encouraging, there are a number of areas that remain challenged. For instance, the increase in IP filings can only be achieved with dedicated resources to create awareness on IP rights. The filing of annual returns is the greatest potential revenue earner for the Authority and should be aggressively pursued and targeted to close the performance gap in this critical area.
- In order to sustain and even improve on the current performance, the Authority will continue to prioritize its scarce resources in line with the current reality to meet the ever-changing business needs driven by key stakeholder requirements and customer expectations. There is dire need to focus towards the key strategic initiatives that are likely to bring the optimum results in the short to medium term. The delays in the finalization of the legislative reforms meant to facilitate the implementation of the companies and business names online registration system robbed the Authority of an opportunity to leverage ICT to improve its service offerings in line with its customer value proposition of Customer Centric products that are accessible nationally and globally and delivered at speed with superior service and quality.
- Whereas the Learning and Growth perspective continued to perform well in terms of the assessed measures during the period under review, the issue of organizational culture, which is key to driving strategy, will be explored. This is because corporate culture defines the way employees serve customers and the way they interact with each other and the manner in which the Authority responds to challenges. Lack of a defined organizational culture is a key risk, which is likely to reduce the Authority's ability to achieve its strategic objectives. The results from the employee engagement survey carried out during the 4th quarter of 2017/18 can never be ignored. The Authority will develop meaningful ways of dealing with issues raised by staff in the survey in order to attract and retain talent, which is one of the reasons the Authority was set up.
- Lastly, while resource constraints, both human and financial, continued to be a key limitation in the Authority's ability to implement its business strategy during 2017/18, the Authority will continue to prioritize its limited resources in the best way possible, to meet the most critical needs of the business in line with its business model.

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CIPA PERFORMANCE HIGHLIGHTS 2017 -2018



CIPA PERFORMANCE HIGHLIGHTS 2017/2018

1. MEMORANDA OF UNDERSTANDING WITH STRATEGIC PARTNERS

CIPA had two ongoing MoUs signed with Botswana Unified Revenue Service (BURS) and Competition Authority (CA) and has since signed new MoUs with the Ministry of Youth Empowerment Sports and Culture on March 28th, 2017 and Culture Development (MYSC), on March 28th, 2017 and with Public Procurement and Asset Disposal Board (PPADB) on 4th August 2017.

Under BURS MoU the two parties continue to facilitate the removal of non-compliant companies from the register of companies. There were 43 000 companies remaining from the original 110 000 companies that CIPA wished to remove from the register and the two parties took a deliberate decision to allow BURS to review each company and write off those companies that have long outstanding tax issues to which they would allow CIPA to remove from the register of companies. CIPA has managed to receive 585 companies from BURS; 508 of them were indicated as active participants at BURS end hence CIPA, through the Compliance, Awareness and Client Services Division, has to pursue these companies to submit their annual returns and comply with the Companies Act; whilst the remaining 77 companies were removed from the register after the affirmation from BURS.

CIPA collaborates with the Competition Authority (CA) on awareness activities and information needed for the processing of amalgamations and company mergers or acquisitions. CA-CIPA Joint Working Committee would propose annual joint awareness and advocacy activities and the two parties have held joint exhibitions in October 2017 and March 2018. CIPA has facilitated with provision of company corporate information to CA for 97 companies in the 2017/18 financial year.

2. CORPORATE REGISTERS FORUM 2018

CIPA won the rights to host the 14th Edition of the Corporate Registers Forum (CRF), which will be held at the Gaborone International Conference Centre from the 21st to the 25th May 2018. Botswana through CIPA, will be the third African country to host the CRF after South Africa in 2009 and Mauritius in 2013. The theme for CRF Botswana 2018 is "Corporate Registries, A Critical Vehicle to Global Economic Growth". A large portion of the year in review was spent on preparations towards this prestigious conference.

3. ONLINE BUSINESS REGISTRATION SYSTEM (OBRS)

CIPA is implementing the Online Business Registration System (OBRS) and the project is currently at the third phase of installation and configuration of the system. This phase is the build phase that required the passing into laws of the proposed legislative changes to the Companies Act, Registration of Business Names Act and the introduction of the Re-registration Acts for both Companies and Business Names. The changes to the laws would necessitate the migration of existing data to the new online platform and also allowing online submission and processing applications online through a fully automated system. Other crucial components of the OBRS Project include the procurement of the IT infrastructure and new office space to accommodate the new system and its processes. The proposed four Bills; Companies Act (Amendment), Registration of Business Names Act (Amendment) and Companies Re-registration and Registration of Business Names Re-registration were drafted and finalized with the Attorney Generals Chambers and the Bills were tabled and passed at the February 2018 Session of Parliament.

CIPA PERFORMANCE HIGHLIGHTS 2017/2018 *Continued*

4. THE ACCESSIBLE BOOKS CONSORTIUM PILOT PROJECT

The Accessible Books Consortium Pilot Project was borne out of the Marrakesh Treaty to facilitate access to published works for persons who are blind, visually impaired or otherwise print disabled. This treaty, whose mandate is to end the book famine faced by the beneficiary persons, by converting books into accessible formats, was ratified by Botswana in 2016 and became effective in January 2017.

The Project, which was sponsored by the World Intellectual Property Organization (WIPO), is a collaboration between CIPA, Ministry of Basic Education, Library for People Living with Disabilities, Publishers Association of Botswana and the Botswana Association for the Blind and Partially Sighted.

The main activities of the project were as follows:

- i) Training of ICT and Media Services staff on the use of new technologies to convert books into accessible formats for students in public schools;
- ii) Training employees of BABPS, National Library for People Living with Disabilities, and publishers to convert books into accessible formats;
- iii) ICT and Media Services will convert 30 prescribed books into accessible formats
- iv) BABPS will convert 20 government publications and information materials;
- v) The Library will convert 20 government publications and information materials;
- vi) One hundred (100) Daisy readers will be purchased for learners in schools;
- vii) Training the one hundred learners on how to use the Daisy readers.

