COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

PROTECTING BUSINESS INTERESTS

2018/2019

ANNUAL REPORT

2019 World Intellectual Property Day Art Competition

Theme: Reach for Gold: IP and Sports

Winner: Motlalepula Rragabo and Keletso Motande both from

Motswedi Junior Secondary School.

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;

1. 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.

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

3. 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.

4. 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 of integrated circuits, geographical indications and handicrafts.

Our Mission

To protect the interests of investors and rights holders by providing efficient and accessible business registration and Intellectual Property services.

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.

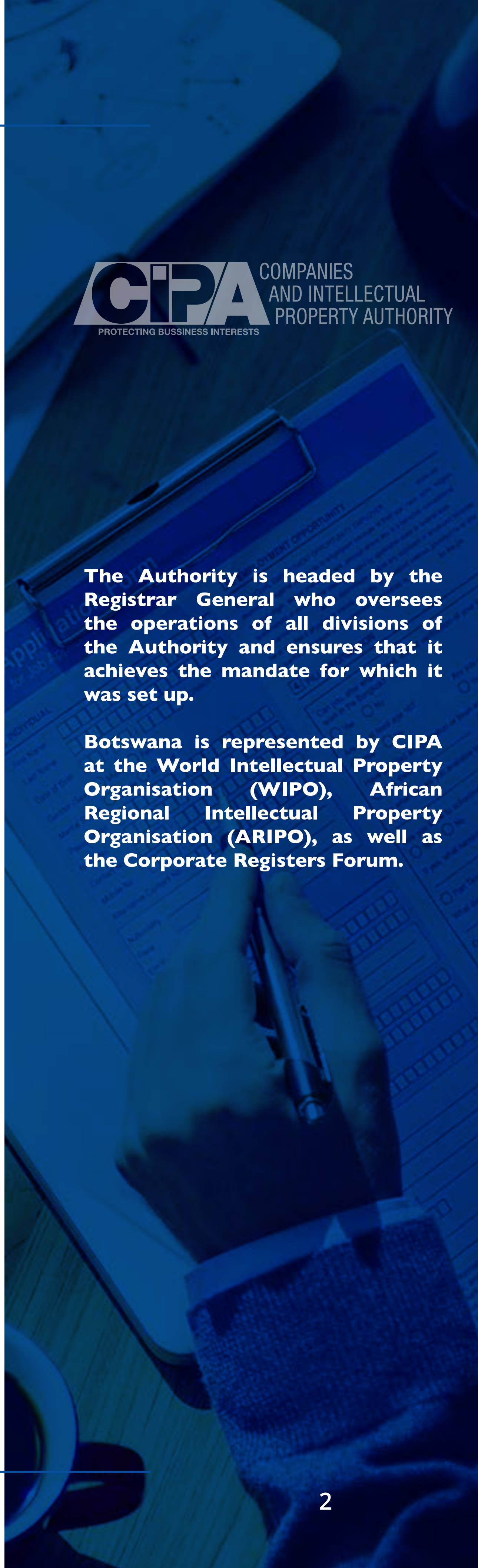
Our Values

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.



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.

Botswana is represented by CIPA at the World Intellectual Property Organisation (WIPO), African Regional Intellectual Property Organisation (ARIPO), as well as the Corporate Registers Forum.

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BOARD OF DIRECTORS

MR MARTINUS P. SEBONI
BOARD CHAIRMAN

MR CHARLES SIWAWA
VICE CHAIRMAN
FINANCE AND AUDIT COMMITEE

MS LORATO CHARITY MORULE
CHAIR – FINANCE AND AUDIT COMMITTEE
BOARD TENDER COMMITEE

MR TSHIAMO JAMES MOTSUMI
CHAIR BOARD TENDER COMMITTEE
HUMAN RESOURCE COMMITEE

DR BERNARD BULAWAYO
FINANCE AND AUDIT COMMITTEE
HUMAN RESOURCE COMMITTEE

MR PHAZHA BUTALE
BOARD TENDER COMMITTEE

MS GOITSEONE COLLETTE PHORIE
HUMAN RESOURCE COMMITTEE

EXECUTIVE MANAGEMENT

MR CONDUCTOR P. MASENA
REGISTRAR GENERAL

MS PEGO AISAM
BOARD SECRETARY & LEGAL ADVISOR

MS HILDA MOCUMINYANE
REGISTRAR - COMPANIES AND BUSINESS NAMES

MR TIMOTHY MOALUSI
REGISTRAR - INDUSTRIAL PROPERTY

MS KEITSENG MONYATSI
COPYRIGHT ADMINISTRATOR

MS NTESANG SEBETSO
DIRECTOR - COMPLIANCE, AWARENESS & CLIENT SERVICES

MR GREENE KAMAKAMA
DIRECTOR - INFORMATION TECHNOLOGY

MR BUMO NTHOIWA
INTERNAL AUDIT MANAGER

MR ADAM MARENGA
STRATEGY MANAGER

"I am confident that in the coming year we will surpass expectations as we deliver to the nation the long-awaited Online Business Registration System."

CHAIRMAN'S REPORT

Four years ago, the envisaged parastatal called Companies and Intellectual Property Authority (CIPA), which was created through an Act of Parliament in 2011, finally came to pass. CIPA is still a young parastatal, but I continue to be amazed and I am very proud of the strides we have made in pursuit of our vision of contributing to make Botswana the number one country for investment in Africa. We have the right people and processes in place and are working very hard to complement this by putting the right systems in place in order to create a high-performance organisation for the benefit of the economy of Botswana. I am delighted to report on the performance of the Companies and Intellectual Property Authority for the 2018/2019 financial year. This was quite an eventful year for CIPA, as from April 2018 with the passing into law of the Online Business Registration System (OBRS) Acts, it was all systems go in preparation for the imminent launch of the much-awaited system.

Corporate Performance

The overall corporate performance of the Authority in the period 2018/2019 stood at 68%. Although this was a decline of 7% from the previous period, we are optimistic that in the next period the Authority would have managed to implement most of the key strategic areas as determined by the 2015-2020 strategy, and thus would show improved performance. The Authority continues to operate under a financially constrained environment, however, the Registrar General Mr Masena and his team continue to be innovative in utilizing the limited resources in order to deliver on the Authority's mandate.

During the period under review, a subvention of P45 529 809 was received from the Ministry of Investment, Trade and Industry. The total revenue generated during this financial year by the Authority stood at P38 540 793 which is a 7% decline in revenue as compared to the previous financial year. This decline in revenue can be attributed, in part, due to a decline in the payment of annual returns during the year, as stakeholder engagement for the OBRS included information that outstanding annual return debts will be cancelled following re-registration on the new system. Company owners were thus reluctant to submit their annual returns with the knowledge that in the coming year they will have the debt waived. I am, however, confident that once annual return submissions are automated through the OBRS, and access to company registration improved through the online platform, that the Authority will see a substantial increase in revenue collection. ICT is a key enabler for CIPA to deliver on its strategy and mandate, thus a considerable amount of resources continue to be spent on ICT infrastructure, enabling the Authority to become more efficient and more responsive to customer demands and advancements in Registry technology. One of the key reasons for having set up CIPA as a parastatal was the Authority's potential for self-sustainability, and as we put together strategies, policies and interventions for growth, we must not lose sight of that objective.

We note that this year, as with all other years since the inception of CIPA as a parastatal, the Companies and Business Names Division continues to be the main revenue earner for the Authority. As we progress towards the finish line of the current strategy (which is due to end in 2020), our focus should be to diversify the income of the Authority beyond new company registrations and annual returns. The OBRS presents a unique opportunity for new revenue streams through interfaces with financial institutions, as well as through commercialization of the data held on our registers.

Notwithstanding the need to diversify the revenue streams for the Companies and Business Names Division, the Authority must now also focus on enriching the lives of individual Batswana as well as turning around local companies through intellectual property protection, as filings in this area remain low. We do note and appreciate that the government is now focused on transforming Botswana into a knowledge economy, which comprises commercialisation of ideas, creative works and innovations. For Botswana to be an economy that depends on knowledge as a source of wealth creation, CIPA must be at the forefront demonstrating that the Intellectual Property system can be used to protect the knowledge generated by its citizens. It is imperative therefore that awareness creation for the various intellectual property rights should form a key part of the Authority's initiatives going forward, as a way of complementing the envisaged knowledge economy. Key to the initiatives to drive this, will be the Intellectual Property Model Office, a project that CIPA is currently working on with the World Intellectual Property Organisation (WIPO) for the deployment of online services for the intellectual property side of the business.

Journey to Online Registration

It is with delight that I report that the Online Business Registration System (OBRS) Laws were passed by parliament in April of 2018. These laws include the Amendment to the Companies Act, the re-enactment of the Registration of Business Names Act as well as two new acts to allow for the Re-registration of both companies and business names on the new online system.

The passing of these laws paved the way for CIPA to re-engage with the New Zealand Companies Office in building the system for release in June of 2019. The majority of activities for the Authority in the period under review were, as a consequence, centred around business readiness for the new system, including process re-engineering and pre-launch stakeholder engagement. The Authority took a deliberate decision that with the new system, there would be no job shedding, and instead staff whose jobs would be made redundant by the new system would be upskilled and redeployed to fit in with the online environment.

As part of the activities leading up to the launch of the OBRS, CIPA hosted the prestigious Corporate Registers Forum (CRF) in Gaborone in May 2018. The CRF is an international body of corporate registries, which exists to allow members access to specialist information on matters pertaining to company and business registration. The conference, which was held under the theme Corporate Registries: A Critical Vehicle for Global Economic Growth, saw 200 Registry professionals from over 40 countries converge in Gaborone to share ideas and discuss emerging registry issues. We were honoured to have the Honourable Minister of Investment, Trade and Industry, Ms Bogolo Kenewendo officiating during the official opening of the conference. Hosting and participating in forums such as these gives CIPA the opportunity to benchmark from international best practice as we position ourselves to be a leading registry in the region and beyond.

Board of Directors

During the period under Review the terms of appointment of some of the Board members came to an end, and it was with sadness that we bid farewell to Mr Reginald Bakwena, Ms Itumeleng Moremong, Mr Norman Sebonego and Mr Ngele Gabriel Ngele. Mr Bakwena, Ms Moremong and Mr Sebonego were founding members of the CIPA Board and we are grateful to them for their guidance and contribution to the Authority in its early years. Mr Ngele joined the Board in 2017 and served as the Chairperson of the Finance and Audit Committee and we thank him for his guidance on all fiscal matters of the Authority during his tenure. I wish all four departed Board Members success in their future pursuits.

With the exit of the four Board Members, the Minister of Investment, Trade and Industry appointed to the Board three new members, Ms Lorato Morule, Ms Goitseone Phorie and Mr Tshiamo Motsumi. I wish to take this time to congratulate them on their appointment, and we look forward to the expertise that they will bring to steer the Authority towards attaining its vision of contributing to making Botswana the number one business destination in Africa by 2020.

Conclusion

I would like to conclude by thanking the Board, Management and Staff of CIPA for their hard work and dedication throughout the year. I am confident that in the coming year you will surpass expectations as you deliver to the nation the long-awaited Online Business Registration System. In the same light I wish to also thank our valued customers, not only for their patronage, but for their patience as we went through the necessary motions which have brought us to the eve of the OBRS – a system that I am aware you are all very much looking forward to. Lastly, to our Shareholder, the Ministry of Investment, Trade and Industry, thank you for your contribution to the growth of the Authority, as well as for the guidance and support you continue to provide.

“Our long-term vision of being the leader in business registration and intellectual property protection, in the process, contributing to making Botswana the No.1 business destination in Africa by 2020, remains well on track and overly relevant”

REGISTRAR GENERAL'S REPORT

Overview

This latest edition of the annual report, which is the fourth since Companies and Intellectual Property Authority (CIPA) took over the mandate of the then Office of the Registrar of Companies and Intellectual Property (ROCIP) gives us yet another opportunity to share the experiences and accomplishments for the preceding year. The time and resources we devoted to the various initiatives during the 2018/19 financial year has enabled us to reach new frontiers in our performance, chief among them being to position Botswana among the key players in the World Doing Business landscape with a view to improve the ease of doing business index. CIPA continues to be a key player in the starting a business setting in Botswana, and therefore our performance in the registration of businesses and protection of intellectual property is paramount if, as a country, we are to attain high ratings in the global competitiveness index and economic growth.

Our long-term vision of being the leader in business registration and intellectual property protection, in the process, contributing to making Botswana the No.1 business destination in Africa by 2020, remains well on track and overly relevant. We may have had challenging moments along the way, but our eyes remain focused on making Botswana a much friendlier place to do business.

Improving Client Relations

As new opportunities emerge, they present new expectations and demands from our customers, which we must constantly aim to fulfil. One of the key issues, which kept coming out from our continuous interactions with our customers was lack of proper office accommodation. Therefore, in an endeavour to uphold one of our key values of customer focus, we listened to the feedback from our customers and committed to finding suitable office accommodation for our Offices in Francistown and Gaborone. This would provide a customer friendly and service-oriented environment, as well as improve operational efficiency, whilst equally boosting staff morale due to a conducive working environment. The feedback and reaction from our customers and staff regarding the new office environs has been very positive, and this has motivated us to keep finding solutions to all our current challenges in order to meet and exceed customer expectations.

In alignment with our business focus wherein our services are determined by customer requirements, we are continually seeking customer feedback through surveys and various stakeholder engagement activities, in order to assess how well we are doing with regards to meeting customer needs. Some of the key issues of concern highlighted by our customers related to the need for a queue management system at CIPA offices to manage long queues and the establishment of additional branch offices in areas such as Kasane, Tsabong and Ghanzi. Whilst these issues are certainly not new we remain alert to their resolution. We are confident that the deployment of the Online Business Registration System (OBRS) on the 3rd of June 2019 will address these challenges and provide a more enhanced user experience for all our clients, as CIPA services will be accessible from anywhere in the world provided there is access to a computer and internet connection. Further, the establishment of CIPA as an Intellectual Property (IP) Model Office by the World Intellectual Property Organization (WIPO), which aims to bring IP registration services closer to the ordinary person in Botswana by leveraging technology , will make IP services more accessible, and in the process addressing the above concerns. The project will be implemented during the second half of 2019/20.

Hosting of the Corporate Registers Forum

In a bid to launch CIPA in the international domain of Company Registries, we successfully hosted the Corporate Registers Forum (CRF) at the Gaborone International Convention Centre in May 2018. The Corporate Registers Forum is an association of international corporate registries, whose aim is to provide members with the opportunity to review the latest developments in corporate business registers internationally and exchange experiences and information on the present and future operation of corporate business registration systems.

This was the third forum hosted in Africa, presenting a great opportunity for CIPA to benchmark and learn from Registries from more established economies. The CRF 2018 conference was held under the theme "Corporate registries; A critical vehicle for global economic growth". It was indeed gratifying for CIPA to host delegates from over 40 countries, and we are truly grateful, not only for the learnings our own staff received from the experience, but also for the unique opportunity to position Botswana on the global stage. The support that we received from the Corporate Registers Forum Secretariat, the Ministry of Investment Trade and Industry, the CIPA Board of Directors and the various conference sponsors contributed to the success of this prestigious conference.

Forming Strategic Alliances

One of our strategic objectives is centred on the creation of strategic alliances with other organisations for enhanced collaboration in order to effectively deliver on our mandate. In view of this, we have continued to prioritise improving synergies with our strategic partners, hence during 2018/19 we explored opportunities to identify such partners with a view to form strategic partnerships with them for the benefit of our clientele. For instance, the authority signed a Service Level Agreement with the Botswana Bureau of Standards (BOBS), which enables CIPA offices in Serowe and Maun to provide service points for the sale of BOBS standards. Further, CIPA also signed a memorandum of understanding (MoU) with the University of Botswana (UB) on the 20th March 2019 for the promotion of intellectual property awareness and management within the University. Looking ahead, we are confident that the partnership with BOBS will provide a value addition for CIPA clients and that the MoU with the University of Botswana will provide a platform where students can derive value through the intellectual property system through establishment of Technology Innovation Support Centre (TISC) in the university. This will stimulate their innovation and creativity in direct response to the country's burning desire to both contribute and benefit from the fourth

REGISTRAR GENERAL'S REPORT CONTINUED

industrial revolution, which is already upon us.

