

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

**Summary Consolidated Annual Financial Statements
for the year ended 30 June 2022**

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	1961/002506/08
Nature of Business and Principal Activities	The group is an organisation domiciled in South Africa dedicated to the collective management of copyright in musical works of composers, songwriters and publishers.
Registered Office	3rd Floor, SAMRO Place 20 De Korte Street Braamfontein Johannesburg 2001
Postal Address	P O Box 31609 Braamfontein Johannesburg 2017
Telephone	+27 712 8000
Facsimile	+27 86 674 4391
International	+27 11 712 8039
Hotline (during work hours)	+27 86 117 2676
Email	customerservices@samro.org.za
SMS	45141 @ R1 per SMS
Website	www.samro.org.za
Facebook	SAMROSouthAfrica
Twitter	@SAMROMusic
Instagram	Samromusic
CEO	Mark Rosin
CFO	John Scullion
Bankers	Standard Bank, ABSA Bank, Nedbank, Investec, and First National Bank
Auditors	SizweNtsalubaGobodo Grant Thornton Inc. 20 Morris Street East Woodmead 2191

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

General Information

Legal Advisors

Spoor and Fisher
Webber Wentzel
Terina Singh

Investment advisors

Investec
Nedbank Wealth
Old Mutual Multi Managers

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Consolidated and Separate Annual Financial Statements for the year ended 30 June 2022

Index

	Page
General Information	1 - 2
Directors' Responsibilities and Approval	4
Directors' Report	5 - 6
Certificate by the Company Secretary	7
Independent Auditor's Report	8
Statements of Profit or Loss and Other Comprehensive Income	9
Statements of Financial Position	10
Statements of Cash Flows	11
Statements of Changes in Equity - Company	12
Statements of Changes in Equity - Group	13
Accounting Policies	14
Notes to the Consolidated and Separate Financial Statements	15 - 26

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the summary consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the summary consolidated annual financial statements satisfy the financial reporting standards with regards to form and content and present fairly the summary consolidated statement of financial position, results of operations and business of the Group, and explain the transactions and financial position of the business of the Group at the end of the financial year. The summary consolidated annual financial statements are based upon appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a 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 Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company and group's cash flow forecast for the year to 30 June 2023 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the Group's external auditors and their unqualified audit report is presented on page 8.

The summary consolidated annual financial statements set out on pages 9 to 26 which have been prepared on the going concern basis, were approved by the directors and were signed on 1 December 2022 on their behalf by:



M Rosin
Chief Executive Officer



N Maweni
Chairperson

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Directors' Report

The directors present their report for the year ended 30 June 2022.

1. Incorporation

The Company is incorporated in the Republic of South Africa under the South African Companies Act as a non-profit company.

2. Nature of business

Southern African Music Rights Organisation NPC (SAMRO) carries on the business of administering the copyright in the works created by its members and other rights holders it represents.

3. Operating and financial review

The financial results of the group and company are set out on pages 9 to 26.

During the 2021 financial year, SAMRO NPC was awarded Public Benefit Organisation (PBO) Status by the receiver of revenue. This PBO status exempts SAMRO NPC from normal taxation on its profits. As a result, the accumulated Deferred tax balance had been reversed in the 2021 financial year.

4. Going concern

As at 30 June 2022, the group's total assets exceed its liabilities by R8.0 million, and as at 30 June 2021, the groups' total assets exceeded its liabilities by R1.7 million.

The group made a profit of R1.8 million for the year (2021: profit of R8.0 million).

The directors have reviewed the company and group's cash flow forecast for the year to 30 June 2023 and, in light of this review and available credit facilities, including other liquid assets, they are satisfied that the company and group has or had access to adequate resources to continue in operational existence for the foreseeable future including with specific consideration of the risk associated with COVID-19.

5. Dividend

SAMRO has no share capital and thus does not declare dividends.

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Directors' Report

6. Directors

The directors of the company during the year and up to the date of this report are as follows:

M Rosin

N Maweni

J Scullion

D Alexander

S Sithole

R Hill

S Mayekiso

S Vilakazi

TTS Thekisho

R Naicker (Appointed 10 December 2021)

MS Mnguni (Appointed 10 December 2021)

G Le Roux (Appointed 10 December 2021)

P Miller (Appointed 10 December 2021)

L Ngcobo (Resigned 11 February 2022)

W Oldfield (Resigned 11 February 2022)

Directors' interest in contracts

No material contracts involving directors' interests were entered into in the year under review.

7. Secretary

The Group's designated secretary is Lestum Trading (Pty) Ltd.

8. Distribution

Distributions for the company for the year, after taking into account income tax, social and cultural deductions and amounts transferred from reserves, was determined at R452.3 million (2021: R338.8 million), an increase of R113.5 million or 33.5%.