Signing of MOU with publishers

In preparation of the commencement of the project, the Department of Curriculum Development & Evaluation (CD&E) entered into an agreement with publishing companies for provision of soft copies of selected text books which were to be converted into accessible formats for the print disabled learners. The publishers who signed the agreement are, Diamond Publishing Company, Macmillan Botswana, Pearson Botswana, Salama Publishers, Byrness Publishing Company, Collegium Publishers and Botsalano Press.

Project Launch

The project launch took place on 14th August 2017 at University of Botswana (UB). It was officiated by Honourable Moiseraele Goya, the Assistant Minister of Basic Education. Other dignitaries that graced the event were the Permanent Secretary of the Ministry of Basic Education, CIPA Registrar General, Directors of Regional Operations within the Ministry of Basic Education, ABC consultants and the Chairperson of Publishers Association. A total number of seventy-two people attended the launch amongst them being representatives of various publishing companies, government officials and other relevant non-governmental organisations.

Training

The ABC Pilot Project Training took place from 14-18th August 2017 at the University of Botswana. Training was offered to the production team and the publishing houses which offered soft copies of their books.

CIPA PERFORMANCE HIGHLIGHTS 2017/2018 *Continued***5. LEVY ON TECHNICAL DEVICES FUND****Administration of the Levy on Technical Devices Fund**

Since 2008, the Levy on Technical Devices Fund (LTDF) Committee has been guided **by *Guidelines for the Awarding of Grants for Projects Geared towards the Development of Rights-Holders.***, in their administration of the Fund.

In executing its mandate, Committee identified a number of gaps in the Guidelines that needed to be addressed for effective administration of the Fund. Therefore, the Committee found it imperative to develop policies that will guide the Committee and Companies and Intellectual Property Authority (CIPA) in the efficient and effective administration of the Fund.

On the 04th to 11th December 2016, the LTDF Committee went on a retreat for revision of the guidelines. The Committee discussed and finalized a draft Handbook which will be an all-encompassing reference tool for administration of the LTDF. The Handbook of Policies for the Administration of the Levy on Technical Devices Fund was launched on the 8th December 2017. .

Policies contained in the Levy on Technical Devices Fund handbook

- **Policy on Eligibility for Funding under the Fund**
This policy defines who can or cannot be granted funding from the Levy on Technical Devices Fund. The primary focus is on citizens and citizen owned entities.
- **Policy on Application for Grants and Monitoring Projects under the Fund**
In this policy, the procedure for application, evaluation and monitoring of projects after grants, is defined. The policy is meant to guide the Committee and CIPA on how to handle applications and monitor funded projects.
- **Policy on Suspension and Blacklisting of Non-Compliant Beneficiaries**
In order to minimize abuse of the Fund by grant recipients, the Committee is bestowed with powers to suspend and blacklist non-complying beneficiaries.
- **Policy on Appeals Procedure under the Fund**
This policy establishes the structures and procedures for appeals. The policy allows unsuccessful applicants and aggrieved beneficiaries to appeal the decisions of the Committee.
- **Rules of Procedure for the Fund Committee**
The policy addresses how the Committee conducts the business of the Levy on Technical Devices Fund.
- **Code of Conduct and Ethics for the Fund Committee Members**
The Committee has been entrusted with public funds, which calls for high standards of conduct, therefore this policy outlines what is expected of Committee members.
- **Conflict of Interest Policy for the Fund Committee Members, Secretariat and CIPA Staff**
This policy guides the Committee and CIPA on how to deal with conflict of interest that may arise as they deliver on their mandates.

CIPA PERFORMANCE HIGHLIGHTS 2017/2018 *Continued***Monitoring of funded projects**

A total of thirty-five (35) projects were running during the year under review and the following are highlights on some of the projects;

Prince Monna (*Ndobolo, the Matrimony TV show.*)

Ndobolo is a television documentary series that showcases the expression of culture through marriage. It shows the marriage pathway from the traditional set up to modern western influenced expression of marriage. Various couples, religious leaders and village elders were interviewed from different tribes in Botswana being Bayei, Bangologa, Batswapong, Bakgatla, Baherero, Naro, Batawana and Bakalanga.

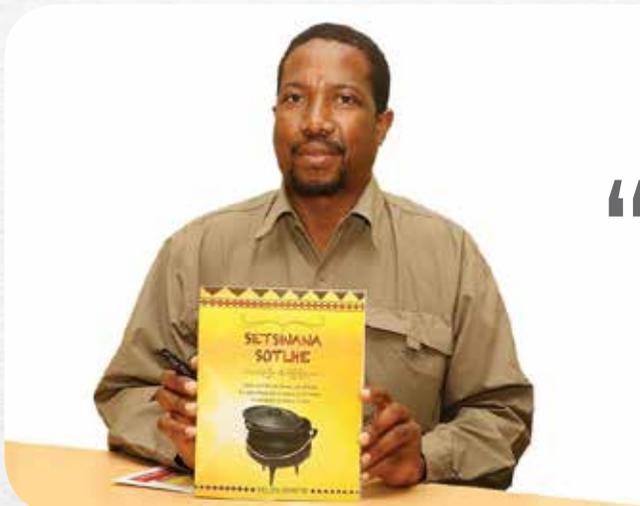
Rebaone Keitumele (*Raise Gospel Stars*)

The goal of the Raise Gospel Stars project is to build capacity of gospel music choirs in six (6) districts over a period of twelve months. It further supports members of the choirs to understand copyright issues and helps the best six choirs in target districts to record a music album with a documentary film.