Accelerating Strategy Execution

In order to fulfil our core mandate and our vision, we need to deliver on our strategy, which is anchored on our business model as underpinned by our customer value proposition of delivering customer centric products, which are accessible nationally and globally, and delivered at speed with superior service quality. All the 16 strategic objectives of the corporate scorecard, including the mandate objective, were implemented and monitored through Key Performance Indicators (KPIs) and strategic initiatives. However, as the process of strategy management is not static, during the execution of the strategy some objectives, KPIs or targets changed in response to the shift in the business imperatives. Therefore, during the period under review, only 13 out of the 16 strategic objectives were reported on and had all or some of their KPIs assessed, representing 81.25% assessment rate.

From the 1st April 2015 to the 31st March 2019, we attained an average corporate performance score of 78%, as shown on figure 1. However, as shown on the graph, our performance has been declining from 89.6% during the first year of the strategy to 68% during the period under review. This could be attributed to the fact that, during the formative years of the strategy, most of the indicators were measured at output level hence the attainment of the set targets. However, as the strategy progressed, the focus gravitated towards outcomes and/or impact, which, given the limitations we continue to face, impacted on our overall performance. I am confident, however, that, with the launch of the OBRS and other strategic initiatives during the next financial year, we will record an improvement in our performance.

Challenges

CIPA continues to operate under a constrained environment largely due to inadequate resources to support all the strategic objectives of the strategy and operations. One of the exigent issues relates to the Authority's inability to fully populate its organisational structure because of limited resources. The gaps in the human capital requirements limits the organisational ability to perform at its optimum. Moreover, the organisational structure has shown signs of dysfunctionality and needs to be reviewed to address emerging issues. Further, the limited budgetary provision has negatively impacted on the implementation of the ICT strategy, which was approved by the Board in March 2018.

Outlook

As we near the end of our strategic plan 2015-2020, we look back with a sense of gratification, as most of the critical components of our strategy, which were meant to improve the ease of doing business landscape in Botswana would be achieved at the end of the strategy period. The legal reforms, which would pave the way for the deployment of the Online Business Registration System (OBRS), were passed by Parliament in April 2018. We look forward to the anticipated benefits of the system, which include faster company registration, improved access to our services, as well as a transparent register with improved data integrity.

On the intellectual property front, we await with anticipation the approval by Parliament of the National Intellectual Property Policy for Botswana, which was developed with the technical assistance of one of our international partners, the World Intellectual Property Organisation (WIPO) in 2018. Furthermore, the much awaited National Strategy for the Creative Industries and the Study on the contribution of the copyright based industries to the economy of Botswana will be concluded in the second half of 2019, paving way for the development of targeted interventions to grow the creative industry sector in Botswana. The prospects of growing the economy of Botswana anchored on innovation and creativity will surely be realised. We are also hopeful of implementing the IP Model office project in 2019/20. The project will foster the increase of national participation in creativity and innovation activities in Botswana in line with the country's quest to attain a knowledge-based economic status. Our focus in 2019/20 is to successfully finalise these transformational projects, which will bring significant benefits to the economy once implemented.

I would like to express my sincere appreciation to the management and staff of CIPA for the dedication and hard work they have rendered to the Authority during the year under review. The effortless engagement on the different roles ensured that we attained what we set out to achieve. Special thanks are due to the CIPA Board of Directors who have allowed us to dream big and continuously encouraged and motivated my team to stay focused on attaining the dream. Their critic and counsel has ensured that we stay on course as we head closer to closing the 2015-2020 strategic plan period.

The Ministry of Investment, Trade and Industry has, over the years, extended the much-needed support whether financial or technical to enable us to achieve our mandate, without which not much could have been attained. Our special thanks also go to our international partners, the African Regional Intellectual Property Organisation (ARIPO), the World Intellectual Property Organisation (WIPO) and the Corporate Registers Forum (CRF) for their continued support. Our technical capabilities as an organisation continue to be enhanced through their various trainings and engagements and we shall continue to grow and impact positively on what we offer to the country and the world at large because of this support. Our commitment to improving the performance of the Authority, in the midst of the current and future constraints, and being a responsible corporate citizen, will continue under my leadership.

REGISTRAR GENERAL'S REPORT CONTINUED

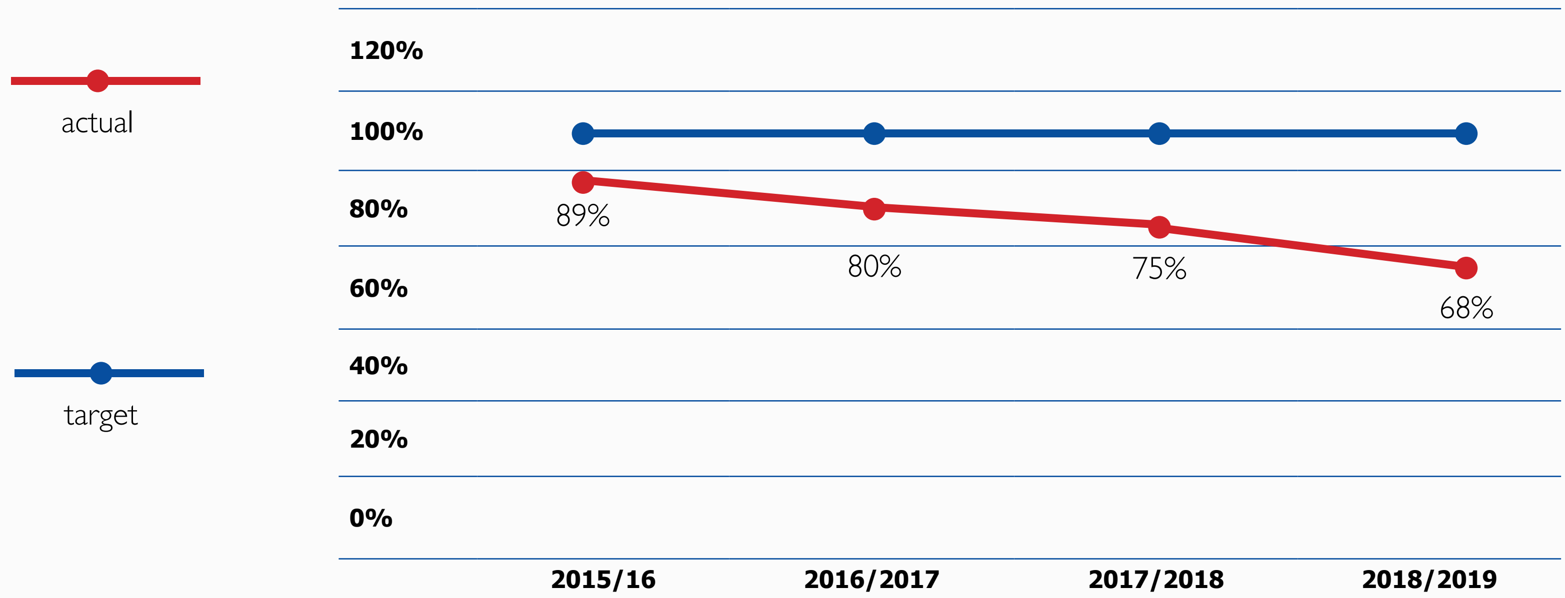
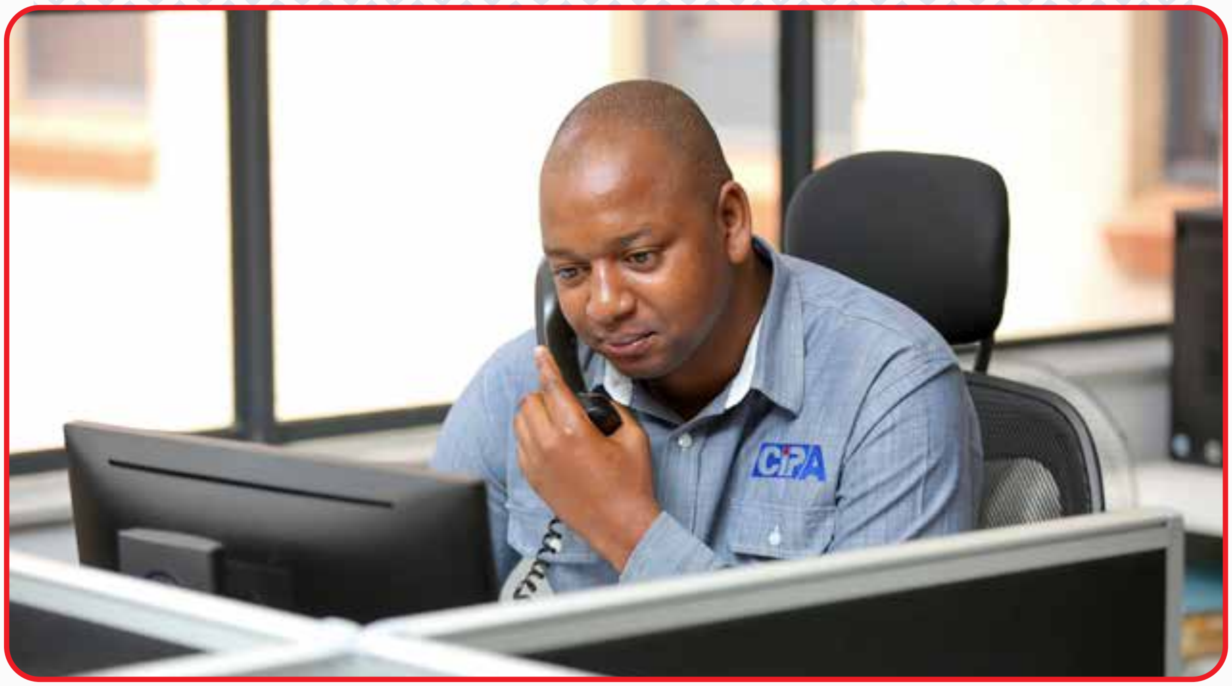


Figure 1: Corporate performance from April 2015 to March 2019



CORPORATE GOVERNANCE REPORT

The Companies and Intellectual Property Authority is a statutory body established under the Companies and Intellectual Property Authority Act, 2011 to register businesses and provide intellectual property management services to the nation, with the primary aim of improving efficiency and effectiveness in the delivery of public services as well as enhancing transparency, accountability and efficacy in the management of the Authority's core business which is to facilitate the doing business environment in Botswana.

CIPA is mandated to effectively promote and enable full protection of the rights of investors and right holders obtained under four pieces of legislation namely, the Companies Act, the Registration of Business Names Act, Industrial Property Act and Copyright and Neighbouring Rights Act.

CIPA is dedicated to ensuring that through its values of customer care, integrity, efficiency, teamwork and customer focus, it achieves its vision of being the leading business registration and intellectual property management institution in Africa by 2020.

Governing structure

"An effective Board is at the heart of the governance structure of any well-functioning and well governed corporation, acting as the ultimate internal monitor"

The CIPA Board is the governing body of the Authority, established under Section 7 of the CIPA Act, 2011, and is responsible for directing the affairs and operations of the Authority. The Board also serves as the focal point and custodian of corporate governance in the organization, providing guidance on the long-term corporate strategy and oversight over the affairs of the Authority. In accordance with the CIPA Board Charter, the Board is mandated to supervise and control the administration and financial management of CIPA, and formulate matters of policy for the purpose of providing general and/or specific guidance to CIPA Management.
In carrying out its mandate the Board is closely guided by the roles and responsibilities as enshrined in the CIPA Act as well as the CIPA Board Charter and Terms of Reference for Board Committees.

Compliance to Corporate Governance standards

The CIPA Board subscribes to the King III Code of Governance practices, which is based on the premise that corporate governance exists to facilitate accountability, transparency, responsibility for efficient and effective performance aimed at

CORPORATE GOVERNANCE REPORT

continued

achieving long-term strategic objectives. CIPA continues to adhere to corporate governance principles espoused under the King III Code of Corporate Governance, with a planned gradual movement toward the King IV Code of Corporate Governance. The Authority has adopted a set of organization-specific governance principles forming part of the Corporate Governance Framework. The principles have been adopted from the King Code of Governance. On a quarterly basis, the Authority is assessed on the implementation of these principles through a qualitative measurement of the outcomes set out under each principle. During the period under review, the Authority attained an average compliance rate of 73% (11/15) against an annual target of 95%, resulting in a performance score of 77%. Some performance outcomes yet to be undertaken include implementation of the CIPA Anti-Corruption Policy as well as the Board Assessment and Evaluation process, among others. The Authority's Anti-Corruption Policy will be implemented in the 2019/2020 financial year following the vetting and alignment of the Policy to the Corruption and Economic Crimes Act by the Directorate on Corruption and Economic Crime (DCEC). Evaluation and assessment of the Board was planned to be undertaken in the current reporting period but was suspended following the expiry of tenure of four (4) members of the Board in the second quarter of the year. We are pleased to report that in the third quarter of the year three (new) members were appointed to the Board, paving way for a comprehensive Board assessment and evaluation process to be undertaken in the incoming financial year (2019/2020). The assessment will include both self-evaluation and peer review assessment (i.e. 360-degree approach) and will be facilitated by an independent third party.

Governance of Risk

The CIPA Board has approved a Risk Management Policy to address and manage corporate, operational and financial risks. As one of the assurance providers to the Authority, the Internal Audit function remains central to corporate governance, and, as per the requirements of King III Code of Corporate Governance the Board has delegated the governance and management of risk to the Finance and Audit Committee. During the year under review, the Finance and Audit Committee of the Board approved an Internal Audit Plan, which outlines audit activities to be performed during the financial year. A risk-based approach was adopted to ensure that areas with the greatest risks are identified and prioritized in the Plan. During the year under review, audits were undertaken on the human resources, corporate services (General Observations) as well as the contracted services functions. The Board continues to monitor the implementation of audit recommendations emanating from these audits through Internal Audit Tracking Sheets, and through the assistance of the Internal Audit Department, sound risk management practices will be integrated throughout the Authority's business structures, paving way for the Authority to graduate towards a more risk-aware culture.

CORPORATE GOVERNANCE REPORT

continued

Board Composition

In terms of Section 9 (1) of the CIPA Act, the Board shall consist of members appointed by the Minister of Investment, Trade and Industry, and these members are to be elected from amongst persons with expertise in intellectual property; accounting; law; and ICT, among others. As per requirements of the CIPA Act, the Registrar General serves as an ex-officio member of the Board. Each member shall hold office for a period of no more than five (5) years, and shall be eligible for re-appointment for a cumulative period of not more than ten (10) years, as the Minister may determine. During the period under review the tenure of service of some of the Board members came to an end, and it was with sadness that we bid farewell to Mr Reginald Bakwena, Ms Itumeleng Moremong, Mr Norman Sebonego and Mr Ngele Gabriel Ngele. With the exception of Mr Ngele, all three were founding members of the CIPA Board and we are grateful to them for their guidance and contribution to the Authority in its formative years. Mr Ngele served as the Chairperson of the Finance and Audit Committee and we thank him for his invaluable guidance on all fiscal matters of the Authority during his tenure. With the departure of the former Board Members, the Minister of Investment, Trade and Industry appointed three new members to the Board who were all inducted through a formal Induction workshop coordinated by the Office of the Board Secretary on the 20th November 2018. The new members are:-

- Ms Lorato Charity Morule, an accountant by profession, currently employed at African Alliance Botswana as Senior Portfolio Manager.
- Ms Goitseone Collete Phorie: an IT professional employed at Majwe Mining.
- Mr Tshiamo James Motsumi: a lawyer by profession, who is a senior partner at Motsumi Attorneys.