9. Auditors

SizweNtsalubaGobodo Grant Thornton Inc. will continue in office as auditors in accordance with the South African Companies Act, 2008.

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Certificate by the Company Secretary

I hereby confirm, in my capacity as company secretary of SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC, that for the financial year ended 30 June 2022, the company has filed all required returns and notices in terms of the Companies Act, 2008, with the Companies and Intellectual Property Commission and that all such returns and notices are to the best of my knowledge and belief true, correct and up to date.



Celiwe Nkosi, on behalf of
Lestum Trading (Pty) Ltd

Company Secretary
Johannesburg

1 December 2022

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE MEMBERS OF SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

Opinion

The summary consolidated financial statements, which comprise the summary consolidated balance sheet as at 30 June 2022, the summary consolidated income statement, summary consolidated statement of changes in equity and summary consolidated cash flow statement for the year then ended, and related notes, are derived from the audited separate and consolidated financial statements of Southern African Music Rights Organisation NPC for the year ended 30 June 2022.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the separate and consolidated audited financial statements, in accordance with (International Accounting Standards) IAS 34 and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited separate and consolidated financial statements and the auditor's report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited separate and consolidated financial statements in our report dated **01 December 2022**. We have reported the matter detailed in note 8 of the summary consolidated financial statements to the Independent Regulatory Board for Auditors as a reportable irregularity in accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act.

Director's responsibility for the summary consolidated financial statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the IAS 34 and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



Sizwe Ntsaluba Gobodo Grant Thornton Inc.

Director: M Dwanya

Registered Auditor

Woodmead

01 December 2022

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Statements of Profit or Loss and Other Comprehensive Income

Figures in R `000	Notes	Group 2022	Group 2021 Restated	Company 2022	Company 2021 Restated
Revenue	9	520 634	555 566	514 915	476 510
Other income	10	2 220	3 709	7 023	9 610
Distribution expenses	12	(452 332)	(394 046)	(452 332)	(338 751)
Other administrative expenses		(7 769)	(9 138)	(7 512)	(7 022)
Administration expenses		(134 273)	(170 833)	(136 942)	(150 225)
Other gains and (losses)	13	3 722	14 220	3 722	7 269
(Loss) / profit from operating activities	14	(67 798)	(522)	(71 126)	(2 609)
Royalty distributions written back	15	52 008	25 359	52 008	25 359
Investment income	16	19 145	9 884	19 118	8 757
Profit before tax		3 355	34 721	-	31 507
Income tax expense		(1 529)	(26 746)	-	(24 222)
Profit for the year		1 826	7 975	-	7 285
Other comprehensive income / (loss) net of tax					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains/ (Loss) on revaluation of land and buildings and musical instruments (2022)/ paintings (2021)		9 334	5 708	192	148
Total other comprehensive income that will not be reclassified to profit or loss		9 334	5 708	192	148
Components of other comprehensive income/ (loss) that will be reclassified to profit or loss					
Change in Fair value reserves					
Changes in fair value of investments at fair value through other comprehensive income		(614)	32 951	(614)	32 951
Total change in Fair value reserves		(614)	32 951	(614)	32 951
Total other comprehensive income / (loss) that will be reclassified to profit or loss		(614)	32 951	(614)	32 951
Total other comprehensive income / (loss) net of tax		8 720	38 659	(422)	33 099
Total comprehensive income/ (loss) attributable to SAMRO members		10 546	46 634	(422)	40 384

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Statements of Financial Position