One hundred and forty-eight (148) people auditioned for the show in Gantsi, Jwaneng and Gaborone where Thuto Majaga, Boitshepo Rabodietso and Melao e Lesome Choir became winners. The winners underwent training and album recording with Executive Producer Joel Rebaone Keitumele and Producer Tshepo Lesole to record albums. A total of two hundred (200) music albums have been produced per artist. The project also features a documentary on the winners and the project as a whole.

Diphalana Publishers (*Setswana Sotlhe*)

This project aims to document Setswana words, idioms, phrases and language in general for preservation and education purposes. 2000 books were printed and are displayed in bookstores countrywide.



“ Picture of the
Setswana Sotlhe book ”

CIPA PERFORMANCE HIGHLIGHTS 2017/2018 *Continued*

Botswood (*Botshelo Jo* season 3)

This is a production of season 3 of the local drama which showcases the Setswana cultural set-up with infusion of an anti-piracy storyline. On the 6th and 7th May 2017, Botswood hosted an Actors' workshop at Thapong Visual Arts Centre. About ninety participants took part in the workshop that was facilitated by renowned South African actor Mr Sello Maake - ka - Ncube and the casting director of Rhythm City and former Generations actress Ms Kgomotso Ditshwene, also South African.

The Ministry of Youth Empowerment, Sport and Culture Development (MYSC) bought the 13 episodes Botshelo Jo Season 3 for broadcast in the youth channel (Now TV).



Botswood Actors – participants at the workshops

CIPA PERFORMANCE HIGHLIGHTS 2017/2018 *Continued***Moemedi Makhurutha***(Artistic Excellence, a Botswana Vocational Drama for Life Training Programme)*

This programme aims to provide theatre practitioners in Botswana with an opportunity to attain formal training which will allow them to participate in national and international markets. Four students were sent for training with Wits University in Johannesburg, South Africa on a program titled "Drama for life". The four students have since completed their studies and are now imparting the same knowledge with theatre artists and aspirants in the country.

Modirwa Kekwaletswe *(Ratsie Setlhako: The Master of Lyric -a biography and documentary)*

In the words of Mr. Modirwa Kekwaletswe, the project aimed to address the missing link in fully understanding the life, times and music of Ratsie Setlhako, a giant in Botswana's traditional song and culture. This was the very first attempt to bring out a biography and documentary on Ratsie's life and the context of his music. The project motive is to avail a comprehensive profile of Ratsie Setlhako to music students in schools and provide notation to Ratsie's music, ensuring that it can be preserved for prosperity. On the 19th December 2017, the book and documentary were launched at Thapong Visual Arts Centre.

Kgosi Sechele Museum Trust *(Kgosi Sechele Museum Community Development Project)*

The objective of this project is to develop and support craftsmanship in the Kweneng district. This is done through refurbishment of the museum craft shop as well as continuous engagement with artists and stakeholders through workshops and seminars. The Beneficiary held a breakfast seminar in conjunction with other stakeholders being Citizen Entrepreneurship Development Agency (CEDA), Local Enterprise Authority (LEA), Kweneng District Council, Out of School Education and Training (OSET), Department of Wildlife and National Parks, Business Botswana, Tshupelo Visual Arts Association and Ministry of Youth Empowerment Sports and Culture (MYSC). Another Market Day was held on the 26th May 2017, in partnership with LEA where Twenty five (25) practitioners and SMMEs attended.



Participants during artists' workshop organized by KSM in Molepolole



Facilitator during the workshop

CIPA PERFORMANCE HIGHLIGHTS 2017/2018 *Continued***6. STAKEHOLDER ENGAGEMENT: INTELLECTUAL PROPERTY WORKSHOPS**

CIPA, in collaboration with the United States of America Embassy, held a series of workshops to raise awareness of intellectual property among those who create Intellectual Property. The U.S Embassy kindly sponsored the entire series of workshops, including the participation of IP expert Professor Doris Long. The two-week long activity was held in Gaborone and Francistown as follows:

DAY	AUDIENCE	EXPECTED OUTCOME	LOCATION
MONDAY 11 SEPTEMBER 2017	Intellectual Property for Media Practitioners	Increased knowledge amongst media practitioners on Intellectual Property, including more frequent and more accurate reporting of IP issues	Gaborone
TUESDAY 12 SEPTEMBER 2017	Intellectual Property for innovators	Increased Awareness of IP, importance of registration and commercialisation strategies. Understanding the different Industrial Property Rights: Patents/Designs/Utility Models etc	Gaborone
WEDNESDAY 13 SEPTEMBER 2017	Visit to Thamaga Pottery and Kgosi Sechele Museum	Increased awareness of IP.	Thamaga/Molepolole
THURSDAY 14 SEPTEMBER 2017	Intellectual Property for Fashion designers	Increased awareness of IP, including the importance of registration and commercialisation strategies	Gaborone
FRIDAY 15 SEPTEMBER 2017	Intellectual Property for visual artists	Increased knowledge of copyright amongst artists. Appreciation of using IP as a business asset.	Gaborone
MONDAY 18 SEPTEMBER - TUESDAY 19 SEPTEMBER 2017	Intellectual Property for Police Officers and Prosecutors (2 days)	Increased awareness of IP, including the need for prosecution for IP related crimes	Francistown
WEDNESDAY 20 SEPTEMBER 2017	Intellectual Property for Various Stakeholders	Introduction to the basics of IP	Francistown
THURSDAY 21 SEPTEMBER 2017	Intellectual Property Training for CIPA Francistown Staff	Increased awareness of IP among CIPA staff and subsequent improvement of IP filings in the office	Francistown

CIPA PERFORMANCE HIGHLIGHTS 2017/2018 *Continued***7. WORLD INTELLECTUAL PROPERTY DAY 2017**

The World Intellectual Property Day 2017 commemoration was held in the village of D'Kar in the Ghanzi region on the 26th April 2017. The day was commemorated under the theme "Innovation, Improving Lives." The village of Dkar was selected as an appropriate venue due to the fact that it has an innovation centre which produces innovations aimed at improving the livelihoods of the villagers. Participating organisations were the Companies and Intellectual Property Authority (CIPA), Department of Research Science and Technology (DRST), Copyright Society of Botswana (COSBOTS), Botswana Innovation Hub (BIH) and Botswana Institute of Technology Research and Innovation (BITRI).