CORPORATE GOVERNANCE REPORT
continued

The table below details the composition of the Board and Board Committees as at 31st March 2019.

Table 1: Board of Directors

NAME	DESIGNATION	TERM	EXPIRY DATE
Mr. Martinus Seboni	Chairperson of the Board	5 years	2nd Term
Mr. Charles Siwawa	Vice-Chairperson of the Board	3 years	2nd Term
Dr Bernard T. Bulawayo	Board Member	3 years	1st Term
Mr Phazha T. Butale	Board Member	3 years	1st Term
Ms Lorato C. Morule	Board Member	3 years	1st Term
Ms Goitseone Phorie	Board Member	3 years	1st Term
Mr Tshiamo J. Motsumi	Board Member	3 years	1st Term
Mr Conductor P. Masena	Ex- Officio Member	n/a	n/a

CORPORATE GOVERNANCE REPORT

continued

In the execution of its mandate, the Board is supported by the following Sub-Committees established in terms of the CIPA Act.

	FINANCE AND AUDIT COMMITTEE	HUMAN RESOURCE COMMIT-TEE	BOARD TENDER COMMITTEE
	The Committee's primary objective is to provide oversight over all fiscal and related matters including financial reporting to ensure sound financial management practices; as well as provide assurance to the Board on the effectiveness of the Authority's internal controls	The Committee monitors and oversees the Authority's human resources management including performance management and establishment of remuneration policies and strategies on behalf of the Board	This Committee provides assurance to the Board on the Authority's procurement and asset disposal function and ensures implementation of best practices in procurement and disposal of the Authority's assets.
Mr Charles Siwawa	Member	n/a	n/a
Ms. Lorato C. Morule	Chairperson	n/a	Member
Dr Bernard T. Bulawayo	Member	Chairperson	n/a
Mr Phazha T. Butale	n/a	n/a	Member
Ms Goitseone Phorie	n/a	Member	n/a
Mr Tshiamo J. Motsumi	n/a	Member	Chairperson

CORPORATE GOVERNANCE REPORT
continued

The Table below details attendance of meetings by each Board Member during the period under review.

Table 3: Board Meeting Attendance

	BOARD MEETING DATE 2018/2019					
	07.03.18	28.03.18	31.05.18	18.09.18	06.12.18	28.02.19
Mr. Martinus Seboni	X	√	√	√	√	X
Mr. Charles Siwawa	√	√	√	√	√	√
Mr Reginald Bakwena	√	√	√	X		
Dr Bernard T. Bulawayo	√	√	√	√	√	√
Mr Noman Sebonego	√	√	√	√		
Mr Phazha T. Butale	X	√	X	X	√	X
Mr Ngele G Ngele	√	√	√	√		
Ms Itumeleng Moremong	X	√	√	√		
Ms Goitseone Phorie					√	√
Ms Lorato Morule					√	√
Mr Tshiamo Motsumi					√	√

√	Present
X	Apology
	Board Membership expired
	Not Members of the Board

CORPORATE GOVERNANCE REPORT

continued

Board Committee Attendance 2018/2019

Finance and Audit Committee

MEMBER	DATE		TOTAL
	FINANCE AND AUDIT COMMITTEE	HUMAN RESOURCE COMMITTEE	BOARD TENDER COMMITTEE
	9/10/2018	14/02/2019	
Ms Lorato C. Morule	√	√	2/2
Mr. Charles Siwawa	√	√	2/2
Dr. Bernard Bulawayo	√	√	2/2

Board Tender Committee

MEMBER	DATE			TOTAL
	FINANCE AND AUDIT COMMITTEE	HUMAN RESOURCE COMMITTEE	BOARD TENDER COMMITTEE	
	4 June 2018	6 August 2018	23 January 2019	
Mr Tshiamo J. Motsumi	√	√	√	3/3
Ms Lorato C. Morule	√	√	√	3/3
Mr Phazha Butale	A	A	√	1/3

CORPORATE GOVERNANCE REPORT

continued

Human Resource Committee

MEMBER	DATE			TOTAL
	22 May 2018	23 August 2018	18 December 2018	
	4 June 2018	6 August 2018	23 January 2019	
Dr. Bernard Bulawayo	√	√	√	3/3
Mr Tshiamo J. Motsumi	√	√	√	3/3
Ms Goitseone Phorie	√	√	√	3/3

Board Training and Development

During the last quarter of the 2018/2019 financial year, the Board Secretary, accompanied by two (2) Board Members attended a Corporate Governance Training Workshop in Cape Town, South Africa. The focus of the three-day workshop was to discuss key issues on good governance, covering topics such as Leadership and Good Governance, Board Evaluation & Induction, Importance of the Company Secretary, Ethics vs Fraud and Corruption, as well as Integrated Reporting & Thinking, among other topics of interest. In the incoming year, greater focus will be placed on bringing about a more robust understanding amongst Board members on risk management strategies and practices.

CORPORATE PERFORMANCE REPORT

2018/19 FINANCIAL YEAR
(1ST APRIL 2018 TO 31ST MARCH 2019)


CIPA
PROTECTING BUSINESS INTERESTS

1.0 EXECUTIVE SUMMARY

1.1 This report covers the corporate performance and achievements of the Companies and Intellectual Property Authority (CIPA) for its strategic plan period 2015 to 2020 from 1st April 2018 to 31st March 2019. The report highlights the performance of the Authority in terms of the 16 strategic objectives contained in the Corporate Scorecard.

1.2 The Authority continues to operate under a constrained environment due to inadequate funding, which has been identified as a high-level risk, to, among others; populate the approved organisational structure with the right human resources skills and set up the necessary ICT infrastructure to support the online projects and the core business in line with the ICT strategy. However, prioritisation of the available limited resources continues to be carried out from time to time to implement some of the Authority's key strategic drivers in alignment with its business model and underpinned by its core values of customer focus, innovation, integrity and efficiency.

1.3 All the 16 strategic objectives of the corporate scorecard, including the mandate objective, are currently being implemented and monitored through Key Performance Indicators (KPIs) and strategic initiatives. However, during the period under review, only 13 out of the 16 strategic objectives were reported on and had all or some of their KPIs assessed, representing 81.25%. This is a decrease of 12.45% from the 93.7% achieved during the previous financial year where 15 strategic objectives had their KPIs assessed. The three (3) strategic objectives whose measures were not assessed during the period under review include; Increase Access, Attraction and Retention of Talent and Increase Financial Sustainability.

1.4 The strategic objective of Increase Access could not be reported on as its implementation is hinged on the measure of '% Services Available online', which relates to the introduction of the Online Business Registration System (OBRS) project and the IP Model Office project, both of which will only be implemented during 2019/20, hence the % Services available online indicator has not yet been assessed.

1.5 The Increase Financial Sustainability objective will only be reported on once the Authority's funding model, which is still a subject of discussion with the Shareholder, has been finalised. As regards the Attraction and Retention of Talent, the % Employee Engagement indicator was not assessed, as the Employee Engagement survey for 2018/19 will be conducted during the 4th quarter 2018/19. Gaps identified during the inaugural 2017/18 Employee Engagement Survey are currently being addressed.

1.6 Regarding the 34 KPIs for the corporate scorecard, only 22 indicators were assessed, representing 64.7% level of assessment of the KPIs. The remaining 12 KPIs were not assessed for several reasons. For instance, the % Disputes Resolved indicator will only be assessed once the Arbitration Panel has been established and is operational. The Regulations to operationalise the Arbitration Panel are still being finalised by the Attorney General's Chambers. However, the Arbitration Rules Forms have been finalised and submitted to the Ministry of Investment, Trade and Industry in February 2019.

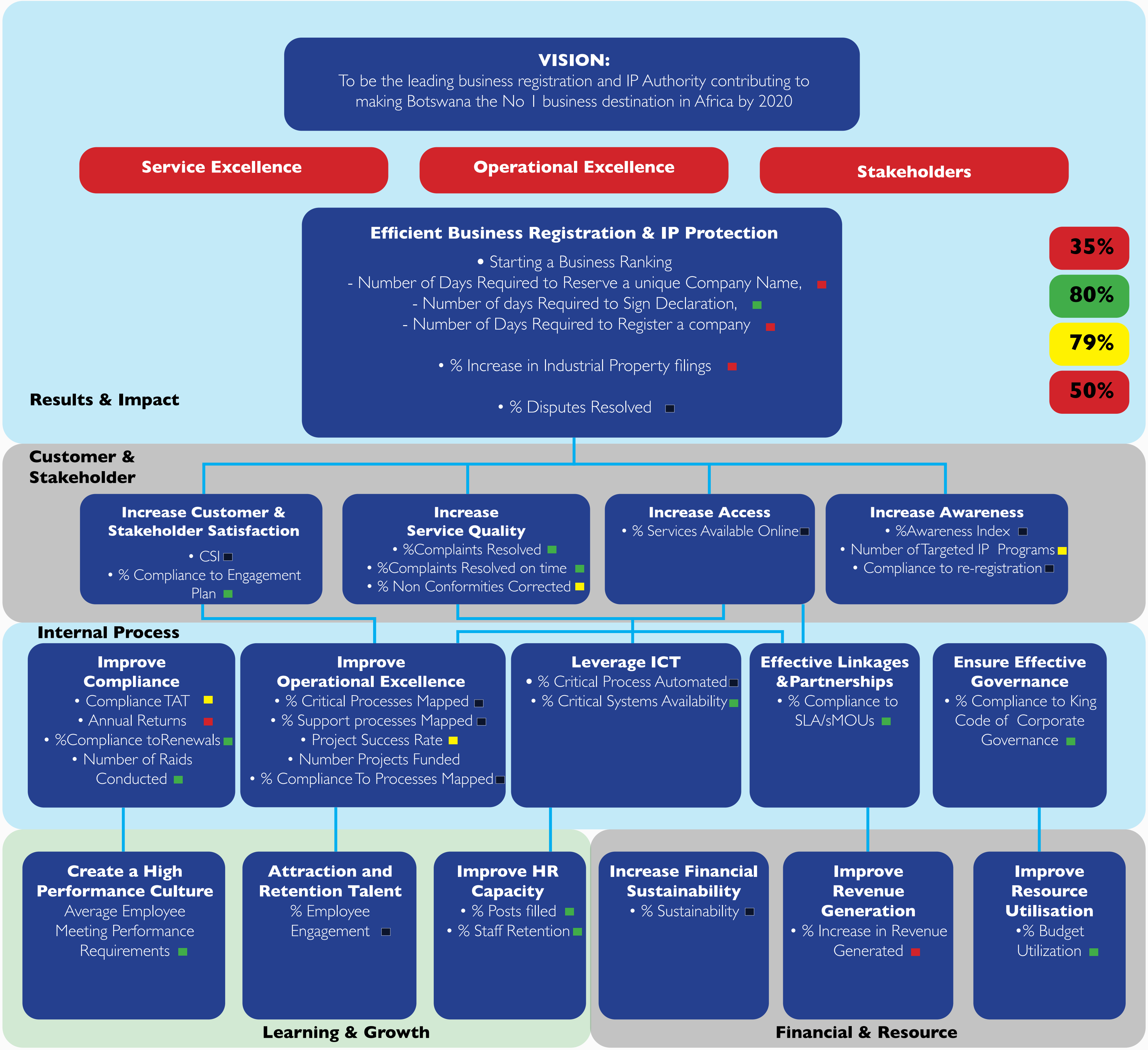
1.7 Regarding the Customer Satisfaction Index and Awareness Index, both Customer satisfaction and awareness surveys, which were supposed to have been completed during the second quarter, were only finalised during the last phase of the 4th quarter 2018/19. Data analysis and production of the final survey reports with recommendations was still ongoing as at 31st March 2019. The results from the surveys are now expected during the first quarter 2019/20.

1.8 Percentage (%) Compliance to Re-registration, which is linked to the company re-registration project, as one of the key drivers of the online business registration system (OBRS), has not been assessed as the re-registration exercise will only commence once the OBRS, whose launch is planned for the 3rd June 2019, is implemented. Moreover, the % Services available online indicator is also linked to the two (2) online projects, namely the OBRS and the IP Model office project, which will be implemented during 2019/20.

1.9 The % Critical Processes Mapped has not been assessed, as there were no critical processes planned for mapping during 2018/19. The same applies to the mapping of the support processes, which, however, was planned but could not take place due to time constraints. Financial constraints to purchase the Microsoft Vision software package to facilitate the mapping of the processes impacted the finalisation of the mapped processes to enable the development of the CIPA Customer Service Standards. The software was, however, only procured and installed in March 2019. Further, the automation of Critical business processes has not been achieved, as it hinges on the implementation of the online systems, which will be implemented during 2019/20.

1.10 On the Levy on Technical Devices Fund (LTDF), the Number of Projects Funded indicator has not been assessed. This is due to the continued suspension of the issuance of open calls for new applications for the LTDF projects. There is also currently an ongoing process to review the LTDF Handbook of Policies to introduce unsolicited bidding, which was initiated by the Fund Administrator, the Ministry of Investment, Trade and Industry. The available balance for the LTDF as at end of the third quarter, 2018/19 stood at P11, 553, 317.70. The Project Success Rate indicator was assessed for projects scheduled for completion during the fourth quarter 2018/19.

1.11 On the overall, 35.3% (12/34) of total KPIs have achieved target, 14.7% (5/34) are slightly below target, 14.7% (5/34) are significantly below target, while 35.3% (12/34) have not been measured.



Overall Performance Score for 2018/19 **68%**

CORPORATE PERFORMANCE REPORT FOR 2018/19

2.1 As depicted by Figure 1, the overall corporate performance for the Authority for the 2018/19 financial year stood at 68%.

2.2 This is a decline of 7% in performance when compared with the performance score of 75% achieved during then2017/18 financial year.

2.3 Figure 2 further shows that the Authority's performance has been declining from the 89.6% achieved during 2015/16 to the performance of 68% during 2018/19. 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.

2.4 While, there was a huge improvement in the number of indicators assessed, from 11/34 in 2015/16 to 22/34 during 2018/19, the corporate performance for the year declined to 68% due to poor results achieved in five (5) key indicators, being; Number of days taken to reserve a unique company name, Number of days taken to register a business, % Increase in IP Fillings, % Compliance to annual returns and % increase in revenue generated, all of which were significantly below target. Three (3) out of these five (5) indicators are housed in the apex objective, which has a huge impact in the Authority's ability to achieve its long-term vision.

2.5 In terms of perspectives, the Results and Impact perspective had the highest decline of 31%, that is, from 66% during 2017/18 to 35%, followed by the Customer and Stakeholder perspective at 15% from 95 to 80%. This would be followed by the Financial and Resource perspective with a marginal decline of 1% from the 50% achieved during 2017/18 to 49% during 2018/19.

2.6 However, the Learning and Growth perspective realized an increase of 11% from the 87% achieved during 2017/18 to 98% during 2018/19. Further, the Internal Processes also had a slight increase of 4%, having recorded an overall performance of 79% during 2018/19 from the 75% realized in the prior year.