Figures in R `000	Notes	Group 2022	Group 2021 Restated	Group 2020 Restated	Company 2022	Company 2021 Restated	Company 2020 Restated
Assets							
Non-current assets							
Property, plant and equipment		98 182	104 799	95 827	8 451	7 847	8 711
Intangible assets		26 301	36 166	52 285	26 301	36 166	52 285
Investment in subsidiaries		-	-	-	174	174	175
Deferred tax assets		846	2 400	10 772	-	-	6 945
Investments	4	215 476	208 821	188 192	215 476	208 821	188 192
Loan to group company		-	-	-	178 970	186 831	185 371
Total non-current assets		340 805	352 186	347 076	429 372	439 839	441 679
Current assets							
Inventories		155	166	132	155	166	132
Trade and other receivables		70 041	63 514	41 266	81 745	75 133	52 762
Current tax assets		9 468	9 413	8 055	9 468	9 468	8 110
Loan to group company		-	-	-	-	-	5 741
Cash and cash equivalents	5	517 219	363 436	252 020	516 655	355 327	242 265
Total current assets other than assets classified as held for sale		596 883	436 529	301 473	608 023	440 094	309 010
Assets classified as held for sale	6	13 650	72 502	60 612	-	-	-
Total current assets		610 533	509 031	362 085	608 023	440 094	309 010
Total assets		951 338	861 217	709 161	1 037 395	879 933	750 689
Equity and liabilities							
Equity							
(Accumulated loss) / retained income		(88 266)	(84 553)	(92 528)	13 987	13 987	6 702
Revaluation reserve		16 313	5 708	-	1 611	1 419	1 271
Fair value through other comprehensive income reserve		79 923	80 537	47 586	79 923	80 537	47 586
Total equity		7 970	1 692	(44 942)	95 521	95 943	55 559
Liabilities							
Non-current liabilities							
Post-employment medical benefits		16 184	26 072	21 930	16 184	26 072	21 930
Current liabilities							
Trade and other payables		44 728	48 173	39 237	43 234	34 807	31 207
Social and cultural obligations	7	33 461	20 231	22 409	33 461	24 991	27 170
Loan from group company		-	-	-	-	6 065	1 190
Current portion of post-employment medical benefits		11 121	1 428	1 193	11 121	1 428	1 193
Distributions payable and in progress	8	837 874	690 627	611 952	837 874	690 627	612 440
Total current liabilities other than liabilities directly associated with assets classified as held for sale		927 184	760 459	674 791	925 690	757 918	673 200
Liabilities directly associated with assets held for sale	6	-	72 994	57 382	-	-	-
Total current liabilities		927 184	833 453	732 173	925 690	757 918	673 200
Total liabilities		943 368	859 525	754 103	941 874	783 990	695 130
Total equity and liabilities		951 338	861 217	709 161	1 037 395	879 933	750 689

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Statements of Cash Flows

Figures in R `000	Notes	Group 2022	Group 2021	Company 2022	Company 2021
Net cash flows from operations		408 279	409 621	418 347	348 074
Income taxes paid		(55)	(2 119)	-	(1 358)
Royalty and social distributions to members and affiliated societies	8	(253 077)	(290 012)	(253 077)	(235 205)
Applied to social and cultural expenses		(4 153)	(20 810)	(8 913)	(22 666)
Net cash flows from operating activities		150 994	96 680	156 357	88 845
Cash flows from investing activities					
Cash flows from disposal of subsidiaries	18	(1 075)	-	3 685	-
Proceeds from sales of property, plant and equipment		275	-	264	-
Proceeds from sales of intangible assets		17	-	17	-
Purchase of property, plant and equipment		(2 031)	(821)	(2 031)	(761)
Purchase of intangible assets		(6 232)	-	(6 232)	-
Net proceeds on (additions)/disposals of investments		(7 310)	2 716	(7 310)	2 716
(Advances on)/ Proceeds from loan to group company		-	-	(825)	4 281
(Repayments on)/ Proceeds from loan from group company		-	-	(6 065)	4 875
Interest received from investments and banks		15 587	8 363	15 560	7 236
Cash flows from assets held for sale		-	2 957	-	-
Dividends received		3 558	1 521	3 558	1 521
Interest received from subsidiaries		-	-	4 349	4 349
Cash flows from investing activities		2 789	14 736	4 971	24 217
Net increase in cash and cash equivalents		153 783	111 416	161 328	113 062
Cash and cash equivalents at beginning of the year		363 436	252 020	355 327	242 265
Cash and cash equivalents at end of the year	5	517 219	363 436	516 655	355 327

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Statements of Changes in Equity - Company

Figures in R `000	Revaluation surplus	Mark- to- market reserve	(Accumulated loss) / retained income	Total
*Restated balance at 1 July 2020	1 271	47 586	6 702	55 559
Changes in equity				
Profit for the year	-	-	7 285	7 285
Revaluation of paintings	148	-	-	148
Fair value gains on investment through other comprehensive income	-	32 951	-	32 951
Total comprehensive income	148	32 951	7 285	40 384
*Restated balance at 30 June 2021	1 419	80 537	13 987	95 943
*Restated balance at 1 July 2021	1 419	80 537	13 987	95 943
Changes in equity				
Revaluation of musical instruments	192	-	-	192
Fair value loss on investment through other comprehensive income	-	(614)	-	(614)
Total comprehensive income	192	(614)	-	(422)
Balance at 30 June 2022	1 611	79 923	13 987	95 521

*Refer Note 21 for the disclosure of the prior period errors that has resulted in the restatement of the Mark-to-market reserve and Retained income/ (Accumulated deficit) reserve balances for FY2020 and FY2021

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Statements of Changes in Equity - Group