The event was well attended, with almost 300 villagers in attendance, as well as the Area Member of Parliament, Councillor, Kgosi and representatives of some of the government departments from Ghanzi. The program of the day included welcome remarks by the Village Kgosi, intellectual property speeches, entertainment by local groups and viewing of stalls and innovations. The dignitaries also got the opportunity to visit and share information with the D'Kar Museum, Naro Language Project and the Kuru Art Workshop. The Ghanzi Brigade also participated by showcasing some of their innovations, which included a locally made safari vehicle.

The following innovations, developed at the D'Kar Innovation Centre, were also on display during the event, and the public had the opportunity to inspect them:

- a. **Manual Driven Washing machine:** Drum with embedded metal ripples, insulation and closing door. Water is recycled through use of tubes. Drum rotated by bicycle sprocket system.
- b. **Glass burning platform:** Use of Concave lenses to focus sunlight to a focal point that yields a very high temperature. Crushed glass is placed at the focal point to melt. Melted/ molten glass is directed to molds to form Beads. Major challenge is on the piercing of the formed beads.
- c. **Energy efficient stove:** Idea conceived out of the scarcity of firewood. With little woods, water can be effectively boiled in a pot. The insulated tunnel directs the small heat from the combustion chamber to the base of the pot.
- d. **Sand Master Wheel Chairs:** Normal wheel-chairs re-modelled for use on the area sand. Propulsion by way of bicycle sprocket system, placed at arm reach.
- e. **Fodder Processor:** Manufactured using recycled materials. Efficient and easy to use. Manually driven.
- f. **Jigs & Fixtures:** the centre innovators quickly design and fabricate jigs and fixtures for any product part that so requires precision.



**COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
INDEX TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

AUTHORITY INFORMATION

Business operations:

To protect the interests of Investors and Rights Holders by providing efficient and accessible business registration and Intellectual Property services.

Authority registration:

The Authority was incorporated in terms of the Companies and Intellectual Property Authority Act, 2011

Registered address:

Plot 9951/2/0 Government Enclave Gaborone

Postal address:

P.O Box 102, Gaborone

Auditors:

PricewaterhouseCoopers

Bankers:

Stanbic Bank Botswana Limited

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ANNUAL FINANCIAL STATEMENTS

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COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD For the financial year ended 31 March 2018

The Members of the Board are required in terms of the Companies and Intellectual Property Authority Act, 2011 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 represents the state of affairs of the Authority at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements

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

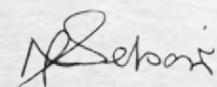
The Members of the Board acknowledge that they are ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment. To enable the Members of the Board to meet the responsibilities, the Members of the Board set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standard's in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operation risk cannot be fully eliminated, the Authority endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The Members of the Board 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 preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement on loss.

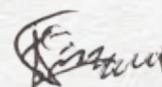
The Members of the Board have reviewed the Authority's cash flow forecast for the year to 31 March 2019 and, in light of this review and the current financial position, they are satisfied that the Authority has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Authority's annual financial statements. The annual financial statements have been examined by the Authority's external auditors and their report is presented on pages 53 to 56. The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the Stakeholders, the Members and Committees of the Board. The Members of the Board believe that all representations made to the independent auditors during their audit are valid and appropriate.

The annual financial statements and additional schedules set out on pages 57 to 76, which have been prepared on the going concern basis, were approved by the directors on 18/09/18 and were signed on their behalf by:



Director



Director

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

INDEPENDENT AUDITORS REPORT TO THE DIRECTORS OF COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
For the year ended 31 March 2018



INDEPENDENT AUDITOR'S REPORT TO THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Companies and Intellectual Property Authority (the "Authority") as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

Companies and Intellectual Property Authority's financial statements set out on pages 8 to 29 comprise:

- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Authority in accordance with the Botswana Institute of Chartered Accountants' Code of Ethics (the "BICA Code") and the ethical requirements that are relevant to our audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code. The BICA Code is consistent with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (Parts A and B).

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Country Senior Partner: B D Phiso
Partners: R Binedell, A S Edirisinghe, L Mahesan, R van Schaikwyk, S K K Wjosena

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

INDEPENDENT AUDITORS REPORT TO THE DIRECTORS OF COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY For the year ended 31 March 2018

**Key audit matter****How our audit addressed the key audit matter**

Accounting for Subvention received from Government, Capital Grant and Unspent Grants received from the Government.

The subvention from Government is the most significant portion of income received by the Authority on an annual basis. The amount is awarded to the Authority to defray operating costs.

The Capital Grant is received for the property, plant and equipment and the Authority must spend such money's on the assets budgeted to purchase. Capital Grants are amortised to income in the same amounts and at the same time as when the underlying assets are depreciated.

The Unspent Grant received for expenses and capital assets, represents unspent amounts received from Government. This balance is released to income or Capital Grant as and when the related expenditure is incurred.

The accounting for Subvention received, Capital Grant and Unspent Grants received from Government were determined to be matters of most significance to our audit, due to the significance of the amounts and balances to the annual financial statements and the specific requirements to be applied determining the correct accounting for these in accordance with the Authority's accounting policies.