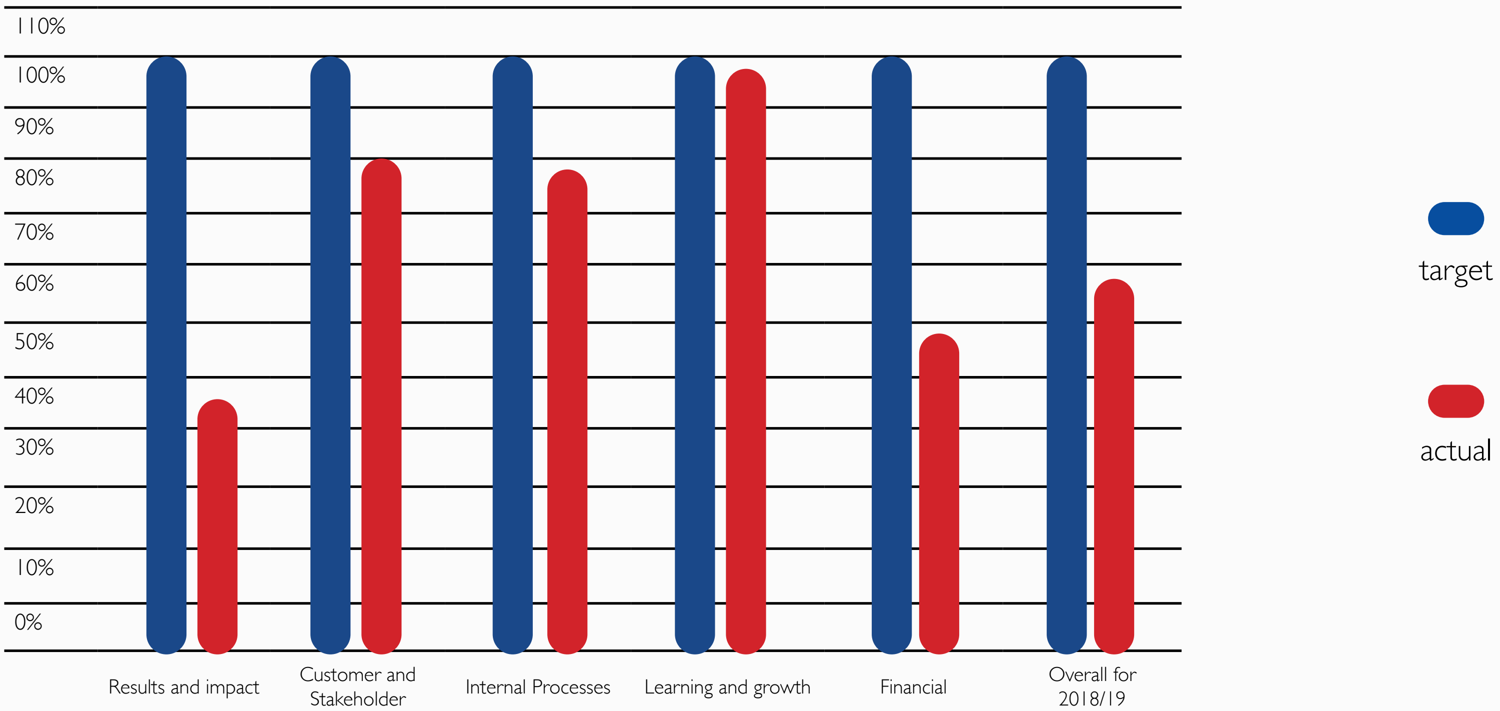

CiPA

PERSPECTIVE PERFORMANCE

3.1 Perspective Performance Analysis for the 2018/19 financial year

3.1.1 As per Figure 3 below, the overall un-weighted analysis of the individual perspectives indicates that the Organisational Capacity (Learning and Growth) perspective posted the highest performance results at 98%, followed by the Customer and Stakeholder perspective at 80%, while the Internal Processes came third at 79% with the Financial and Resource following at 49%.

3.1.2 The Results and Impact perspective came last with the performance score of 35%.



3.2 Results and Impact Perspective (RI)

3.2.1 With the average performance of 35%, the Results and Impact perspective experienced a huge decline of 31% when compared with the 66% achieved during 2017/18 where a performance score of 66% was attained. This could be because of the decline in performance for the % Increase in IP filings, which declined from the actual of 4.5% during 2017/18 to -3.7% during 2018/19 as shown on Figure 5. The failure for the Authority to conduct the IP awareness campaigns during the second and third quarters 2018/19, despite the initiative being in the Corporate Business plan for 2018/19, may have contributed to the poor performance of this indicator.

3.2.2 The above poor results on the % Increase in IP Filings indicator is clear evidence that IP awareness remains a critical issue in Botswana. The Authority, therefore, needs to continuously explore innovative and creative ways of reaching out to rights holders to encourage them to register their IP rights to protect them from infringement. This is because studies have shown that IP rights have a positive impact on jobs, economic growth and prosperity hence an increase in IP registrations is most likely to positively impact on the economy.

3.2.3 The overall decline in the performance for the perspective has also been affected by the performance of other indicators within the apex objective. For instance, the Number of days taken to register a business indicator experienced an average of seven (7) days against the target of two (2) days, resulting in a performance score of 28.6%, while the Number

3.0 PERSPECTIVE PERFORMANCE
continued

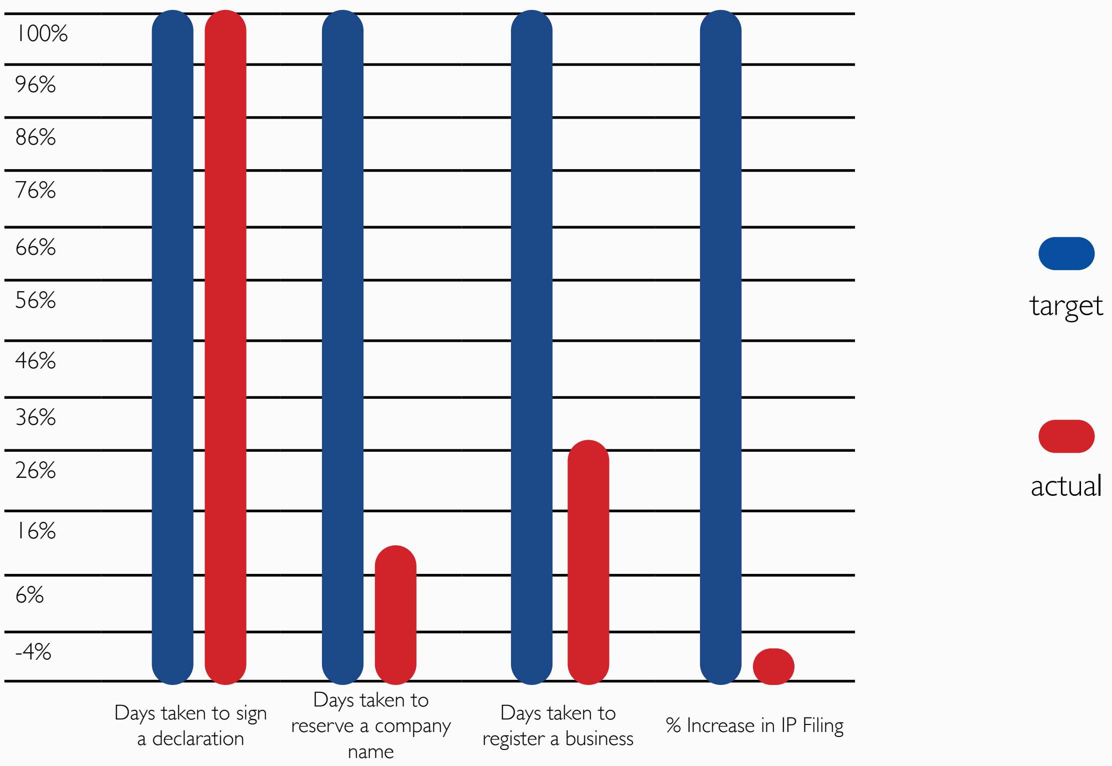
of days taken to reserve a unique company name achieved an average of nine (9) days against the annual target of one (1) day, resulting in a performance score of 11% for 2018/19 as per the performance formulae adopted at the 2018/19 strategy review held from 11th – 13th March 2019.

3.2.4 Human capital constraints and the failure by some customers to re-submit copies sent for correction continue to affect the performance of this indicator, leading to prolonged turnaround times, as the current legacy system does not have the inbuilt capability to cut off applications once submitted for registration. This, in turn, has ripple effects on the Authority's ability to contribute to the starting a business indicator around which its long-term vision was coined.

3.2.5 On the 2018 World Bank Doing Business rankings, Botswana is ranked number 86 in the World and 5th in Sub Saharan Africa, while on the starting a business ranking we have been rated 157th in the world out of 190 economies. These rankings affect our ability to attract the much-needed foreign direct investment, which is essential for employment creation and economic growth.

3.2.6 Legislative reforms aimed at improving the ease of doing business through the introduction of online business registration system (OBRS) were passed by Parliament in April 2018 and this paves the way for the deployment of the OBRS in June 2019.

Results and Impact Performance for 2018/2019



3.0 PERSPECTIVE PERFORMANCE

continued

3.3 Customer and Stakeholder Perspective (CS)

3.3.1 With an overall performance of 80%, the Customer and Stakeholder perspective experienced a 15% dip in performance when compared with the overall results achieved of 95% realised during the 2018/19 financial year. This decline in performance is largely attributable to the poor results in the number of IP targeted programmes indicator where a score of 66.7% was achieved due to the failure to conduct all the six (6) awareness activities planned for 2018/19. Only four (4) awareness activities were conducted against the target of six (6), resulting in the performance score of 66.7%.

3.3.2 Maintaining the momentum for the creation of awareness for Industrial Property (IP) services should be a matter of great priority for the Authority, especially with the low awareness index for IP services where a baseline of 29% awareness index was established during the 2016/17 financial year. Further, IP Awareness was one of the Authority's key focus areas during 2018/19, hence the need to aggressively pursue this initiative in line with the strategic priority of increasing awareness on IP services.

33.3 Further, the % Non-conformities corrected indicator was slightly below target with only 54.5% (30/55) of the non-conformities from the Contracted services audit, General IT controls audit, Audit observations and the 2015/16 Mystery shopper/2016/17 Customer satisfaction survey recommendations have been addressed against the target of 95%, resulting in a performance score of 57%.

3.3.4 Other indicators, however, performed well, having achieved their quarterly targets. These include % Compliance to the engagement plan (91%), % Complaints resolved (90.6%) and % Complaints resolved on time (94%). Concerning customer complaints, the Authority received a total of 44 complaints (Q1:9, Q2:10, Q3:18 & Q4:7) during 2018/19 all of which were resolved satisfactorily within the average TNT of 15 days against the target TNT of ten (10) days.

3.3.5 Whereas the customer satisfaction index was not assessed, as the customer satisfaction survey for 2018 is currently being conducted and will be concluded during the 4th quarter 2018/19, a total of 21 out of the 24 recommendations for the customer satisfaction survey conducted during 2016/17 are being implemented, resulting in 87.5% level of implementation. These include;

- Gaborone and Francistown offices relocation to more customer-centric offices;
- Office signage for easy customer manoeuvring displayed in the offices resulting in improved office environment;
- Continued implementation of the formal customer feedback mechanism;
- Monitoring of customer queues and continued innovation around queue management whilst awaiting a formal queue management system;
- Ongoing assistance of people with disabilities to register their companies and business names;
- Staff is always encouraged to be customer centric during staff meetings and other forums;
- Information sharing on CIPA services is constantly done via online media;
- Apologies for temporary disruption of service are always communicated to customers;
Production of leaflets on Copyright, Companies and Business names and Trademarks for sharing with customers;
- Displaying of opening and closing hours at CIPA Offices; and
- The implementation of the Complaints Handling Procedure.

3.3.6 Regarding % Compliance to the engagement plan, an 82% compliance to the engagement plan was achieved during 2018/19 against the annual target of 90%, resulting in the performance score of 91%. This an increase of 6% when compared with the 85% attained during the 2017/18 financial year.

3.3.7 The customer satisfaction and awareness follow-up surveys need to be expedited, as this will provide an opportunity for the Authority to use the survey results to improve weak areas of operation, and to determine whether the interventions from the 2016/17 surveys have been effective.

3.4 Internal Processes Perspective (IP)

3.4.1 The Internal Processes perspective achieved a the performance of 79%, which is an increase of 4% when compared with the year-on-year-results of 75% achieved during 2017/18. The improvement in the performance of the indicator is attributable to several factors. First, the % Compliance to renewals improved from 57% during 2017/18 to 89.7%, which is a huge increase of 32.7%. While the decision to renew or not renew a trademark rests solely with the owner of the trademark, reminder letters continue to be sent to rights holders whose trademarks are due for renewal as an intervention.

3.4.2 The number of raids conducted indicator also recorded positive results, maintaining the 100% attained during the 2017/18 financial year. A total of 16 raids were conducted during the 2018/19 financial year in Gaborone and its hinterland, resulting in the confiscation of 9941 pirated works valued at P825, 090. This is a decrease of P208, 750 or 20% when compared with the P1, 033, 840 value of pirated works confiscated during 2017/18 from an annual total of 17 raids.

3.4.3 Whilst, anti-piracy campaigns continue to be conducted, resulting in the arrest of culprits, there seems to be no improvement, as repeat offenders are not deterred by the monetary penalties imposed by the law. Further, those nabbed on the streets are not the sources of pirated works, as indications are that there are those who reproduce the works in large quantities.

3.0 PERSPECTIVE PERFORMANCE

continued

The Authority will continue to collaborate with the law enforcement agencies to explore alternative and innovative strategies of dealing with piracy.

3.4.4 Another indicator which maintained the results posted during 2017/18 is the % compliance to the King Code of Corporate Governance, which achieved an average performance of 70%, resulting in the performance score of 74% for 2018/19.

3.4.5 There was, however, a slight decline in the % compliance to turnaround times for core business processes where a performance score of 72% was achieved when compared with the 79% achieved during the 2017/18 financial year. This could be attributed to the poor results posted by processes like the IP processes (22% during Q1); name reservation process (20% in Q1); company de-registration process (35% and 37.5% during Q1 and Q2, respectively), and the companies and business names registration process, which achieved 40.8 during Q1, 2018/19.

3.4.6 With reference to the % compliance to annual returns indicator, the fourth quarter 2018/19 results show a huge decline in the number of companies that filed annual returns with only 834 companies filing their returns against the expected figure of 14, 333 when compared with the figure of 4, 959 against 36, 185 companies achieved during the same period in 2017/18. The overall figure for 2018/19 shows that, out of the 135, 082 companies that were due to file annual returns, only 11, 900 companies submitted their annual returns, resulting in 8.8% compliance rate against the target of 20%. This translates to a performance score of 44%. Company owners have been reluctant to file annual returns following the wide publication that companies owing annual returns will have their outstanding returns waived once the OBRS project becomes operational from the 3rd June 2019.

3.4.7 The above notwithstanding, defaulting companies continue to be followed up and encouraged to pay their outstanding returns. Failure to pay annual returns by companies has a serious bearing on the Authority's revenue collection initiatives. This is because well over 60% of the Authority's revenue is collected through post-incorporation processes, key of which is the payment of annual returns.

3.4.8 Another indicator, which experienced a slight decline in performance when compared with the previous year is the Project success rate having recorded an actual result of 59.7% against the target of 80%, resulting in a performance score of 74.6%. This is a decline of 7.4% when compared with the annual performance score of 82% attained during 2017/18. The monitoring of the LTDF projects remain a challenged area due to issues of capacity for the Copyright Office. As at 31st March 2019, from the 41 approved LTDF projects, nine (9) have been completed as at 31st March 2019, five (5) have been terminated for non-compliance to the MOAs, while 27 are ongoing at various phases of implementation.

3.4.9 On leveraging ICT, the % Systems Availability indicator also declined in performance from the actual of 97% realized during 2017/18 to the overall actual score of 95.7% during 2018/19 for critical systems of IPAS, CBNAS, ACCPAC, OFFICE 365, VPN Link and the Internet against the target of 98%, resulting in the performance score of 97.7% for the year. System migration issues resulting from the relocation of the servers to the new Gaborone branch office to the CBD in October 2018 affected provisioning of applications to branches due to late installation of internet from the service provider and the instability of power supply in the new building. This led to the contracted performance for the indicator during the third quarter 2018/19. In order to fully leverage ICT through the Implementation of the ICT Strategy, additional resources will be required in order to prioritise the ITMSP initiatives, as they are critical to the overall implementation of the CIPA Corporate strategy, which is ICT driven.