Figures in R `000	Revaluation surplus	Mark- to- market reserve	(Accumulated loss) / retained income	Total
*Restated balance at 1 July 2020	-	47 586	(92 528)	(44 942)
Changes in equity				
Profit for the year	-	-	7 975	7 975
Revaluation of paintings and land and buildings	5 708	-	-	5 708
Fair value gains on investment through other comprehensive income	-	32 951	-	32 951
Total comprehensive income for the year	5 708	32 951	7 975	46 634
*Restated balance at 30 June 2021	5 708	80 537	(84 553)	1 692
*Restated balance at 1 July 2021	5 708	80 537	(84 553)	1 692
Changes in equity				
Profit for the year	-	-	1 826	1 826
Revaluation of musical instruments and land and buildings	9 334	-	-	9 334
Fair value loss on investment through other comprehensive income	-	(614)	-	(614)
Total comprehensive income for the year	9 334	(614)	1 826	10 546
Disposal of DALRO	-	-	492	492
Disposal of SAMRO Foundation	-	-	(4 760)	(4 760)
Transfers to revaluation surplus	1 271	-	(1 271)	-
Balance at 30 June 2022	16 313	79 923	(88 266)	7 970

*Refer Note 21 for the disclosure of the prior period errors that has resulted in the restatement of the Mark-to-market reserve and Retained income/ (Accumulated deficit) reserve balances for FY2020 and FY2021

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Accounting Policies

1. General information

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC ('the company') and its subsidiaries (together, 'the group') is an organisation domiciled in South Africa dedicated to the collective management of copyright in musical works of composers, songwriters and publishers.

2. Basis of preparation and summary of significant accounting policies

These summarised consolidated financial statements for the year ended 30 June 2022 have been extracted from the full set of audited consolidated annual financial statements for the year ended 30 June 2022, which have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The summarised consolidated financial statements have been prepared using the principles of IAS 34 "Interim Financial Reporting" and should be read in conjunction with the full set of audited consolidated annual financial statements. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2022	Group 2021	Company 2022	Company 2021
-------------------	---------------	---------------	-----------------	-----------------

3. Capital expenditure incurred

Property and equipment	2 031	821	2 031	761
Software development	6 232	-	6 232	-
	<u>8 263</u>	<u>821</u>	<u>8 263</u>	<u>761</u>

SAMRO is currently in the process of replacing the Dynamix AX ERP system with the new system called Djembe that is expected to be implemented and be in use as from July 2023. The new Djembe system will include the system replacements for Licensing, Member Services, Distributions, and Finance. By the end of the 2022 calendar year, it is the intention of the Board to have the vendors for all of these system replacements per department selected and approved.

The group has committed itself to capital expenditure of R6 284k in the 2023 financial year (2022: R6 040k) for Business System Replacement Project development costs which have been contracted for and will be financed from its existing cash resources.

4. Investments

At cost	117 466	110 005	117 466	110 005
Market revaluation	79 923	80 300	79 923	80 300
Sale of gold bracelets	(214)	-	(214)	-
Fair value adjustment - reallocation from OCI to profit - Refer note 21.1	18 301	18 516	18 301	18 516
Financial assets at fair value through OCI	<u>215 476</u>	<u>208 821</u>	<u>215 476</u>	<u>208 821</u>

5. Cash and cash equivalents

Cash on hand and balances with banks	504 029	347 516	503 465	339 407
Short term investments	13 190	15 920	13 190	15 920
	<u>517 219</u>	<u>363 436</u>	<u>516 655</u>	<u>355 327</u>

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2022	Group 2021	Company 2022	Company 2021
-------------------	---------------	---------------	-----------------	-----------------

6. Assets classified as held for sale

During the 2020 financial year, a decision was made by the board of SAMRO NPC to dispose of 100% held in DALRO (Pty) Ltd. The shareholding in DALRO was sold to a consortium led by the managing director of DALRO. As at 30 June 2021, the suspensive condition as per the sale agreement had not been met. The sale was finally concluded on 31 August 2021, during the 2022 financial year. As such, the assets and liabilities of DALRO were reclassified as held for sale as at 30 June 2021 in the Group set of accounts.

During the 2022 financial year, the board of SAMRO NPC had decided to sell a portion of the land and buildings (ERF 2896, 2897, 2898, 2899, 2900, 2901, and 2902, aka the Northern parking lot) belonging to SAMRO House Proprietary Limited. As such the Northern parking lot was classified as held for sale as at 30 June 2022. The year end held for sale value is at a market value of R13 650 000, as per the valuation performed by Ockert Brits, a registered Professional Valuer with registration number 6876/7 in terms of the Property Valuer's Profession Act, (Act No 47 of 2000). The offer to purchase in respect of this portion of the land and buildings was signed by the purchaser and SAMRO House on 23 September 2022, after reporting date.