The disclosures associated with Subvention received, Capital Grant and Unspent Grant are set out in the financial statements in the following notes:

- Note 1.11 - Subvention received (page 17 and 18)
- Notes 1.11 and 10 - Capital Grant (pages 17, 18 and 25)
- Notes 1.11 and 12 - Unspent Grant (pages 18 and 26)

Our audit of the Subvention, Capital Grant and Unspent Grant from Government included the following audit procedures:

- We agreed quarterly subvention receipts from Government to deposit recorded in the Authority's bank statements.
- We obtained a confirmation from the Ministry of Investment, Trade and Industry confirming the subvention amount that was paid to the Authority.
- We agreed subvention amount received to the approved 2017/18 annual budget of the Authority.
- Capital Grants received were agreed to the deposits recorded in the Authority's bank statements. We tested the acquisition of items of property, plant and equipment financed through the Capital Grant to supporting documentation, including supplier invoices.
- We agreed amortisation of Capital Grant to the depreciation as per the fixed asset register, calculated on those assets that were acquired through funds received as part of the Capital Grant.
- We tested expenditure settled from Unspent Grants to supporting documentation and payments in the Authority's bank statements.

Our testing did not reveal any exceptions.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

INDEPENDENT AUDITORS REPORT TO THE DIRECTORS OF COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY For the year ended 31 March 2018



Other information

The members of the Board are responsible for the other information. The other information comprises the Authority Information and Statement of Responsibility by the Members of the Board. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements

The members of the Board are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the members of the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members of the Board are responsible for assessing the Authority'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 members of the Board either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

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

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

INDEPENDENT AUDITORS REPORT TO THE DIRECTORS OF COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY For the year ended 31 March 2018



- Identify and assess the risks of material misstatement of the 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 Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members of the Board.
- Conclude on the appropriateness of the members of the Board's 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 Authority'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 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 Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Authority to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the members of the board 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.

From the matters communicated with the members of the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Practicing Member: Rian Van Schalkwyk
Membership number: 20160840

Gaborone
 10 October 2018

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 P	2017 P
Subvention received from Government		38 373 613	29 463 035
Other income	1	4 750 805	3 080 218
Total income		43 124 418	32 543 253
Administration and other operating expenses	2	(41 774 188)	(37 160 546)
Operating (deficit) / surplus		1 350 230	(4 617 293)
Interest income	4	85 065	80 956
Surplus / (Deficit) before income tax		1 435 295	(4 536 337)
Income tax	5	-	-
Surplus / (Deficit) for the year		1 435 295	(4 536 336)
Other comprehensive income:		-	-
Total comprehensive income / (loss) for the year		1 435 295	(4 536 336)

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2018 P	2017 P
ASSETS			
Non-current assets			
Property, plant and equipment	6	10 182 847	4 950 853
Intangible assets	7	423 050	-
		10 605 897	4 950 853
Current assets			
Other receivables	8	644 029	344 647
Cash and cash equivalents	15	19 764 632	10 184 568
		20 408 661	10 529 215
Total assets		31 014 557	15 480 068
EQUITY			
Reserves			
Accumulated surplus		2 516 689	1 081 394
LIABILITIES			
Non-current liabilities			
Capital grant	10	10 605 114	4 950 070
Current liabilities			
Trade and other payables	11	6 034 999	4 627 086
Unspent grants received from Government	12	11 857 756	4 821 518
		17 892 755	9 448 604
Total liabilities		28 497 869	9 448 604
Total equity and liabilities		31 014 557	15 480 068

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Capital Reserve P	Retained Earnings P	Total P
Balance at 01 April 2016	3 271 571	5 617 730	5 617 730
Prior period adjustment note	(3 271 571)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in capital grant	1 678 499	-	-
Prior period adjustment note	(1 678 499)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income			
Deficit for the year 2017	-	(4 536 336)	(4 536 336)
	<u>-</u>	<u>1 081 394</u>	<u>1 081 394</u>
Balance at 31 March 2017			
Balance at 01 April 2017	-	1 081 394	1 081 394
Total comprehensive income			
Surplus for the year	-	1 435 295	1 435 295
	<u>-</u>	<u>2 516 689</u>	<u>2 516 689</u>
Balance at 31 March 2018			

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 P	2017 P
Cash flows from operating activities			
Cash utilised in operations	14	972 742	(2 936 937)
Net cash utilised in operating activities		<u>972 742</u>	<u>(2 936 937)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	6	(7 215 025)	(2 631 207)
Interest received	4	85 065	80 956
Net cash out flows from investing activities		<u>(7 129 960)</u>	<u>(2 550 251)</u>
Cash flows from financing activities			
Capital and expenses grants received	10	15 737 282	4 783 369
Net cash generated from financing activities		<u>15 737 282</u>	<u>4 783 369</u>
(Decrease) / increase in cash, cash equivalents			
Cash and cash equivalents at beginning of the year		9 580 064	(703 819)
Cash and cash equivalents at end of the year	14	<u>19 764 632</u>	<u>10 184 568</u>

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

SIGNIFICANT ACCOUNTING POLICIES For the year ended 31 March 2018

General Information

The Companies and Intellectual Property Authority carries on the business of protecting the interests of Investors and Rights Holders by providing efficient and accessible business registration and Intellectual Property services. The entity is an Authority, a government parastatal, incorporated and domiciled in Botswana. The financial statements set out on pages 57 to 76, have been approved by the Directors of the on the.....

1 Summary of significant accounting policies

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

1.1 Basis of preparation

The financial statements of Companies and Intellectual Property Authority have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the "Critical accounting estimates and assumptions" section of the financial statements.

a) Listed below are a few IFRSs or IFRIC interpretations, standards and amendments relevant to the Authority effective for the first time for 31 March 2018 financial year-ends. None of these is expected to have a significant effect on the financial statements of the Authority.

Amendments to IFRS 2 – 'Share –based payments' clarifies how to account for certain types of share-based payment transactions. Annual periods beginning on or after 1 January 2018 (published June 2016). This amendment clarifies the measurement basis for cash settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax Authority.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption (effective date: 1 January 2016) The amendments clarify the application of the consolidated exemption for the investment entities and the subsidiaries.