3.4.10 The % Compliance to SLAs/MOUs indicator has experienced a massive dip in performance attaining an average of 72.5% against the annual target of 90%, resulting in a performance score of 70.6% for the period under review. This is a decline of 13.4% when compared with the performance score of 94% achieved during 2017/18. There are bottlenecks regarding the implementation of some of the MOUs, which may have led to the decline in performance. For instance, the CIPA/MYSC MOU has not taken off due to seeming reluctance from MYSC to operationalize the MOU, while feedback from PPADB on the proposal to consider requesting for certified company documents at the tender awarding stage to reduce the number of companies that would need to certify to participate in tenders is still awaited. Further, the JWC to operationalize the CIPA/BAOA MOU is yet to be established since being signed in April 2018. An officer on the side of CIPA has been nominated to sit in the JWC, while BAOA's response is still awaited. On the CIPA/BURS MOU, BURS continues to facilitate the removal of the non-compliant companies from the balance of 43 000 list of non-compliant companies. However, there is very little progress in this exercise hence the implementation of the impending online projects for both institutions will be critical to expedite initiatives of this nature.

3.4.11 The SLA between CIPA and BITC for the registration of BITC assisted investment companies is currently being implemented with companies being registered within a turnaround time of one (1) day as per the SLA. The CIPA/BOBS SLA, which would enable CIPA branch offices in Serowe and Maun to serve as service points for some of the services, has commenced. The SLA was signed in December 2017. BOBS organised training for Serowe and Maun Officers in October 2018, while BOBS organised a presentation on the QMS for EXCO on the 16th April 2019. To date a total of four (4) standards have been sold, three (3) in Serowe and one (1) in Maun. BOBS has also been engaged to increase awareness on the availability of standards in Serowe and Maun branch offices.

3.0 PERSPECTIVE PERFORMANCE

continued

3.5 Learning and Growth Perspective (LG)

3.5.1 The Organisational Capacity (Learning and Growth) perspective recorded an increase of 11% from the 87% achieved during 2017/18 to 98% during 2018/19. The performance score for the perspective is derived from the three (3) assessed indicators of % Average employees meeting performance requirements, % Posts filled and % Staff retention. An average performance score of 96.7% was achieved regarding the filling of vacant posts indicator, an increase of 8.7% when compared with the 88% achieved during the 2017/18 financial year This is due to the Authority closing the fourth quarter 2018/19 with the filing of four (4) vacant positions, namely; Copyright Specialist, Branch Manager (Francistown), Branch Manager (Maun) and Accounts Clerk (Francistown), against the establishment of 91, that is, with a headcount of 88 employees, resulting in the performance score of 96.7%.The annual target for the indicator 2018/19 was 100%.

3.5.3 Further, the Authority managed to retain 88 of its workforce during 2018/19 following the resignation of three (3) officers, namely; Branch Manager (Maun and Serowe), and Accounts Clerk (Francistown) against the establishment of 91. The overall performance for the indicator stood at 93.9% against the annual target of 95%, resulting in a positive performance score of 98.8% for staff retention. Despite the continued positive performance of the staff retention indicator, retaining a motivated staff is vital to the Authority's ability to achieve its corporate strategy. This is because high staff turnover increases expenses and has a negative effect on company morale due to reputational risk. It is hoped that the feedback received from exit interviews coupled with the implementation of the recommendations from the 2017/18 Employee Engagement survey will improve employee relations, while ensuring that they maintain job performance, thereby positioning the Authority to deliver high customer value to all its key stakeholders. Initiatives like employee onboarding, creating the right corporate culture, employee training and improved remuneration could improve staff retention.

3.5.4 The results for the % Average Employees meeting performance requirements indicator were for the first six (6) months of the 2018/19 financial year (1st April 2018 to 30th September 2018) where an average of 82.7% was achieved against the target of 85%, resulting in the performance score of 97.3%. Meanwhile, in line with our strategic priority of Improving Performance Management, the Performance Management System (PMS) and Automation tender was awarded to Innolead Consulting PTY (Ltd) and the project will commence during 2019/20.

3.6 Financial Perspective (F)

3.6.1 The performance of the Financial perspective for the financial year 2018/19 declined by 1% from the 50% performance score attained during the 2017/18 financial year to 49%.The performance score for the perspective is based on the two (2) indicators of % increase in revenue generated and % budget utilisation. This marginal decline in performance for the perspective is due to the continued muted results achieved by the % increase in Revenue Generated where a negative variance of 3.7% has been realised during the period under review against the annual target of 10% for the indicator.This means that, for the past two (2) years, the Authority's revenue collection has been declining.The last time an increase in revenue was realised was during 2016/17 where 21.5% revenue increase was realised against the annual target of 10%.

3.6.2 The low performance in the revenue generation indicator for the period under review could be due to non-compliance to the filing of annual returns by companies. During 2018/19 only 11, 900 companies out of the 135, 082 companies submitted their annual returns, resulting in 8.8% compliance rate to annual returns against the target of 20%. This translates to a performance score of 44% for the indicator. Further, the closure of the Gaborone office during the third quarter 2018/19 due to the relocation to the CBD may have had an impact in the revenue generation efforts.

3.6.3 As a result of the continued dwindling revenue for the Authority, there is need to explore other alternative measures for revenue generation over and above the registration of companies and business names if the goal of self-sustainability is to be attained in the long term.

3.6.4 Regarding the % Budget utilisation indicator, the Authority continues to fully utilise its allocated subvention from the Ministry of Investment, Trade and Industry. During 2018/19, the subvention of P45, 576, 463 was received from the Ministry as at 31st March 2019, all of which was expended on operations (OPEX) against the annual target of 95%, representing a performance score of 100% for the KPI.

3.6.5 The % Sustainability indicator has not been measured, because CIPA is still dependent on Government subvention despite being recognised as one of the entities with the potential for self-sustainability. In pursuit of our strategic priority of Improving the CIPA funding model, CIPA will continue to explore alternative ways in which the self-sustainability initiative could be accomplished.


Companies
Protection
Copyrights
Intellectual Property
CUSTOMER SERVICE

4.0 CONCLUSION AND RECOMMENDATIONS

5.1 The Authority's overall corporate performance of 68% for the 2018/19 financial year (1st April 2018 to 31st March 2019) represents a decline of 7% when compared with the overall corporate performance of 75% attained during the 2017/18 financial year. The marginal decline in the overall performance for the Authority during the period under review can be directly linked to the muted results posted by the apex key performance indicators including the % Increase in IP filings, Number of days taken to reserve a unique company name and Number of days taken to register a business. Other indicators including the % Compliance to annual returns and % Increase in revenue generated also recorded contracted performance, which had a pull-down effect on the overall results for the financial year.

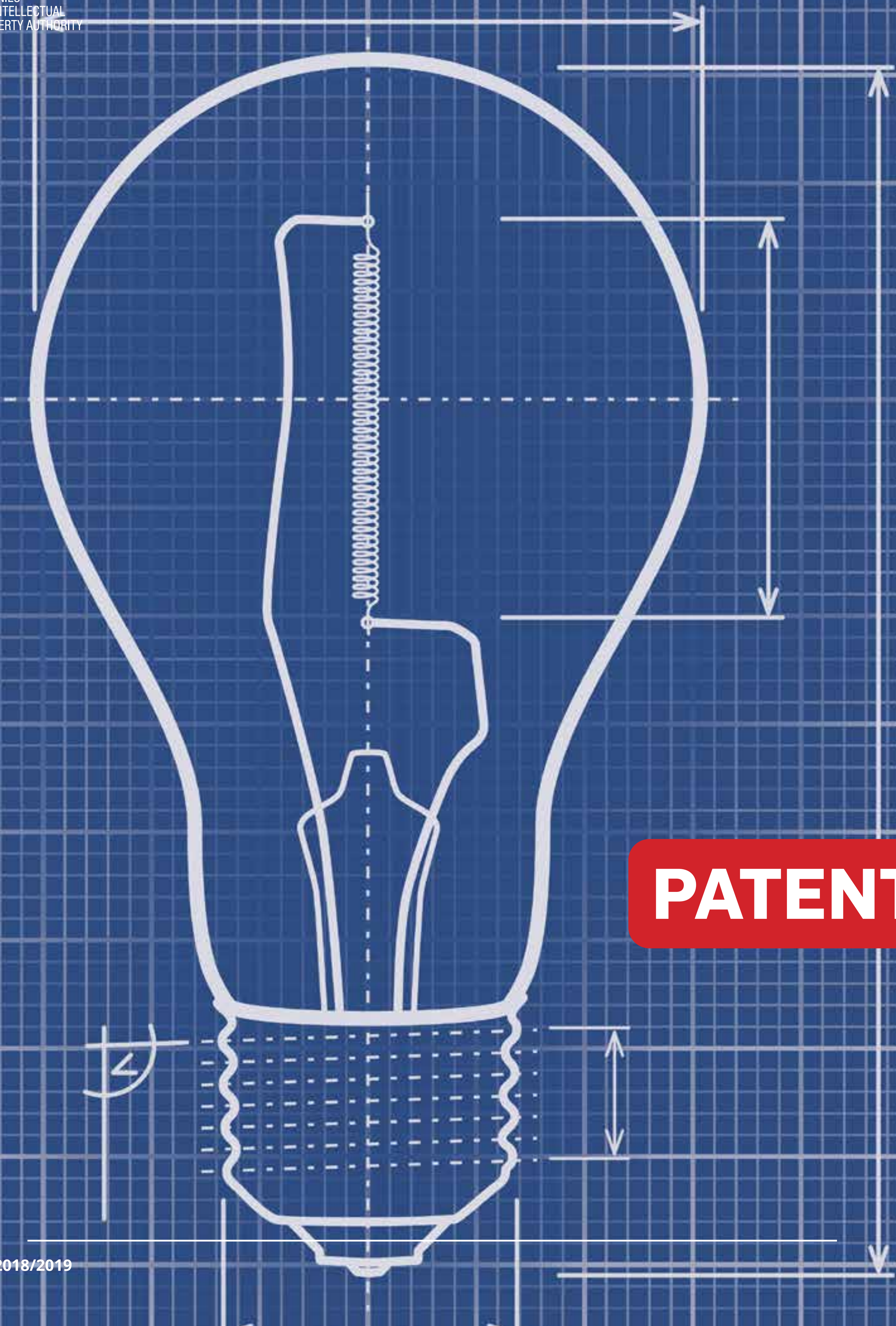
5.2 However, as shown on the corporate scorecard, several areas remain challenged. For instance, the % Increase in IP filings can only be achieved with dedicated resources to create awareness on IP rights, which is one of the focus areas of our business strategy bearing in mind the low IP awareness index. Another area is the filing of annual returns, which is the greatest potential revenue earner for the Authority. The payment of annual returns should, therefore, be aggressively pursued and targeted to close the performance gap in this critical area. It could be argued that % Compliance to the turnaround times for the registration of companies and business names can only be feasible once the OBRS becomes operational, as the current legacy system does not have the capability to discount the days taken to resubmit applications by customers. The revenue generation indicator has also started to show signs of contraction for the past two financial years (2017/18 and 2018/19), which is a concern based on the Authority's quest to attain financial sustainability once the appropriate funding model for CIPA has been established. This indicator should also be closely monitored, especially with the high likelihood of a significant reduction in revenue from annual returns once the OBRS becomes operational.

5.3 From a governance dimension, the robust identification and monitoring of key risks that can impact on the Authority's strategic objectives, including project risks, should also be prioritized..

5.4 The implementation of the ICT strategy remains in limbo due to budgetary constraints. Additional funding is required to implement the initiatives from the ICT strategy, at least those prioritized for implementation in the short to medium term.

5.5 From the HR stand point, the continued monitoring and reporting on the recommendations from the 2017/18 Employee Engagement Survey, as well as the implementation of the PMS and Automation project will be vital to reinforce staff commitment and motivation for an enhanced and sustained High Performance culture within the Authority.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
PROTECTING BUSSINESS INTERESTS



PATENT

PERFORMANCE HIGHLIGHTS 2018/2019

PROGRESS TOWARDS THE ONLINE BUSINESS REGISTRATION SYSTEM (OBRS)

In April 2018, the laws effecting the implementation of the Online Business Registration System (OBRS) were passed by parliament. The laws included the amendment of both the Companies Act and Registration of Business Names Act and their Re-registration Acts. This was done to accommodate the migration of existing companies to the new system and to enable new companies to register online. Re-registration laws were made to enable the existing companies and Business Names to re-register; however, the laws are transitional and time bound. The re-registration period will only run for a period of 12 months, from June 2019 to June 2020. Key to note in the Companies Act is the introduction of the mandatory requirement to provide beneficial ownership information, as one of the tools aimed at curbing money laundering, corruption and terrorism financing.

Passing of these laws paved the way for CIPA to begin countrywide stakeholder engagement on the OBRS, which began in November 2018. Stakeholders engaged included company secretaries, members of the business community, Business Botswana, the banking community, as well as various government departments. All stakeholders showed an appreciation to CIPA for the upcoming system, and in particular the promise to reduce the turnaround time from seven days to 24 hours, as well as the ability to start annual returns on a clean slate after re-registering their companies.

CIPA MEMORANDUM OF UNDERSTANDING WITH THE BOTSWANA ACCOUNTANCY OVERSIGHT AUTHORITY

April 2018 saw CIPA and the Botswana Accountancy Oversight Authority (BAOA) sign a memorandum of understanding (MoU). The partnership signifies both organisations continued efforts to ensure a well-structured and formalised approach to dealing with issues of non-compliance to financial reporting by companies.

The MoU will go a long way in ensuring adherence and compliance to the provisions of the Companies Act that deal with Financial reporting, as well as compliance to the inancial Reporting Act. The partnership will allow both organisations to provide training, as well as information sharing regarding their specific products and service offerings to officers from both sides.

WORLD INTELLECTUAL PROPERTY DAY 2018

CIPA commemorated the 2018 World IP Day under the theme "Powering Change: Women in Innovation and Creativity". The commemoration was held on the 9th May 2018 in collaboration with CIPA partners being the 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). A generous sponsorship for the event was received from the United States of American Embassy. Based on the theme, the day was commemorated with exhibitions by women in the innovative and creative industry. This was also coupled with panel discussions by relevant industry players.

The keynote address was given by Professor Moahi from the University of Botswana. The event was also graced by His Excellency the Ambassador of the United States of America Mr. Earl Miller, who also gave remarks on the theme. The event was attended by over two hundred (200) people from the innovative and creative industries.

BRAND IT ... OWN IT... CHEKA CIPA CAMPAIGN

CIPA has been experiencing low levels of IP filings, following this the Industrial Property division developed an awareness campaign plan. The objective of the awareness campaign was to educate small and medium enterprises to make use of IP as part of their business strategy.

The first phase of the awareness campaign commenced with the division embarking on eleven (11) days awareness campaign nationwide, titled 'Brand it…own it Cheka CIPA. The campaign targeted three (3) districts being Central District (Mahalapye, Palapye, Serowe, and Letlhakane), Ngamiland district (Maun, Shakawe, Gumare) as well as Ghanzi District (Ghanzi, Kang, Tsabong). The campaign commenced on the 13th June 2018 and ended on the 23rd June 2018 including travel days. Door to door visits were made to 355 operating businesses in retail, tourism and hospitality sectors.