Non-current assets

Property, plant and equipment	13 650	-	-	-
-------------------------------	--------	---	---	---

Current assets

Assets of disposal group classified as held for sale	-	72 502	-	-
--	---	--------	---	---

Current liabilities

Liabilities of disposal group classified as held for sale	-	72 994	-	-
---	---	--------	---	---

Assets classified as held for sale:

Property and equipment	-	93	-	-
Intangible assets	-	1 231	-	-
Deferred tax asset	-	421	-	-
Inventory	-	154	-	-
Trade receivables	-	18 504	-	-
Tax receivable	-	1 286	-	-
Cash & cash equivalents	-	50 813	-	-
Total assets of disposal group held for sale	-	72 502	-	-

Liabilities directly associated with assets classified as held for sale:

Social & cultural obligations	-	5 190	-	-
Royalty distributions payable	-	62 697	-	-
Trade & other payables	-	5 107	-	-
Total liabilities of disposal group held for sale	-	72 994	-	-

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2022	Group 2021	Company 2022	Company 2021
-------------------	---------------	---------------	-----------------	-----------------

Assets classified as held for sale continued...

The results of the held-for-sale business DALRO (Pty) Ltd was included in the profit for the year ended 30 June 2021 as set out below:

Revenue	-	73 288	-	-
Social and Cultural expenses	-	(315)	-	-
Other operating expense	-	(16 043)	-	-
Distribution expense	-	(55 295)	-	-
Operating profit	-	1 635	-	-
Investment income	-	996	-	-
Profit before taxation	-	2 631	-	-
Taxation	-	(1 097)	-	-
Net profit for the year	-	1 534	-	-

Cash flows from the held-for-sale business DALRO (Pty) Ltd:

Net cash inflows from operating activities	-	12 769	-	-
Net cash inflows from investing activities	-	885	-	-
Net cash (outflows) from financing activities	-	(5 741)	-	-
Net cash inflows	-	7 913	-	-

7. Social and cultural obligations

Social and cultural obligations	33 461	20 231	33 461	24 991
Balance at the beginning of the year	20 231	22 409	24 991	27 170
Utilisation during the year	(8 913)	(20 810)	(8 913)	(22 666)
SAMRO Foundation disposal	4 760	-	-	-
Current funding for the year	17 383	18 632	17 383	20 487
Balance at the end of the year	33 461	20 231	33 461	24 991

7.1 Social Obligations

Other social funds not included in distributions

Balance at the beginning of the year	9 817	9 518	9 817	9 518
Utilisation during the year	(8 242)	(9 843)	(8 242)	(9 843)
Current funding for the year	14 776	10 142	14 776	10 142
Balance at the end of the year	16 351	9 817	16 351	9 817
Total social funds	16 351	9 817	16 351	9 817

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2022	Group 2021	Company 2022	Company 2021
<i>Social and cultural obligations continued...</i>				
7.2 Cultural obligations				
SAMRO Foundation and related provisions				
Balance at the beginning of the year	8 330	10 807	13 189	15 667
Utilisation during the year	(572)	(12 822)	(671)	(12 823)
SAMRO Foundation reserves absorbed	4 760	-	-	-
Current funding for the year	2 607	10 345	2 607	10 345
Balance at the end of the year	15 125	8 330	15 125	13 189
Bequests and donations				
Balance at the beginning of the year	2 084	2 084	1 985	1 985
Utilisation during the year	(99)	-	-	-
Current funding for the year	-	-	-	-
Balance at the end of the year	1 985	2 084	1 985	1 985
Total cultural funds	17 110	10 414	17 110	15 174
Total social and cultural funds	33 461	20 231	33 461	24 991

8. Royalty distribution payments to members and affiliated societies

Available for distribution at the end of the year ¹	561 537	419 183	561 537	419 183
Distributions in progress at the end of the year	276 337	271 444	276 337	271 444
	837 874	690 627	837 874	690 627
Available for distribution at the beginning of the year ¹	(419 183)	(404 247)	(419 183)	(404 735)
Distribution in progress at the beginning of the year	(271 444)	(207 705)	(271 444)	(207 705)
- Shares in musical works	(25 977)	(27 020)	(25 977)	(27 020)
- Musical works	(245 467)	(180 685)	(245 467)	(180 685)
Add:				
Distribution expenses	(452 332)	(394 046)	(452 332)	(338 751)
Royalty distributions written back	52 008	25 359	52 008	25 359
Less:				
Available for distribution at the end of the year ¹	561 537	419 183	561 537	419 183
Distributions in progress at the end of the year	276 337	271 444	276 337	271 444
- Shares in musical works	28 066	25 977	28 066	25 977
- Musical works	248 271	245 467	248 271	245 467
	(253 077)	(290 012)	(253 077)	(235 205)

¹Refer note 21.2 on the disclosure on the restatement of the FY2020 Distribution payable due to the foreign historic distribution error noted and adjusted for.

Royalty payments from undocumented and nonidentified works to the value of R3.4m made during the financial years 2020 and 2021 have been flagged for further investigation to determine the validity of the payments. Control processes around vetting of notifications from undocumented and nonidentified works have since been enhanced.