IFRS 15 – Revenues from contracts with customers (effective date: 1 January 2018) The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. The IASB has amended IFRS 15 to clarify the guidance, but there were no major changes to the standard itself. The amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of these areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

SIGNIFICANT ACCOUNTING POLICIES For the year ended 31 March 2018 (Continued)

1.1 Basis of preparation (continued)

- a) **Listed below are a few IFRSs or IFRIC interpretations, standards and amendments relevant to the Authority effective for the first time for 31 March 2018 financial year-ends. None of these is expected to have a significant effect on the financial statements of the Authority, (continued)**

Amendment to IAS 40, 'Investment property' (Effective date 1 January 2018) These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

- b) **Listed below are a number of new standards and amendments to standards and interpretations are effective post 31 March 2018 financial year end, and have not been applied as early adoption in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Authority**

IFRS 16 – 'Leases' (Effective: Annual periods beginning on or after 1 January 2019). This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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.

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

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 recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

SIGNIFICANT ACCOUNTING POLICIES For the year ended 31 March 2017 (Continued)

1.2 Property, plant and equipment (continued)

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:

Buildings	50 years
Improvements to lease hold properties	Remaining lease period
Furniture and office equipment	10 years
Computer equipment	4 years
Motor vehicles	5 years
Office Equipment	10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/ (losses) in the statement of comprehensive income.

Costs incurred in respect of activities to develop, expand or enhance items of property, plant and equipment are classified as part of work in progress.

Capitalization of Work in Progress is recognized once the asset is ready for use, when the certificate of completion has been issued.

1.3 Intangible assets

Computer Software

Costs associated with maintaining software programmes are recognized as an expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use.
- Management intends to complete the software and use or sell it
- There is an ability to use or sell software
- It can be demonstrated how the software will generate probable future economic benefits.
- Adequate technical, financial and other resources to compete the development and to use or sell the software are available, and
- The expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant over-heads. Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use over 4 years.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

SIGNIFICANT ACCOUNTING POLICIES For the year ended 31 March 2017 (Continued)

1.4 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 recognised 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 suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.5 Financial assets

1.5.1 Classification

The Authority classifies its financial assets in the following categories: at fair value through profit or 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

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 reporting date. These are classified as non-current assets. The Authority's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (Note 1.6).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. There are no financial assets classified as fair value through profit or loss and available-for-sale at the reporting date.

1.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, the date on which the Authority commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value and

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

SIGNIFICANT ACCOUNTING POLICIES For the year ended 31 March 2018 (Continued)

transaction costs are expensed in the statement of comprehensive income.

Loans and receivables are carried at amortised cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Authority has transferred substantially all risks and rewards.

1.5.3 Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 1.5.

1.5.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.6 Trade and other receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Authority 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 re-organisation, and default or delinquency in payments are considered indicators that the 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 carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income.

When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the income.

1.7 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 statement of financial position.

1.8 Provisions

Provisions claims are recognised when, the Authority has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

SIGNIFICANT ACCOUNTING POLICIES For the year ended 31 March 2018 (Continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

Provisions are reviewed at each reporting 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 Trade and other payables

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

1.10 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements 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 Authority's functional and the presentation currency.

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses)/gains'.

1.11 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the Authority.

Grants from the Government are recognised at their fair value. Grants relating to the acquisition of property, plant and equipment are recorded at fair value by recognising both the asset and the grant in the capital grant.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

SIGNIFICANT ACCOUNTING POLICIES For the year ended 31 March 2018 (Continued)

1.11 Government grants (continued)

Grants relating to the acquisition of property, plant and equipment are recorded at fair value where there is a reasonable assurance that the grant will be received and the Authority will comply with all attached conditions by recognising both the asset and the grant in the statement of financial position as a liability. The amortisation of the grant is credited to the statement of comprehensive income and the related depreciation is deducted from the cost of the asset in determining the carrying amount of the asset.

Unspent Grants received for expenses are recognised in the statement of comprehensive income in the period in which the related expenditure is incurred. Grants received for which the related expense have not been incurred are included in current liabilities as unspent grants received from Government.

Unspent Grants received for capital assets are transferred to Capital Grants in the statement of financial position in the period which the asset is bought. Grants received for the related assets which has not been bought, are included in current as unspent grants received from Government.

1.12 Revenue recognition

Interest income - Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Authority reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

Fees, rental and other income - Fees, rental and other income are recognised in the accounting period in which they accrue.

1.13 Employee benefits

The Authority does not have an active post-employment plan for permanent employees. It makes a provision for pension deduction at a rate of 16% Authority contribution and 4% employee contribution on the basic salary. For employees who are on contracts, the Authority pays gratuity in accordance with the respective contracts of employment.

Terminal benefits are payable when employment is terminated by the Authority before the normal retirement date, or whenever an employee accepts voluntary redundancy or is declared redundant in exchange of these benefits. The Authority recognises termination benefits when it is demonstrably committed to either; terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing terminal benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the statement of financial position date are discounted to their present value.

1.14 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 / income received under operating leases (net of any incentives received from the lessor) is charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

FINANCIAL RISK MANAGEMENT FOR THE YEAR ENDED 31 MARCH 2018

2.1 Financial risk factors

The Authority's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Authority's financial performance. Risk management is carried out under policies approved by the Members of the Board.

(a) Market risk

(i) Cash flow and fair value interest rate risk

As the Authority has neither significant interest bearing assets nor variable interest bearing liabilities, the Authority's income and operating cash flows are substantially independent from changes in market interest rates.

(ii) Other price risk

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

(iii) Foreign currency risk

The Authority does not have foreign currency denominated bank deposits and thus it is not exposed to foreign currency risk.