WORKSHOP ON BUILDING RESPECT FOR INTELLECTUAL PROPERTY FOR MAGISTRATES

CIPA, in collaboration with the World Intellectual Property Organization (WIPO), held a workshop on Building respect for Intellectual Property for Magistrates in Gaborone, Botswana on the 29th June 2018. The participants were magistrates from different stations, including among others, Broadhurst, Molepolole, Village, Mochudi, Extension 11 Magistrates Court and Administration of Justice.

The overall goals and objectives of the workshop were to impart knowledge on intellectual property enforcement, covering a range of topics such as, copyright piracy, trademark counterfeits, civil remedies under the TRIPS agreement and disposal of IP infringing goods. The workshop covered the issues from both the international and national perspectives. Investigation and prosecuting of IP crimes was also part of the discussions during the workshop.

PERFORMANCE HIGHLIGHTS 2018/2019 CONTINUED

One of the priorities of the Compliance and Enforcement Unit at CIPA is to capacitate Police officers, Magistrates, Judges and other law enforcement officials on IP, as a way of ensuring that the rights of those who create and innovate are protected within the borders of Botswana and beyond.

SIGNING OF MEMORANDUM OF UNDERSTANDING WITH UNIVERSITY OF BOTSWANA

The Companies and Intellectual Property Authority and the University of Botswana signed a Memorandum of Understanding (MoU) to formalize and define the working relationship of the two institutions. The signing took place on the 20th March 2019 at University of Botswana. CIPA Registrar General, Mr. Conductor Paul Masena signed on behalf of CIPA while the Vice Chancellor Professor David Norris signed for the University of Botswana.

This development heralded a collaborative and strategic partnership to leverage on common areas of work by the two institutions.

ACCESSIBLE BOOKS CONSORTIUM (ABC)

CIPA was short-listed for the 2019 ABC International Excellence Award for Accessible Publishing. The nomination follows a successful implementation of the ABC Project in which CIPA partnered with Ministry of Basic Education, Botswana Publishers Association, Botswana Association for the Blind and Partially Sighted and the Library for People Living with Disabilities, with support from World Intellectual property Organization to convert seventy (70) published materials into accessible format. The published materials (pamphlets, books and government publications) were successfully converted to accessible format. Further, one hundred and thirty-five (135) Daisy Readers were purchased and loaded with the converted materials for distribution to recipients in Mochudi Senior Secondary School, Linchwe Community Junior Secondary School, Phatlogo Primary School and Matsieng Primary School on the 14th June 2018.

The awards were held on the 12th March 2019 in London. Although the award was lost to Kenya, this opportunity helped shine light on Botswana's effort to end the book famine among the blind and partially sighted community.

LEVY ON TECHNICAL DEVICES FUND

A total of thirty-seven (37) projects were running during the period. The genre of these projects range from TV & film production, music and book publishing to theatre & drama as well as capacity building. The following are highlights from some of the projects in those categories.

Tshepang Motsisi (Next Best DJ Project)
This is a capacity building exercise aimed at empowering aspiring DJs around the country through a comprehensive program to address varied skills and knowledge on the art and business of DJing. A total of fourteen (14) aspiring Hip Hop Djs were trained and accorded an opportunity to compete for the title of Next Best Hip Hop DJ.

Patrick Setsiba (Mmapatsi)
The project aims at training, developing and transforming traditional song and dance groups into vibrant entrepreneurs. The beneficiary conducted workshops in six (6) places being Kasane, Maun, Gaborone, Kang, Francistown and Bobonong. Around two hundred and fifty-one (251) participants took part in the workshops. Topics that were taught at the workshops are; Understanding dance mechanics and basic choreography as well as Building Entrepreneur skills.

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 (12). It further supports members of the choirs to understand copyright issues as well as help the best six (6) choirs in the target districts to record a music album with a documentary film.

The albums were recorded and promoted through ceremonial launches and road shows which were conducted in all the target areas to reach local communities. The aim of the promotions was to garner local support and appreciation of local talent to enhance the creative industry through purchasing music and promote anti-piracy. The participating choirs were awarded a sum of five thousand Pula (P5, 000.00) each and two hundred (200) copies of their albums to sell for sustainability.

Thatayaone Namane (Operation Seipone sa Modiragatsi)
The aim of this project is to serve the comprehensive business needs of various artists in Botswana through capacity building workshops. A total of three hundred and thirty (330) participants were taught preparation of a business plan, formulation of market strategy, budget preparation, negotiation skills as well as contract assessment. These workshops were held around the country and attracted participation of a wide array of artists including poets, musicians, visual artists etc. Further, a number of schools were visited to impart knowledge of intellectual property on students.

CRF
corporate registers forum
BOTSWANA 2018

BOTSWANA HOSTS THE

CORPORATE REGISTERS FORUM 2018

Corporate Registries,

A Critical Vehicle for Global Economic Growth

Corporate Registers Forum 2018

CONTINUED

The Companies and Intellectual Property Authority (CIPA) was honoured to be given the opportunity to host the annual Corporate Registers Forum 2018, in Botswana. This was the third forum hosted in Africa, presenting a great opportunity to the African countries to learn and exchange vital information on the functioning of corporate registries. The CRF 2018 conference was held under the theme "Corporate Registries; A Critical Vehicle for Global Economic Growth."

The Corporate Registers Forum Botswana 2018 was held from the 21st to the 25th May 2018 at the Gaborone International Convention Centre (GICC). It was graced by participants from all over the world, all with a common objective of openly discussing the latest developments in the corporate business registers, as well as sharing experiences and information on the present and future operations of corporate business registration systems. Some of the countries that attended the 2018 Botswana CRF include China, Australia, South Africa, United Kingdom, Vietnam, Namibia, Lesotho, New Zealand, Malaysia, Spain, Singapore, to name a few.

Botswana was fully represented by the Registrar General, Mr Conductor Paul Masena, who was the Coordinator of the CRF 2018, the Honourable Minister of Investment, Trade & Industry Bogolo Joy Kenewendo, the Permanent Secretary of the Ministry of Investment, Trade & Industry, Ms Peggy Serame and the CIPA Board led by the Chairperson, Mr Martinus Seboni, CIPA key stakeholders and CIPA staff. The Conference was officially opened by the Hon Minister of Investment Trade and Industry while the Board Chairman of CIPA officially closed the Conference. The Registrar General of CIPA Mr Conductor Paul Masena and the President of the CRF Roseanne Bell delivered welcome remarks to the CRF 2018 Conference.

The logo of the CRF 2018 conference was designed by Lame Precious Dilotsotlhe, a Limkokwing University student who won the logo graphic design competition.


CRF

Corporate Registers Forum 2018

Corporate Registers Forum 2018


Companies
Patents
Ownership

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY INDEX TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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:	*Prime Plaza (21) Block A, Plot 74358 NEW CBD Gaborone*
Postal address:	*P O Box 102 Gaborone*
Auditors:	*Ernst & Young*
Bankers:	*Stanbic Bank Botswana Limited*
Currency:	*Botswana Pula (BWP)*

CONTENTS

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
INDEX TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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Auditors:	P O Box 102 Gaborone
Bankers:	Ernst & Young
Currency:	Stanbic Bank Botswana Limited
Board of Directors	Botswana Pula (BWP)
	Mr Martinus Seboni (Board Chairperson)
	Mr Charles Siwawa (Board Vice Chairperson)
	Mr Phazha Butale (Board Member)
	Mr Tshiamo Motsumi (Board Member)
	Ms Goitseone Phorie (Board Member)
	Dr Bernard Bulawayo (Board Member)
	Ms Lorato Morule (Board Member)
Key Management	Mr Conductor Paul Masena (Registrar General)
	Ms Pego M Aisam (Board Secretary and Legal Advisor)
	Mr Timothy Moalusi (Registrar – Industrial Property)
	Ms Ntesang Sebetso (Director–Compliance Awareness & Client Services)
	Ms Keitseng Monyatsi (Copyright Administrator)
	Ms Wincey Ramaphoi (Ag. Director – Corporate Services)
	Ms Hilda Mocuminyane (Registrar – Companies & Business Names)
	Mr Greene Kamakama (Director – Information Technology)
	Mr Adam Marenga (Strategy Manager)
	Mr Bumo Nthoiwa (Internal Audit Manager)

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

The Members of the Board are required in terms of the Companies and Intellectual Property Authority Act, (Cap 42:13) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. 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 (IFRS) and in the manner required by the Companies and Intellectual Property Authority Act, (Cap 42:13). The external auditors are engaged to express an independent opinion on the annual financial statements.

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 these 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 standards 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 operating 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 the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement on loss. The Members have reviewed the Authority's cash flow forecast for the year to 31 March 2020 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 52 to 55. The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the Members of the board and committees of the board. The Board believe that all representations made to the independent auditors during their audit are valid and appropriate.

Against this background the Members of the Board accepts responsibility for the Annual Financial Statements on page 57 to 57 The annual financial statements and additional schedules set out on pages 56 to 89, which have been prepared on the going concern basis, were approved by the Board on ......12.12.2019............ and were signed on their behalf by:

Director | *Director*

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Independent Auditor's Report
To the Members of the Board of Companies and Intellectual Property Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Companies and Intellectual Property Authority set out on pages 7 to 41 which comprise the statement of financial position as at 31 March 2019 and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
In our opinion, the financial statements give a true and fair view of the financial position of the Companies and Intellectual Property Authority as at 31 March 2019, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Intellectual Property Authority Act (Cap 42:13).

Basis of 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 are independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of the Companies and Intellectual Property Authority. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the Companies and Intellectual Property Authority. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of CIPA for the year ended 31 March 2018 were audited by another auditor who expressed an unqualified opinion on those financial statements on 10 October 2018.

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. We have determined that there are no such matters to report.

Other Information

The Members of the Board are responsible for the other information. The other information comprises the Statement of Responsibility by the Members of the Board and the annual report. 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 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 on the other information obtained prior to the date of this report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Responsibilities of the Members of the Board for the Financial Statements

The Members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Intellectual Property Authority Act (Cap 42:13), 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.

Those charged with governance are responsible for overseeing the Authority's financial reporting processes.

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:

- 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 Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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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.

Ernst & Young
Practising member: Thomas Chitambo
Partner
Membership number: 20030022
Certified Auditor
Gaborone

03 / 02 / 2020

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019	2018 restated
Subvention received from Government	1	45 529 809	38 373 613
Other income	1	7 428 932	7 453 448
Total income		52 958 741	45 827 061
Administration and other operating expenses	2	(54 243 747)	(44 076 035)
Operating surplus / (deficit)		(1 285 006)	1 751 026
Interest income	4	145 203	85 065
Surplus/(Deficit) for the year		(1 139 803)	1 836 092
Other comprehensive income:		-	-
Total comprehensive income /(loss) for the year		**(1 139 803)**	**1 836 092**

STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019	2018	2018 restated
ASSETS				
Non-current assets				
Property and equipment	6	14 426 325	10 182 847	4 949 876
Intangible assets	7	310 237	423 050	-
		14 736 562	10 605 897	4 949 876
Current assets				
Lease asset	9.1	3 544		
Receivables and prepayments	8	4 940 711	4 227 575	3 051 752
Cash and cash equivalents	16	21 937 573	19 764 632	10 184 568
		26 881 828	**23 992 207**	**13 236 320**
Total assets		**41 618 390**	**34 598 104**	**18 186 196**
EQUITY				
Reserves				
Accumulated surplus		4 483 811	5 623 614	3 787 522
		4 483 811	**5 623 614**	**3 787 522**
LIABILITIES				
Non-current liabilities				
Capital grant	11	11 853 939	9 045 133	3 466 718
		11 853 939	**9 045 133**	**3 466 718**
Current liabilities				
Short term portion of capital grants	11	2 897 281	1 559 981	1 483 352
Lease liability	9.1	914 369	476 620	
Trade and other payables	12	8 752 342	6 034 999	4 627 086
Unspent grants received from Government	13	12 716 648	11 857 757	4 821 518
		25 280 640	**19 929 357**	**10 931 956**
Total liabilities		**37 134 579**	**28 974 490**	**14 398 674**
Total equity and liabilities		**41 618 390**	**34 598 104**	**18 186 196**

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2019

	Accumulated Funds	Total
Balance as at 01 April 2017 (restated)	3 787 522	3 787 522
Total comprehensive income		
Surplus for the year **(restated)**	1 836 092	1 836 092
Balance as at 31 March 2018 (restated)	**5 623 614**	**5 623 614**
Balance as at 01 April 2018 **(restated)**	5 623 614	5 623 614
Total comprehensive income	-	-
Deficit for the year	(1 139 803)	(1 139 803)
Balance as at 31 March 2019	**4 483 811**	**4 483 811**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019	2018 restated
Cash flows from operating activities			
Cash utilised in operations	15	(2 748 340)	972 741
Net cash utilised in operating activities		**(2 748 340)**	**972 741**
Cash flows from investing activities			
Purchases of property and equipment **(2018 restated)**	6	(7 043 388)	(6 763 771)
Purchases of intangibles **(2018 restated)**	7	-	(451 254)
Proceeds from sale of property and equipment		11 972	-
Interest received	4	145 203	85 065
Net cash out flows from investing activities		**(6 886 213)**	**(7 129 960)**
Cash flows from financing activities			
Capital grants received	**11 & 13**	11 807 495	15 737 282
Net cash generated from financing activities		**11 807 495**	**15 737 282**
Increase in cash and cash equivalents		2 172 941	9 580 064
Cash and cash equivalents at beginning of the year		19 764 632	10 184 568
Cash and cash equivalents at end of the year	**16**	**21 937 573**	**19 764 632**

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2019

General Information

The Companies and Intellectual Property Authority was established under the CIPA Act CAP 42:13 in November 2014. 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 authority names.

Registration of Business Names Act (CAP 42:05), which provides for registration of business names and 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.

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

The entity is an Authority, a government parastatal, established and domiciled in Botswana. The financial statements set out on page 8 to 45 were approved by the Board of the Authority on the 12. 12. 2019.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY SIGNIFICANT ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

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.

1.2 Property and equipment

All property and equipment are measured at historical cost less accumulated depreciation and impairment. 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.

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:

Improvements to lease hold properties	Remaining lease period
Furniture and fittings	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 and equipment are classified as part of work in progress.

COMPANIES AND INTELLECTUAL PROPERTY SIGNIFICANT ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

1.2 Property and equipment (continued)

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

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.

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.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Authority estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
SIGNIFICANT ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2019

1.5 Financial assets

1.5.1 Classification

The Authority classifies its financial assets in the following categories: at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Authority's business model for managing them. The Authority initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Other receivables that do not contain a significant financing component are measured at the transaction price.

1.5.2 Receivables

Receivables are classified at amortised cost and are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Authority's financial assets at amortised cost includes other receivables.

1.5.3 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash at banks and in hand and short-term deposits with an original maturity of three months or less.

1.5.4 Impairment of financial assets

The Authority recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables, the Authority applies a simplified approach in calculating ECLs. Therefore, the Authority recognises a loss allowance based on lifetime ECLs at each reporting date. The Authority calculates an ECL that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

1.5.5 Derecognition of financial assets

The Authority derecognises it's financial assets when:

- The rights to receive cash flows from the asset have expired or;
- The Authority has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Authority has transferred substantially all the risks and rewards of the asset, or (b) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Authority continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Authority could be required to repay.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
SIGNIFICANT ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2019

1.6 Financial liabilities

1.6.1 Classification

The Authority classifies its financial liabilities in the following categories: at fair value through profit or loss, loans and borrowings, or payables.

Financial liabilities are recognised initially at fair value and, in the case of accounts payable, net of directly attributable transaction costs.

1.6.2 Trade and other payables

Trade and other payable are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

1.6.3 Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

1.6.4 IAS 39 Financial Instruments (for prior year annual financial statements)

1.6.4 Financial assets

1.6.4.1 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.

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.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
SIGNIFICANT ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2019

1.6.4.2 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 transaction costs are expensed in the statement of comprehensive income.