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2022	Group 2021	Company 2022	Company 2021
9. Revenue				
Music rights	490 417	459 547	490 417	459 547
Royalties from affiliated societies	24 498	16 963	24 498	16 963
DALRO licencing fees	-	73 267	-	-
DALRO sale of books and musicals	-	21	-	-
SAMRO House rental income	5 719	5 768	-	-
Total revenue	520 634	555 566	514 915	476 510
10. Other income				
Sundry income	-	10	-	10
Administration, computer and management fees from subsidiary companies	-	-	476	1 553
Interest on member loans advanced and interest received from Banks	1 041	3 696	1 041	3 695
Interest from subsidiary companies	-	-	4 349	4 349
Bad debts recovered	1 179	3	1 157	3
Total other income	2 220	3 709	7 023	9 610
11. Employee benefits expense				
<i>Personnel costs form part of administration expenses (refer note 14) and include:</i>				
Salaries and bonuses	76 932	84 872	76 230	76 574
Training	1 809	1 526	1 809	1 515
Social security levies	899	914	899	832
Other employment costs	2 698	4 534	1 526	2 665
Pension - Defined contribution plans	8 697	9 862	8 697	8 935
Post-employment benefits	(195)	4 376	(195)	4 376
	90 840	106 084	88 966	94 897
12. Distribution expenses				
Licence and royalty	452 332	394 046	452 332	338 751
13. Other gains and (losses)				
Profit/ (Loss) on disposal of property and equipment	78	(33)	78	(33)
Profit/ (Loss) on sale of subsidiaries	3 685	-	3 685	(1)
Gain on disposal of investments	173	18	173	18
Revaluation on land and buildings	-	6 950	-	-
Fair value gains and (losses) on unit trusts	(214)	7 285	(214)	7 285
Total other gains and (losses)	3 722	14 220	3 722	7 269

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2022	Group 2021	Company 2022	Company 2021
-------------------	---------------	---------------	-----------------	-----------------

14. (Loss) / profit from operating activities

Loss from operating activities includes the following items:

Office rental and repairs ¹	4 453	4 279	5 089	4 158
Depreciation ¹	4 134	4 121	1 432	1 388
Amortisation ¹	16 079	16 534	16 079	16 106
Operating costs ³	3 958	6 376	3 947	5 976
Professional fees ¹	1 795	4 593	1 659	1 481
IT costs ²	3 181	3 906	3 126	3 698
Employee benefits ¹ - Refer note 11	90 840	106 084	88 966	94 897
Marketing costs ¹	1 516	1 799	1 516	1 744
Other costs ³	11 433	8 238	9 753	5 646

Auditors remuneration²

Fees - current year	2 188	2 105	1 998	1 922
Fees - under provision previous years	868	754	868	(12)
	3 056	2 859	2 866	1 910

**(Reversals of ECL)/ ECL¹*

<i>ECL on Trade receivables</i>	(18 699)	(1 979)	(18 961)	(2 719)
<i>ECL on loan to group company</i>	-	-	8 686	-
	(18 699)	(1 979)	(10 275)	(2 719)

**ECL (i.e. Expected credit losses)*

<i>Investment management fees¹</i>	961	761	961	761
---	-----	-----	-----	-----

Social and Cultural expenses¹

Social	14 776	10 142	14 776	10 142
Cultural	2 607	8 490	2 607	10 345
	17 383	18 632	17 383	20 487

Notes:

¹ Included in Administration expenses

² Included in Other administration expenses

³ Included in Administration expenses and in Other administration expenses

15. Royalty distributions written back

Undistributable income written back	52 008	25 359	52 008	25 359
-------------------------------------	--------	--------	--------	--------

16. Investment income

Interest received from Banks	2 497	-	2 497	-
Interest from investments	13 090	8 363	13 063	7 236
Dividends	3 558	1 521	3 558	1 521
Total income from investments	19 145	9 884	19 118	8 757

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2022	Group 2021	Company 2022	Company 2021
17. Key management emoluments				
From the company and its controlled subsidiaries for:				
Directors				
Current emoluments				
- Non-executive directors' - fees	1 449	1 367	1 449	1 367
- Non-executive directors' - other	-	5	-	5
- Salaries	4 791	5 821	4 791	5 260
- Pension and medical contributions	-	-	-	-
- Bonuses and other fringe benefits	1 096	765	1 096	765
Total directors' current emoluments	<u>7 336</u>	<u>7 958</u>	<u>7 336</u>	<u>7 397</u>
Post-retirement benefits				
- Estimated post-retirement benefits	-	-	-	-
Total directors' emoluments	<u>7 336</u>	<u>7 958</u>	<u>7 336</u>	<u>7 397</u>
Paid by:				
- Company	7 336	7 397	7 336	7 397
- Subsidiaries	-	561	-	-
Total paid	<u>7 336</u>	<u>7 958</u>	<u>7 336</u>	<u>7 397</u>
Other key management				
Current emoluments				
- Salaries and bonuses	9 665	10 553	9 665	10 553
- Pension and medical aid contributions	1 227	1 236	1 227	1 236
- Other fringe benefits	136	174	136	174
Total other key management current emoluments	<u>11 028</u>	<u>11 963</u>	<u>11 028</u>	<u>11 963</u>
Post-retirement benefits				
- Estimated post-retirement benefits	(4)	86	(4)	86
Total other key management emoluments	<u>11 024</u>	<u>12 049</u>	<u>11 024</u>	<u>12 049</u>
Total key management emoluments	<u>18 360</u>	<u>20 007</u>	<u>18 360</u>	<u>19 446</u>