(b) Credit risk

Financial assets of the Authority, which are subject to credit risk, consist mainly of cash and cash equivalents, deposits with banks. Cash deposits are held with high-credit-quality financial institutions. The credit risk exposure of the Authority is thus minimal.

(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 operations due to their short term nature, management of the Authority aims to maintain flexibility in funding by keeping committed credit lines available.

The Authority's financial liabilities as given in the table below consist of accounts payable and borrowings. The analysis of financial liabilities into relevant maturity groupings are based on the remaining period at the reporting to the contractual maturity date.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

FINANCIAL RISK MANAGEMENT For the year ended 31 March 2018 (Continued)

2.2 Financial risk factors (Continued)**(c) Liquidity risk (Continued)**

	Less than 1 year P	More than 1 year and Less than 5 Years P	More than 5 year P	Total P
At 31 March 2018				
Accounts payable	1 228 628	4 806 371	-	6 034 999

2.3 Capital risk management

The Authority is a Government organisation with the main object being to- protect the interests of Investors and Rights Holders by providing efficient and accessible business registration and Intellectual Property services. As such all operations of the Authority are funded by Government and therefore not subject to capital risk.

2.4 Fair value estimation of financial instruments

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

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3.1 Critical accounting estimates and assumptions

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

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within financial year are discussed below.

Residual value and useful lives of property, plant and equipment

The Authority determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on projections about the continued existence of a market for its services and intangibles and the ability of the Authority to penetrate a sufficient portion of that market in order to operate effectively. The Authority increases the depreciation charge where the useful lives are less than previously estimated, or it will appropriately impair technically obsolete or non-strategic assets that have been abandoned or identified for sale.

Residual values are based on current estimates of the value of these assets at the end of their useful lives.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2018

	2018 P	2017 P
1 Other Income		
Fees from ARIPO	1 428 874	1 525 131
Fees from WIPO	1 278 231	1 535 086
Rental from - CEDA	1 836 069	-
Other income	207 630	20 000
	4 750 804	3 080 217
2 Surplus/(Deficit) from Operations		
The following items have been charged/(credited) in arriving at the operating (deficit) / surplus:		
Administration and other expenses		
Auditors remuneration	201 074	133 055
Consultancy fees	525 355	265 806
Directors Emoluments	182 004	99 388
Depreciation (note 6)	1 559 981	1 483 352
Amortisation of Capital Grant	(1 559 981)	(1 483 352)
Forensic audit	1 215 067	-
Unspent grant released	(1 215 067)	-
Insurance	303 729	122 655
Local and international travel	832 650	904 070
Other office and administration expenses	5 022 715	5 143 797
Printing and stationery	513 002	439 123
Rent expenses	3 857 703	204 249
Repairs and maintenance	480 880	279 018
Study on the Economic Contribution of Copyright	270 951	-
Unspent grant released	(270 951)	-
Software licences	2 486 360	3 089 881
Staff cost (Note 3)	27 368 717	26 479 504
	41 774 189	37 160 546
3 Staff Costs		
Salaries and wages	21 037 985	20 336 475
Staff benefits	6 330 732	6 143 029
	27 368 717	26 479 504
Average number of employees	88	80
4 Interest Income		
Interest Received		
Bank	85 065	80 956
5 Income Tax		
No provision for normal taxation is made for the current financial year as the Authority is exempt from income tax as per Part 1 (ii) of the Second Schedule to the Income Tax, Act 12 of 1995. (Chapter 50:01)		

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2018 (Continued)

6 Property, Plant and Equipment

	Motor Vehicles	Computer Equipment	Furniture & Fittings	Office Equipment	Work in progress	Total (cost)
Year ended 31 March 2017						
Opening net book value – 01 April 2016	1 207 434	1 631 095	422 868	10 173	531 429	3 802 999
Addition	514 858	1 050 026	235 723	297 658	532 941	2 631 207
Transfers	-	-	1 064 370	-	(1 064 370)	-
Depreciation	(647 687)	(690 853)	(128 357)	(16 455)	-	(1 483 352)
Accumulated depreciation on disposal	-	-	-	-	-	-
Net book value at the end of the year	1 074 604	1 990 269	1 594 605	291 376	-	4 950 854
At 31 March 2017						
Cost	2 278 058	3 011 693	1 787 501	318 267	-	7 395 518
Accumulated depreciation	(1 203 454)	(1 021 424)	(192 896)	(26 891)	-	(2 444 665)
Net book value	1 074 604	1 990 269	1 594 605	291 376	-	4 950 853
Year ended 31 March 2018						
Opening net book value – 01 April 2017	1 074 604	1 990 269	1 594 605	291 376	-	4 950 854
Addition	-	1 336 098	30 776	37 988	5 358 909	6 763 771
Depreciation	(272 971)	(879 959)	(341 919)	(36 929)	-	(1 531 778)
Net book value at the end of the year	801 633	2 446 408	1 283 462	292 435	5 358 909	10 182 847
At 31 March 2018						
Cost	2 278 058	4 347 791	1 818 277	356 255	5 358 909	14 159 290
Accumulated depreciation	(1 476 425)	(1 901 383)	(534 815)	(63 820)	-	(3 976 443)
Net book value	801 633	2 446 408	1 283 462	292 435	5 358 909	10 182 847

The Authority undertook Gaborone and Francistown office interior design and partitioning during the financial year ended 31st March 2018. The exercises were ongoing at the financial year end and there were no transfers from Work-In-Progress as at 31 March 2018.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2018 (Continued)

	2018 P	2017 P
7 Intangible assets		
Year ended 31 March 2018		
Opening net book value 01 April 2017	-	-
Addition	451 254	-
Depreciation	(28 203)	-
Net book value at end of year	423 050	-
As at 31 March 2018		
Cost/ valuation	451 254	-
Accumulated depreciation	(28 203)	-
Net book value	423 050	-
8 Other receivables		
Other receivables	644 029	344 647

The carrying amounts of the Authority's receivables are denominated in Botswana Pula.