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

1.6.4.3 Recognition and measurement

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.

1.6.4.4.1 Financial liabilities

The Authority initially recognises financial liabilities on the trade date, which is the date that the Authority becomes party to the contractual provisions of the instrument.

The Authority derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Financial liabilities are measured at amortised cost using the effective interest rate method.

For liabilities measured at amortised cost, any gain or loss is recognised in profit or loss when the liability is derecognised or impaired, as well as through the amortisation process.

Financial liabilities comprise of trade and other payables.

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These amounts are classified as current liabilities if payment is due within twelve months (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY SIGNIFICANT ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

1.6.5 IFRS 9 Financial Instruments (effective for periods beginning 1 April 2018)

1.6.5.1 Classification and measurement of financial assets

From a classification and measurement perspective, the new standard will require all financial assets, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories will be replaced by: Fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI), and amortised cost.

Financial assets are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial instruments that do not meet the criteria to be measured at amortised cost or FVOCI are measured at FVPL.
IFRS 9 will also allow entities to continue to irrevocably designate instruments that qualify for amortised cost or fair value through OCI instruments as FVPL, if doing so eliminates, or significantly reduces, a measurement or recognition inconsistency. Equity instruments that are not held for trading may be irrevocably designated as FVOCI, with no subsequent reclassification of gains or losses to the income statement. The accounting for financial liabilities will largely be the same as the requirements of IAS 39, except for the treatment of gains or losses arising from an entity's own credit risk relating to liabilities designated at FVPL. Such movements will be presented in OCI with no subsequent reclassification to the income statement, unless an accounting mismatch in profit or loss would arise.

Having completed its initial assessment, the Authority has concluded that:

- Accounts receivable and cash and cash equivalents that are classified as loans and receivables under IAS 39 will be classified and measured at amortised cost under IFRS 9.
- Financial liabilities measured at amortised cost under IAS 39 are expected to be measured at amortised cost under IFRS 9.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
SIGNIFICANT ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2019

1.6.5.1 Impairment

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss (ECL) approach. The entity will be required to record an allowance for expected losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset.

The Authority has established a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

• To calculate ECL, the Authority will estimate the risk of a default occurring on the financial instrument during its expected life. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between: the contractual cash flows that are due to the Authority under the contract; and

• The cash flows that the Authority expects to receive, discounted at the effective interest rate of the loan.

The Authority will adopt a modified retrospective approach where the financial statements will be retrospectively adjusted but the cumulative impact is recognised at the date of initial application (1 April 2018). Comparatives will not be restated. There has been no impact on the Authority for adopting IFRS 9 in the current financial year.

1.7 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.

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 expenditure 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 in profit or loss.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
SIGNIFICANT ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2019

1.8 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.

1.9 Revenue

1.9.1 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 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 armotisation 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. The grant is armotised over the useful life of the related 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.

1.9.2 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

Fees and other income – Fees and other income are recognised in the accounting period in which they accrue.

1.9.3 IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY SIGNIFICANT ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

1.9.3 IFRS 15 Revenue from Contracts with Customers

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Authority plans to adopt the new standard on the required effective date and apply it retrospectively. During 2018, the Authority performed a detailed assessment of IFRS 15. The adoption of IFRS 15 is not expected to impact the reported revenue and the revenues are expected to be reported as it was reported under IAS 18. Interest income and dividends have been scoped out of the revenue standard. However, the adoption of IFRS 15 is expected to affect the disclosure of the accounting policy as a result of the principles and guidance surrounding IFRS 15 which will culminate in a new accounting policy on revenue. The disclosure requirements have been expanded and the new standards now gives more guidance on disclosures.

The Authority earns its revenue from WIPO and ARIPO Fees. The adoption of IFRS 15 is not expected to impact the reported revenue and the revenues are expected to be reported as it was reported under IAS 18. The analysis is shown below.

1.9.4 Revenue arises mainly from the WIPO and ARIPO fees

The Authority as a member of both World Intellectual Property Organization (WIPO) and African Regional Intellectual Property Organization (ARIPO) receives a portion of fees collected by either organization or behalf of its members and shared accordingly. These fees should form part of funds collected on behalf of Government of Botswana and should be remitted to the government consolidated fund. However, and agreement was made with the government to retain the fees to supplement the subvention/funding from government.

1.9.5 To determine whether to recognise revenue, the Authority follows a 5-step process;

Identify a contract with a customer?
Identifying the performance obligations?
Determining the transaction prices?
Allocating the transaction price to the performance obligations?
Recognising revenue when/as performance obligation(s) are satisfied?

The Authority has made the above assessment and concluded fees from WIPO and ARIPO do not meet the above criteria and IFRS 15 scope.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
SIGNIFICANT ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2019

1.10 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% company 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.

1.11 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.

1.11.1 IFRS 16

IFRS 16 was issued in January 2016 and it replaces 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. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use of the asset.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Authority has not early adopted the requirements of the leases and will adopt the standard when it becomes effective. The main changes arising from the issue of IFRS 16 which are likely to impact the Authority are as follows:

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
SIGNIFICANT ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2019

The Authority as a lessee:

Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.

The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.

The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.

Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.

The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY SIGNIFICANT ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

Authority as lessor:

Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.

A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand-alone price of the increase in scope.

If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.

Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor›s financial statements.

Sale and leaseback transactions:

In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.

If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new Right-of-Use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16.

If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

1.11.2 Transition to IFRS 16

The effective date of the standard is for financial years beginning on or after 01 January 2019. The Authority plans to adopt a modified retrospective approach to IFRS 16. The Authority will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4. The Authority will therefore not apply the standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. The Authority will elect to use the exemptions applicable to the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Authority has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value. The Authority has not yet done quantitative impact of adoption of IFRS 16.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY SIGNIFICANT ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

2.1 Financial risk factors

The Authority's activities expose it to very minimal 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 balances 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 and other receivables. 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 SIGNIFICANT ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

(c) Liquidity risk

	0-3 months	3-6 months	6-12 months	Total
At 31 March 2019				
Trade payables	3 470 776	-	-	3 470 776
Staff terminal benefits provision	-	6 037 516	-	6 037 516
Audit fees provision	-	158 419	-	158 419
At 31 March 2018				
Trade payables	1 250 137	-	-	1 250 137
Staff terminal benefits provision	-	4 806 371	-	4 806 371
Audit fees provision	-	180 708	-	180 708

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 other receivables, bank and cash balances and other accounts payables resulting from normal business operations. The carrying amounts are assumed to approximate the fair values due to the short-term nature of the instruments. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
SIGNIFICANT ACCOUNTING POLICIES (continued)
FOR THE YEAR ENDED 31 MARCH 2019

Residual value and useful lives of property and equipment

The Authority determines the estimated useful lives and related depreciation charges for its property 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.

Standards and interpretations which became effective during the year

The standards and interpretations which became effective during the year ended 31 March 2019 are summarised as follows:

Standard/Interpretation		Standard/Interpretation
IFRS 15	Revenue from Contracts with Customers	No impact on these financial statements
IFRS 9	Financial Instruments	Impact on these financial statements
IFRS 4 amendments	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	No impact on these financial statements

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY SIGNIFICANT ACCOUNTING POLICIES (continued) FOR THE YEAR ENDED 31 MARCH 2019

New Standards and Interpretations issued but not yet effective

Standard/Interpretation		Effective date
Amendments to AIS 19	Plus, amendment, Curtailment or settlements	Annual periods beginning on or after 1 January 2019
AIP IFRS 3 Business Combinations	Previously held interests in a joint venture	Annual periods beginning on or after 1 January 2019
AIP IFRS 11 Joint Arrangements	Previously held interests in a joint venture	Annual periods beginning or after 1 January 2019
AIP IAS 12 Income Taxes	Income tax consequences of payments on financial instruments classified as equity	Annual periods beginning or after 1 January 2019
AIP IAS 23 Borrowing Costs	Borrowing costs eligible for capitalisation	Annual periods beginning on or after 1 January 2019
Amendments to IFRS 3	Definition of a business	Annual periods beginning on or after 1 January 2020
IFRS 16	Leases	Annual periods beginning on or after 1 January 2019
IFRIC 23	Uncertainty over income tax treatments	Annual periods beginning or after 1 January 2019
Amendments to IFRS 9	Prepayment Features with Negative Compensation	Annual periods beginning or after 1 January 2019
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures	Annual periods beginning or after 1 January 2019
IFRS 17	Insurance contracts	Annual periods beginning or after 1 January 2021
Amendments to IAS 1 and IAS 8	Definition of material	Annual periods beginning or after 1 January 2020
Conceptual framework	The conceptual framework for financial reporting	Annual periods beginning or after 1 January 2021

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018 restated
1. Subvention and Other Income[1]		
Subvention from government	45 529 809	38 373 613
Fees from ARIPO	2 736 079	2 192 123
Fees from WIPO	1 775 822	1 657 645
Rental - CEDA	-	1 836 069
Other income	19 750	207 630
Amortisation of capital grants	2 897 281	1 559 981
	52 958 741	45 827 061

Amount recognised as income includes amortisation of grants previously received to fund capital expenditure. There were no unfulfilled conditions or contingencies attached to these income and capital grants. The Government of Botswana provides funding to the Authority by way of annual subvention from the Consolidated and Development Fund.

2. Surplus/(Deficit) from Operations

The following items have been charged/(credited) in arriving at the operating (deficit) / surplus:

	2019	2018 restated
Auditors remuneration	154 942	201 074
Accessible Books Consortium Project	121 767	-
Unspent grant released	(121 767)	-
Consultancy fees	201 447	525 355
Directors Emoluments	186 936	182 004
Depreciation (note 6)	2 897 281	1 559 981
Amortisation (note 7)	112 813	28 203
Forensic audit	7 984	1 215 067
Unspent grant released	(7 984)	(1 215 067)
Insurance	170 049	303 729
Local and international travel	975 578	832 650
National Strategy for Creative Industries	990 213	-
Unspent grant released	(990 213)	-
Other office and administration expenses	7 438 856	5 288 937
OBRS Expenses	1 709 824	-
Printing and stationery	668 418	513 002
Rent expenses	6 416 662	4 334 323
Repairs and maintenance	470 885	479 903
Study on the Economic Contribution of copyright	1 075 429	270 951
Unspent grant released	(1 075 429)	(270 951)
Software licences	2 556 929	2 486 360
Staff cost	30 395 941	27 368 717
	54 243 747	44 076 035

[1] Refer to Note 21 for the restatement
[2] ARIPO - African Regional Intellectual Property Organization
[3] WIPO - World Intellectual Property Organization
[4] CEDA - Citizen Entrepreneurial Development Agency
[5] OBRS - Online Business Registration System - This is a new online business registration which launched in June 2019 post the 2019 financial year, these expenses relates to preparing the organisation (readiness exercise) for this system.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018 restated
3. Staff Costs		
Salaries and wages	19 426 556	21 037 985
Other Staff benefits	6 471 912	2 064 199
Pension fund contributions	2 037 267	1 936 831
Medical aid contributions	442 779	428 456
Contract gratuity and severance payments	2 017 427	1 901 246
	30 395 941	**27 368 717**
Average number of employees	88	88
4. Finance Income		
Interest Received		
Bank	**145 203**	**85 065**

5. Income Tax Expense

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 52:01)

[6] Refer to Note 21 for the restatement

[7] OTHER STAFF BENEFITS INCLUDES - Overtime, Leave Expense, Utility Allowance, Car Allowance, Housing Allowance, Entertainment, Acting Allowance, Staff Training and Development, Staff Recruitment, Staff Welfare, Membership fees, Insurance-Group life, Insurance-Workmen's Compensation, Temporary Staff

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

6. Property and Equipment	Motor Vehicles	Computer Equipment	Furniture & Fittings	Office Equipment	Leasehold Improvement	Work in Progress	Total (cost)
At 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
Transfers	-			-	-	-	-
Depreciation	(272 971)	(879 959)	(341 919)	(36 929)	-	-	(1 531 778)
Accumulated depreciation on disposal	-	-	-	-		-	-
Net book value	**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**
At 31 March 2019							
Opening net book value –	801 633	2 446 408	1 283 462	292 435	-	5 358 909	10 182 847
Transfers			3 182 849	480 558	5 722 494	(9 385 901)	-
Additions		2 376 105	240 142	400 150		4 026 992	7 043 388
Disposals (Cost)		(17 647)	-	-	-	-	(17 647)
Depreciation	(272 971)	(1 257 178)	(511 690)	(79 942)	(662 687)		(2 784 468)
Depreciation on Disposals		2 205					2 205
Net book value	**528 662**	**3 549 893**	**4 194 763**	**1 093 200**	**5 059 807**	**-**	**14 426 325**
At 31 March 2019							
Cost	2 278 058	6 706 249	5 241 268	1 236 962	5 722 494	-	21 185 031
Accumulated depreciation	(1 749 396)	(3 156 356)	(1 046 505)	(143 762)	(662 687)	-	(6 758 706)
Net book value	**528 662**	**3 549 893**	**4 194 763**	**1 093 200**	**5 059 807**	**-**	**14 426 325**

The Authority undertook Gaborone and Francistown office interior design and partitioning during the financial year ended 31st March 2018. The work in Gaborone and Francistown was completed and commissioned on 31st October 2018 and associated WIP was capitalised to the different categories as appropriate on the same date.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018 restated
7. Intangible assets		
Opening net book value		
01 April	423 051	-
Addition	-	451 254
Amortisation	(112 813)	(28 203)
Net book value	**310 238**	**423 050**
As at 31 March		
Cost	451 254	451 254
Accumulated amortisation	(141 017)	(28 203)
Net book value	**310 237**	**423 050**
8. Receivables and prepayments		
Receivables and prepayments	4 940 711	4 227 575
	4 940 711	**4 227 575**
The amounts of receivables and prepayments are as follows;		
Fees receivable – ARIPO	2 436 401	1 925 901
Fees receivable - WIPO	1 775 822	1 657 645
Security Deposit - Rental	423 897	423 897
Prepayments – Software Licenses	304 591	220 132
Lease Asset - Serowe	3 544	-
	4 944 255	**4 227 575**

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

9. Lease assets and liabilities

	2019	2018 restated
9.1 Lease assets	3 544	-
Serowe	**3 544**	**-**
9.2 Lease liabilities		
Serowe	57 968	57 968
Francistown	73 803	32 968
Gaborone	782 597	385 685
	914 369	**476 620**

[8] Refer to Note 22 for the restatement
[9] Refer to Note 22 for the restatement

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018 restated
10. 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		
Financial Assets at amortised cost		
Other receivables excluding non-financial assets	423 897	423 897
Loans and receivables (IAS 39)	-	3 583 546
Receivables	4 520 358	-
Cash and cash equivalents	21 937 573	19 764 632
	26 881 828	**23 772 075**
Financial liabilities as per the statement of financial position		
Financial liabilities		
Trade and other payables (note 12)	8 752 342	6 034 999
	8 752 342	**6 034 999**

10.1 Financial risk management objectives and policies

The main risks arising from the Authority›s financial instruments are interest rate risk, credit risk and liquidity risk. The Authority does not hold any derivative financial instruments.

10.2 Credit Risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is the risk that the regulated and supervised institutions and other counterparties will not be able or willing to pay or fulfil their obligations in accordance with the CIPA Act. The Authority is exposed to credit risk through its cash balances that are placed with local banks. Reputable financial institutions are used for investing purposes. All cash and cash equivalents are placed with financial institutions registered in Botswana. The maximum exposure to credit risk is represented by the carrying amount of accounts receivable and cash and cash equivalents, as shown in the Statement of Financial Position. Credit risk on receivables is managed on the basis that a significant amount of income, mainly merger fees, is paid in advance as per the CIPA Act.