18. Disposal of controlled entities

18.1 Assets and liabilities over which control was lost

	*DALRO	**SAMRO Foundation	Total
Current assets			
Assets classified as held for sale	72 502	-	72 502
Current liabilities			
Social and Cultural obligations	-	4 760	4 760
Liabilities directly associated with assets held for sale	(72 994)	-	(72 994)
***Assets and liabilities over which control was lost	<u>(492)</u>	<u>4 760</u>	<u>4 268</u>

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Group 2022	Group 2021	Company 2022	Company 2021
-------------------	---------------	---------------	-----------------	-----------------

Disposal of controlled entities continued...

18.2 Gain/ (Loss) on disposal of subsidiaries

	*DALRO	**SAMRO Foundation	Total
Consideration received (Refer note 13)	3 685	-	3 685
Less: net assets disposed of	-	(4 760)	(4 760)
Gain or loss on disposal of subsidiaries	3 685	(4 760)	(1 075)

*The net assets of DALRO (R492k) were classified as held for sale as at 30 June 2021. The sale of DALRO was finally concluded during the 2022 financial year when the suspensive conditions were met. Refer note 6 for further details on the sale.

**Company was deregistered during the financial year 2022.

***Refer Group Statement of Changes in Equity

18.3 Net cash flow from disposal of subsidiaries

Consideration received in cash	3 685	-	3 685	-
Less net assets disposed of	(4 760)	-	-	-
Total net cash flow from disposal of subsidiaries	(1 075)	-	3 685	-

19. Events after the reporting date

After balance sheet date, the offer to purchase for the portion of the property (ERF 2896, 2897, 2898, 2899, 2900, 2901, and 2902, aka the Northern parking lot), was concluded and signed by both the seller and purchaser on 23 September 2022.

During October 2022, SAMRO NPC entered into negotiations with the 19 in-service employees who are eligible for a subsidy of medical scheme contributions in retirement. The aim of the negotiations were to facilitate a buy-out in an attempt to reduce the post retirement medical benefit liability as disclosed on the statement of financial position. As at 30 June 2022, the balance of the liability relating to in-service members is R9.9 million. The offer made to eligible employees was tax neutral in order to make the offer more attractive. 18 employees accepted the offer and the pay-out is estimated to be R9.9 million.

20. Going concern

Company revenue has increased by 8% compared to the prior year and it is estimated that licensing revenue may increase by 12% during FY2023 compared to FY2022. The directors are consistently monitoring the financial performance, liquidity and solvency in order to ensure the company's ability to continue as a going concern. Operational costs will continue to be tightly controlled to mitigate any possible impact of reduced revenue levels. The directors have reviewed the company's forecasts for the next twelve months and are satisfied that the company has adequate financial resources to continue as a going concern, including with specific consideration of the risk associated with COVID-19.

21. Prior period errors

The following prior period errors were corrected in the current year. The effect of the error is disclosed below.

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

Prior period errors continued...

21.1 Unit trust classification

During the current financial year, it was determined that the unit trusts held and disclosed by SAMRO NPC in FY2020 and FY2021 were incorrectly classified at Fair value through other comprehensive income. The unit trusts held by SAMRO NPC do not meet both the Fair value through other comprehensive income classification and the solely payments of principle and interest requirement classification, but rather these unit trusts fall under the default classification at Fair value through profit/ loss as per IFRS 9. The financial results for the 2020 and 2021 financial years have thus been restated to account for the reallocation of the fair value adjustments of the unit trusts from the Mark-to-market reserve (Other comprehensive income) to the Retained income/ (Accumulated Deficit) line in the balance sheet. The effect of this error was that profit was understated and other comprehensive income was overstated by R11.2m in FY2020 and R7.3m in FY2021.