9 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Financial assets as per the statement of financial position

Loans and receivables

Other receivables excluding non-financial assets	644 029	344 647
Cash and cash equivalents	19 764 632	10 184 568
	20 408 661	10 529 215

There were no assets at fair value through the profit and loss, derivatives used for hedging or available-for-sale financial instruments as at year end. Other receivables were fully performing at period end and thus had not been impaired.

Financial liabilities as per the statement of financial position

Financial liabilities

Trade and other payables (note 11)	6 034 999	4 627 086
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10 Capital Grant

Opening balance	4 950 070	3 271 571
Transfer from unspent grant utilised to capital grant	7 146 264	1 050 026
Grant received	68 764	2 111 825
Amortisation of property, plant & equipment	(1 559 981)	(1 483 352)
Balance at end of the year	10 605 114	4 950 070

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2018 (Continued)

11 Trade and Other Payables

	2018 P	2017 P
Trade payables	773 517	494 992
Deposits received in advance (CRF)	274 403	-
Staff terminal benefit accruals	4 806 371	4 004 039
Provision for Audit fees	180 708	128 055
	<u>6 034 999</u>	<u>4 627 086</u>

The directors considers that the carrying amount of trade and other payables approximates their fair values.

Movement Schedule for provisions**Leave provision**

Opening balance	1 593 212	855 897
Net Movement	259 414	737 315
Closing Balance	<u>1 852 626</u>	<u>1 593 212</u>

Gratuity provision

Opening balance	2 410 827	1 804 284
Net Movement	542 918	606 543
Closing Balance	<u>2 953 745</u>	<u>2 410 827</u>

12 Unspent grants received from Government

Opening balance	4 821 518	3 200 000
Grant received during the year		
Assets	9 303 773	-
Expenses	6 364 745	2 671 544
Grants utilised to defray expenses and finance additions to assets during the year		
Assets	(7 146 262)	(1 050 026)
Expenses	(1 486 018)	(-)
Closing balance	<u>11 857 756</u>	<u>4 821 518</u>

Closing balance relates to unspent amounts received with respect to:

Information Technology Equipment	362 622	2 149 974
Study on the Economic Contribution of Copyright	1 101 049	1 372 000
Francistown Office Design & Partitioning	511 011	-
Gaborone Office Design & Partitioning	3 433 853	-
Performance management system	1 295 570	-
Project - National Strategy for Creative Industries	5 000 000	-
Project - Accessible Books Consortium	51 277	-
Event - Honouring Former LTDF Committee Members	17 898	-
Forensic audit	84 477	1 299 544
	<u>11 857 756</u>	<u>4 821 518</u>

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2018 (Continued)

13 Related party transactions

Transactions with related parties was largely compensation paid to key management and subvention income and capital grants received from the Government of Botswana

Key Management

Key management includes directors (executive and non-executive), members of the executive committee and the Board Secretary. The compensation paid or payable to key management for employee services is depicted below:

	2018 P	2017 P
Board fees	182 004	99 388
Compensation paid to executive management	6 692 740	6 435 246
	6 874 744	6 534 634
Government of Botswana		
Subvention income received from the Government	38 373 613	29 463 035
Unspent grants received from Government	11 857 756	4 821 518
	50 231 369	34 284 553

14 Cash utilised in operations

Operating profit /(losses)	1 435 295	(4 536 336)
<i>Adjustment for non-cash items:</i>		
Depreciation (note 6)	1 559 981	1 483 352
Amortisation of capital grant	(1 559 981)	(1 483 352)
Unspent grant released for expenses	(1 486 019)	-
Interest income	(85 065)	80 956
	(135 789)	(4 617 292)
Changes in working capital		
Other receivables	(299 382)	1 238 006
Trade and payables	1 407 913	442 349
Cash utilised in operations	972 742	(2 936 937)

15 Cash and cash equivalents

Bank overdraft	(41)	(303 959)
Call / fixed deposits	19 764 673	10 488 527
	19 764 632	10 184 568

There is no surety given for the bank overdraft.

16 Contingent liabilities

The Members of the Board confirmed that there were no contingent liabilities at year end.

17 Commitments

Capital commitments

The current capital commitments are for the office partitioning and interior design of the CIPA Gaborone and Francistown offices.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 31 March 2018 (Continued)

17 Commitments (Continued)

Operating lease commitments - where the company is the lessee

The Authority leases various properties under cancellable operating lease agreements. Rent is renegotiated and rental agreements are entered into on an annual basis. The lease expenditure charged to the income statement during the year is disclosed in Note 2.

The future aggregate minimum lease payments under cancellable leases are as follows:

	2018 P	2017 P
No later than 1 year	<u>5 999 983</u>	<u>3 236 520</u>

18 Subsequent events

There were no events that occurred after the reporting date that require adjustment to or disclosure in the financial statements.

19 Going concern

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

20 Prior period adjustment

In earlier periods the Authority accounted for capital grants relating to assets as a "capital reserve" under Equity in the Statement of Financial Position. The correct treatment and presentation for grants relating to fixed assets, as per IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance", is to account for "capital grants" under Non-Current Liabilities in the Statement of Financial Position.

This adjustment results in a change in the presentation of "capital grants" in the Statement of Financial Position and therefore does not have any other impact on the financial statements, hence a third Statement of Financial Position for 2015 was not included.

The impact of the adjustment is as follows:

	2016 P	2017 P
Prior year presentation		
Equity		
Capital Reserve	<u>3 271 571</u>	<u>1 678 499</u>
Current year presentation		
Non-current liabilities		
Capital grant	<u>3 271 571</u>	<u>1 678 499</u>