10.3 Significant concentration of Credit Risk

Financial assets that potentially subject the Authority to concentrations of credit risk consist primarily of cash and cash equivalents, as well as accounts receivable. Cash and cash equivalents are placed with reputable financial institutions in the normal course of trading. The Authority does not engage in any other investment portfolios. Expertise and controls have been put in place to manage credit risk.

The Authority does not have any significant credit risk exposure to any single counterparty.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

10.4 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial instruments that are sensitive to interest rate risk are bank balances and cash (refer note 9). The Authority has no long-term significant interest-bearing assets. Since

the Authority receives funds from Government on a quarterly basis, which are linked to expenditure, it does not engage in long-term investments which attract significant interest rates.

The Authority is also monitoring instructions from the Central Bank on issues relating to interest rates trends.

The following table demonstrates the sensitivity to reasonably possible changes in interest rates with all other variables held constant.

Financial instruments that are sensitive to interest rate risk are summarised as follows:

	2019	2018 restated
Call account	21 937 573	19 764 632
The accounting policies for financial instruments have been applied to the line items below:	**21 937 573**	**19 764 632**
The following interest rates were applicable during the year:		
Call accounts	0.05%	0.05%

With average interest rates applicable as disclosed above, an increase of 50 basis points in interest rates during the reporting period would have (increased)/decreased operating deficit as follows (2018 – increase/(decrease) operating surplus:

Call accounts	10 969	9 882
Net decrease in operating deficit/increase in operating surplus	**10 969**	**9 882**

A 50-basis point decrease in interest rates during the reporting period would have had the equal but opposite effect on the reported operating deficit to the amounts disclosed above, on the basis that all other variables remain constant.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

10.5 Liquidity risk

The Authority's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, without incurring losses or risking damage to the Authority's reputation.

The ultimate responsibility for liquidity risk management rests with the Board, which has established appropriate liquidity risk management procedures for the management of the Authority's funding and liquidity management requirements. The Authority manages liquidity risk by maintaining adequate cash and cash equivalents to settle liabilities when they become due, by continuously monitoring forecast and actual cash flows, and by matching the Government Subvention to the maturity profile of the financial liabilities.

The following table summarises the maturity profile of the Authority›s financial liabilities as at 31 March 2019 based on contractual undiscounted payments:

2019	Carrying amount	Contractual cash flows	Within 1 year
Trade payables	3 470 776	(3 470 776)	(3 470 776)
Other payables	6 195 935	(6 195 935)	(6 195 935)
	9 666 711	**(9 666 711)**	**(9 666 711)**

2018	Carrying amount	Contractual cash flows	Within 1 year
Trade payables	1 250 137	(1 250 137)	(1 250 137)
Other payables	5 261 482	(5 261 482)	(5 261 482)
	6 511 619	**(6 511 619)**	**(6 511 619)**

10.6 Fair Values

Due to the short-term nature of all financial assets and financial liabilities, the amortised cost approximates their fair value.

10.7 Capital management

Capital consists of the line item «accumulated funds» in the Statement of Financial Position. The Authority›s objectives when managing capital are to safeguard its ability to continue as a going concern in order to perform the mandate for which it was created. Management is of the view that these objectives are being met. During the period under review, the Authority did not have borrowings. As a government owned institution, the Authority is supported by the Government of the Republic of Botswana, which currently provides the necessary support to sustain the operations of the Authority

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

11. Capital Grant

Opening balance	10 605 114	4 950 070
Transfer from unspent grant utilised to capital grant (note 12)	6 820 558	7 146 261
Grant received	222 829	68 764
Amortisation of property and equipment	(2 897 281)	(1 559 981)
Balance at the end of the year	**14 751 220**	**10 605 114**
At the reporting date the capital grants can be analysed as follows;		
Short term portion	2 897 281	1 559 981
Long term portion	11 853 939	9 045 133
	14 751 220	**10 605 114**

12. Trade and Other Payables

Trade payables	2 556 407	773 517
Deposits received in advance (CRF)	-	274 403
Staff terminal benefit provisions	6 037 516	4 806 371
Provision for Audit fees	158 419	180 708
	8 752 342	**6 034 999**

The average credit period on purchases of certain goods is 30 days.
The directors consider that the carrying amount of trade and other payables approximates their fair values.

Movement Schedule for provisions

Leave provision

Opening balance	1 852 626	1 593 212
Leave provision for the year	1 218 626	2 656 808
Payments	(1 112 715)	(2 397 394)
Closing Balance	**1 958 537**	**1 852 626**

Gratuity provision

Opening balance	2 953 745	2 410 827
Gratuity for the year	2 017 427	1 901 246
Payments	(892 193)	(1 358 328)
Closing balance	**4 078 978**	**2 953 745**

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
Audit fees provision		
Opening balance	180 708	128 055
Provision for the year	154 941	180 708
Payments	(177 230)	(128 055)
Closing balance	**158 419**	**180 708**

Total provisions relate to gratuity and leave as at the reporting date. The Gratuity provision is calculated in accordance with the respective contracts of employment. Leave provision is calculated based on accrued leave days not taken during the year, while leave travel is a contractual benefit payable after every two years of service.

13. Unspent grants received from Government

	2019	2018
Opening balance	11 857 756	4 821 518
Grant received during the year		
Assets	11 340 000	9 303 773
Expenses	244 666	6 364 745
Grants utilised to defray expenses and finance additions to assets during the year		
Assets (note 11)	(6 820 558)	(7 146 262)
Expenses	(3 905 216)	(1 486 018)
Closing balance	**12 716 648**	**11 857 757**
Closing balance relates to unspent amounts received with respect to:		
Information Technology Equipment	-	362 622
Study on the Economic Contribution of Copyright	25 620	1 101 049
Maun Office Design & Partitioning	1 500 000	
Online Business Registration	5 762 299	
Francistown Office Design & Partitioning	-	511 011
Gaborone Office Design & Partitioning	-	3 433 853
Performance management system	1 295 570	1 295 570
Project - National Strategy for Creative Industries	4 009 787	5 000 000
Project - Accessible Books Consortium	28 981	51 277
Event - Honouring Former LTDF Committee Members	17 898	17 898
Forensic audit	76 493	84 477
	12 716 648	**11 857 757**

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31 MARCH 2019

14. Related Party Transactions

Formerly the Registrar of Companies and Intellectual Property (ROCIP), The Companies and Intellectual Property Authority (CIPA) was established by an Act of Parliament in 2011 (Companies and Intellectual Property Authority Act, (Cap. 42:13) to promote and enable full protection of the rights of investors and right holders obtained under the Companies Act, Registration of Business Names Act, Industrial Property Act and Copyright and Neighbouring Rights Act.

Transactions with related parties was compensation paid to key management, subvention income & capital grants received from the Government of Botswana and rental received from CEDA (other parastatal) for prior year.

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:

	2019	2018
Board fees	186 936	182 004
Compensation paid to executive management	6 920 316	6 692 740
	7 107 252	**6 874 744**

Compensation paid to executive management comprises of;		
Salaries and allowances	5 759 367	5 569 665
Gratuity	1 160 949	1 123 075
	6 920 316	**6 692 740**

The Companies and Intellectual Property Authority is a parastatal under the Ministry of Investment, Trade and Industry (MITI) of the Government of Botswana. Other parastatals of the Government of Botswana are also considered related parties to CIPA. Private companies that the Government of Botswana has majority shareholding are also considered related parties. Transactions with related parties are in the normal course of business. The following transactions were carried out with related parties:

Botswana government and other parastatals [10]		
Subvention income received from Government	45 529 809	38 373 613
Unspent grants received from Government	12 716 649	11 857 756
Rental income from CEDA	-	1 836 069
Amounts paid to Water Utilities Corporation	6 033	16 477
Amounts paid to Botswana Unified Revenue Services	4 326 642	4 012 337
Amounts paid to Botswana Power Corporation	531 642	578 221
Amounts paid to Botswana Telecommunications Corporation	1 263 546	1 078 223
	64 374 321	**57 752 696**

[10] Refer to Note 22 for the restatement

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
15 Cash Utilised in Operations		
Surplus/(deficit) for the year	(1 139 803)	1 835 115
Adjustment for non-cash items:		
Depreciation and amortisation (note 6, note 7)	2 897 281	1 559 981
Amortisation of capital grant	(2 897 281)	(1 559 981)
Unspent grant released for expenses	(3 905 216)	(1 486 019)
Increase in lease liability	437 748	476 620
Increase in lease asset	(3 544)	-
Loss on disposal of property and equipment	3 470	-
Interest income	(145 203)	(85 065)
	(4 752 547)	**740 651**
Changes in working capital		
Other receivables	(713 136)	(1 175 823)
Trade and payables	2 717 343	1 407 913
Cash utilised in operations	**(2 748 340)**	**972 741**

16. Cash and Cash Equivalents		
Call/current	21 937 573	19 764 632
	21 937 573	**19 764 632**

17. Contingent Liabilities

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

18. Commitments

Operating lease commitments - where the authority 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:

Call/current	0-1 year	2-5 years
Lease rental commitments	**7 564 305**	**14 583 435**

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

19. Subsequent Events

There were no events that occurred after the reporting date that require adjustment to or disclosure in the financial statements. The subvention for the first and second quarter of the 2020 financial year were received on the 19th June and 13th August respectively.

20. Going Concern

CIPA incurred a deficit of P1 139 803 for the year ended 31 March 2019 however, current assets exceeded current liabilities by P1 601 188, therefore the authority is able to meet its current obligations when they fall due. CIPA is dependent on the Ministry of Investment, Trade and Industry for financial and operational support. The Ministry has approved the authority's 2019/2020 budget and is continuing to provide financial support to the authority through the payment of government subventions and grants. 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.

21. Revenue Collected on Behalf of Botswana Government

The Authority collects revenue on behalf of the Government of Botswana through its through its services to the public. The revenue is collected through-out the financial year and remitted to the consolidated fund for the Government of Botswana after year end on the basis of directives received from the Government of Botswana. During the year the Authority collected P38 540 793 (2018 – P41 572 508) on behalf of the Government of Botswana. At 31 March 2019 CIPA held the amount of P38 307 050 (2018 – P41 558 408) in a separate bank account on behalf of the Government of Botswana. These amounts have not been included in the CIPA statement of comprehensive and the statement of financial position.

22. Prior periods restatement

The Authority has restatement the annual financial statements for 2017 and 2018 as following;

Issue 1 (Receivable/Other Income)

IAS 1 requires that an entity prepare its financial statements, except for cash flow information, using the accrual basis of accounting. [IAS 1.27]. In 2018, the Authority had used a cash basis method instead of accrual basis to recognise an amount of P2 707 105 as other income for fees received from ARIPO and WIPO. It was since realised that the recognition was not correct as this amount relates to the previous year which is 2017. Therefore, the authority corrected this anomaly to recognise the correct amount of P3 849 768, which is the correct fees received for 2018. Further to this the Authority had netted off fees paid to ARIPO of P266 222 against income, and this has since been recognised separately as an expense in the office and admin expenses. IAS 1, assets and liabilities, income and expenses may not be offset unless required or permitted by an IFRS (IAS 1.32). The effect of these increases the 2018 financial year surplus by P1 142 663.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

As stated above the Authority management determined that recognition of ARIPO and WIPO fees on cash basis was inappropriate. To correct this, accrual basis was adopted. Fees initially recognised in 2018 were for 2017, this thus meant that as payment had not been received in 2017 a receivable has to be recognised. Therefore, management took a decision to further restate receivables for 2017 and 2018 financial years. The restated receivables for 2017 and 2018 are P3 015 752 and P4 227 575 respectively as a result of the increase of receivables for both years by P3 583 546 and P2 707 125 respectively. The total assets are restated for both years, increasing by same amounts respectively.

Issue 2 (Reclassification - amortisation of capital grants)

In 2018 the Authority had recognised amortisation of capital grants of P1 559 981 under administration and other expenses. From IAS 1 improved disclosure purposes this has been reversed to recognise amortisation of capital grants as other income. This has a nil effect on the surplus but increases both other income and expenses for 2018 by P1 559 981.

Issue 3 (Reclassification of capital grants into current and non-current portion)

Management further determined that capital grants have a short-term portion that needs to be recognised under current liabilities. IAS 1 Presentation of Financial Statements requires that an entity should present statement of financial position separating current and non-current assets and liabilities, unless based on liquidity provides information that is reliable. [IAS 1.60] In either case, if an asset (liability) category combines amounts that will be received (settled) after 12 months with assets (liabilities) that will be received (settled) within 12 months, note disclosure is required that separates the longer-term amounts from the 12-month amounts. [IAS 1.61] In 2017 and 2018 capital grants were recognised wholly as non-current liabilities. With this new determination, a restatement is issued to correct this.

Non-current liabilities for 2018 and 2017 will reduce by P 1 483 352 and P1 559 981 respectively and current liabilities increase by the same amounts.

Issue 4 (Leases)

The Authority leases 3 properties in Gaborone, Francistown and Serowe, and has contractual arrangements with 3 different lessors for these properties. All the 3 properties have rental escalation clauses that have escalation anniversary dates with the financial year and therefore rentals payments are not the same throughout the year. IAS 17 requires that lease payments under an operating lease shall be recognised as an expense on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit [IAS 17.33]. In 2018 the Authority had disregarded this effect and had not applied the straight-line method to recognise the rent expense. This has been corrected with a restatement of the rent expenses. The amount initially recognised was P3 857 703 and applying the straight-lining method has restated this amount to P4 334 323, i.e. and increase of P476 620 which reduces the surplus for the year by the same amount.

As management adopted a straight-lining method for recognition of lease rentals, the effect is that in earlier years the method give rise to lease liabilities as the expense recognised is higher that the cash paid for the lease arrangement. Management therefore, took a decision to restate the financials for 2018 to recognise a liability that arises out of this arrangement. This lease liability is recognised for 2018 financial year amounting to P476 620 for the 3 lease arrangements. This increases the reported other payables by the same amount, hence the increase in total liabilities.

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2019

Issue 5 (Reclassification of property and equipment and intangible assets)

The Authority management recognised that for improved disclosure and presentation purposes it was more useful to show purchases of property and equipment and that of intangibles separately. For this reason, management took a decision to restate the cashflow statement for 2018 to separate these as they were initially presented as one. This restatement was more of a qualitative (presentation) over quantitative nature.

As a result of the above restatements the surplus for the year ended 31 March 2018 has been restated to P1 836 092 from the initial surplus of P1 435 295, resulting in a net increase of P400 797.

Issue 6 (Property Plant and Equipment)

There was an adjustment to correct Property Plant and Equipment opening balances of BWP977 that was includede in operating expenses.

The impact of the restatements are as follows;

Impact on statement of financial position

	2019	2018
Increase in receivables	3 583 546	2 707 105
Increase in accumulated surplus	3 145 947	2 707 105
(Decrease) in capital (long term portion)	(1 559 981)	(1 483 352)
Increase in capital (short term portion)	1 559 981	1 483 352
Increase in trade and other payables	476 620	-

Impact on statement of profit and loss and other comprehensive income

	2018
Increase in ARIPO/WIPO fees	1 142 663
Increase in amortisation of capital grant (other income)	1 559 981
(Decrease) in amortisation of capital grant (operating expenses)	(1 559 981)
(Decrease) in other office and admin expenses	(266 223)
(Decrease) in rent expenses	(476 620)
Decrease in operating expenses	977
Increase in total comprehensive surplus for the year	**400 797**

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
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The financial impact of the change in classification in the statement of cash flows.

	2018
Previous disclosure	
Cash-flows from investing activities	
Purchases of property and equipment	(7 215 025)
Split as follows	
Purchases of property and equipment	(6 763 771)
Purchases of intangibles	(451 254)

Notes

COMPANIES AND INTELLECTUAL PROPERTY AUTHORITY

PROTECTING BUSINESS INTERESTS

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