Financial statement line items affected by the error:

	As previously stated	Adjustment	Restated amount
	R'000	R'000	R'000
FY2021			
Group and Company level			
Statement of profit or loss and other comprehensive income			
<i>Other gains and (losses):</i>			
Fair value gains and (losses) on unit trusts	-	7 285	7 285
<i>Other comprehensive income/ (Loss):</i>			
Changes in fair value of investments at fair value through other comprehensive income	40 236	(7 285)	32 951
FY2020			
Group and Company level			
Statement of profit or loss and other comprehensive income			
<i>Other gains and (losses):</i>			
Fair value gains and (losses) on unit trusts	-	11 230	11 230
<i>Other comprehensive income/ (Loss):</i>			
Changes in fair value of investments at fair value through other comprehensive income	(878)	(11 230)	(12 108)

Refer to the Statement of changes in equity for the disclosure on the restatement of the Mark-to-market reserve and Retained earnings/ (Accumulated deficit) reserve for FY2020 and FY2021.

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

Prior period errors continued...

21.2 Foreign historic distribution error

It has come to our attention that during the 2014 - 2018 financial periods, a formula error occurred resulting in incorrect payments made to members participating in foreign distributions.

As a result of this error, certain SAMRO members were overpaid whereas other members were underpaid. The effect of this error is estimated to be R9.3 million. The retained earnings of the earliest prior period presented (i.e. FY2020) has been adjusted for this error.

SAMRO will pay out the amounts underpaid to affected members. This resulted in an additional distribution liability of R9.3 million being raised in FY2020 with the corresponding expenses. Refer note 8 for the disclosure of the distribution liability.

Financial statement line items affected by the error:

	As previously stated	Adjustment	Restated amount
	R'000	R'000	R'000
FY2020			
Group level			
<u>Statement of profit or loss and other comprehensive income</u>			
<i>Administration expenses:</i>			
Foreign historic distribution (loss)/ gain	-	(9 337)	(9 337)
<u>Statement of financial position</u>			
<i>Current liabilities</i>			
Distribution payable	394 910	9 337	404 247
Company level			
<u>Statement of profit or loss and other comprehensive income</u>			
<i>Administration expenses:</i>			
Foreign historic distribution (loss)/ gain	-	(9 337)	(9 337)
<u>Statement of financial position</u>			
<i>Current liabilities</i>			
Distribution payable	395 398	9 337	404 735

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

Prior period errors continued...

21.3 FY2020 Restated reserve balances

Group level

<u>Retained earnings/ (Accumulated deficit)</u>	R'000
As previously stated - 01 July 2020	(94 421)
Unit trust classification error (Refer note 21.1)	11 230
Foreign historic distribution error (Refer note 21.2)	(9 337)
Restated balance - 01 July 2020	<u>(92 528)</u>

<u>Mark-to-market reserve</u>	R'000
As previously stated - 01 July 2020	58 816
Unit trust classification error (Refer note 21.1)	(11 230)
Restated balance - 01 July 2020	<u>47 586</u>

Company level

<u>Retained earnings/ (Accumulated deficit)</u>	R'000
As previously stated - 01 July 2020	4 809
Unit trust classification error (Refer note 21.1)	11 230
Foreign historic distribution error (Refer note 21.2)	(9 337)
Restated balance - 01 July 2020	<u>6 702</u>

<u>Mark-to-market reserve</u>	R'000
As previously stated - 01 July 2020	58 816
Unit trust classification error (Refer note 21.1)	(11 230)
Restated balance - 01 July 2020	<u>47 586</u>

SOUTHERN AFRICAN MUSIC RIGHTS ORGANISATION NPC

(Registration Number 1961/002506/08)

Summary Consolidated Annual Financial Statements for the year ended 30 June 2022

Notes to the Consolidated and Separate Financial Statements

Figures in R `000

22. Standards, interpretations and amendments that are not yet effective at June 2022:

The Group has considered the following new standards and interpretations and amendments to existing standards, which are not yet effective as at June 2022 but are effective for the financial years commencing as reflected in the table:

Number	Title	Effective for year commencing	Expected effect on Annual Financial statements
Amendment to IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Clarification of how to classify debt and other liabilities with an uncertain settlement date as current or non-current.	1-Jan-23	The standard will unlikely have a material impact on the classification of debt and other financial liabilities.
Amendment to IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Deferral of Effective date) - The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.	1-Jan-23	The standard will unlikely have a material impact on the classification of debt and other financial liabilities.
Amendment to IAS 1 and IFRS Practice Statement 2	Presentation of Financial Statements: Disclosure of Accounting Policies - Requires companies to disclose their material accounting policy information rather than their significant accounting policies.	1-Jan-23	The standard will unlikely have a material impact on the changes to accounting policies.
Amendment to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors: The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates.	1-Jan-23	The standard will unlikely have a material impact on the recognition of accounting estimates.
Amendment to IAS 12	Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.	1-Jan-23	The standard's impact will be reasonably estimated closer to its effective date.