

# INTEGRATED REPORT 2022



# Contents

<b>ABOUT THIS REPORT</b>	1
Financial information	1
Reporting frameworks and regulations	1
Assurance	1
Approval of the report	1
<b>2022 AT A GLANCE</b>	2
Distributions for the year to 30 June 2022	2
Our performance in numbers	3
Why become a member	3
<b>ORGANISATIONAL REVIEW</b>	4
<b>CHAIRPERSON'S REPORT</b>	6
<b>CHIEF EXECUTIVE OFFICER'S REPORT</b>	11
<b>STRATEGIC OVERVIEW</b>	15
<b>LEGISLATIVE FRAMEWORK</b>	18
Value added statement	19
<b>OUR SOCIAL IMPACT</b>	20
The SAMRO Foundation	20
In tribute of our members who have passed on	23
Transformation report	24
<b>HOW WE ARE GOVERNED</b>	25
SAMRO leadership	25
SAMRO's governance structure	28
Compliance with applicable laws and regulations	29
Group operation and management structure	31
Risk management	33
<b>AUDIT AND RISK COMMITTEE REPORT</b>	34
<b>THE SOCIAL, ETHICS AND GOVERNANCE (SEG) COMMITTEE REPORT</b>	37
<b>REPORT OF THE SAMRO NOMINATION, HUMAN RESOURCES AND REMUNERATION COMMITTEE OF THE BOARD</b>	40
<b>REMUNERATION REPORT</b>	41
Remuneration strategy and policy	41
Overview of remuneration	41
<b>DIRECTORS' RESPONSIBILITY STATEMENT</b>	42
<b>DIRECTORS' REPORT</b>	43
<b>CERTIFICATE BY THE COMPANY SECRETARY</b>	44
<b>INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS</b>	45
<b>SUMMARY CONSOLIDATED FINANCIAL STATEMENTS</b>	46
<b>CORPORATE INFORMATION</b>	60

## DEFINITIONS OF VARIOUS COPYRIGHTS

### Performing rights

Performing rights are the rights to perform music in public or broadcast on mediums such as TV or radio for public consumption. The users of the musical works have to, by copyright law, pay the creators of those musical works for the public use of their music.

Performing rights belong to the person or people who own the music, who are often music composers, music publishers and/or lyricists who wrote, created and/or produced it.

They earn royalties when the music is performed in public. SAMRO is responsible for the administration of performing rights by tracking usage on behalf of its members, charging a licence fee to music users and paying this back to its members as royalties.

### Mechanical rights

Mechanical rights refer to the copyright contained in the reproduction and of musical works for public use. Examples of reproduction include the making of commercial copies of music such as CDs, cassette tapes, DVDs, MP3s – even ringtones – for public use. In other words when it is reproduced by a device or machine.

In South Africa, mechanical rights are administered by the Composers, Authors and Publishers Association, also known as CAPASSO.

### Needletime rights

Needletime rights refer to copyright in the performance of music works. These rights entitle performers and record companies to remuneration for the public performance and/or use of their recorded performances.

Respective of whether they wrote the song or the lyrics, their talent contributed to the final product is covered in needletime rights each time the song is broadcast for public consumption.

In South Africa, needletime Rights are administered by the South African Music Performance Rights Association or known as SAMPRA.

### Reprographic rights

Reprographic rights are administered by the Dramatic Artistic and Literary Rights Organisation (Pty) (Ltd), better known as DALRO. These are rights in the reproduction of visual art, such as stage rights for musicals and plays. Reprographic rights also cover the reproduction of literature and artwork typically displayed at art galleries.

# About this report

The 2022 integrated report (report) presents the holistic performance of the Southern African Music Rights Organisation (SAMRO, the organisation or the company) and its subsidiaries<sup>1</sup> (the group) for the period 1 July 2021 to 30 June 2022. Any material events after this date and before publication are included in this report.

This report is our primary report to our stakeholders. It outlines our strategy, business model, sustainability initiatives, governance, remuneration and risk management. We have included commentary from the Chairperson and the Chief Executive Officer (CEO).

SAMRO is a non-profit company (NPC) with a high public interest score, as defined by the Companies Act, 71 of 2008, as amended (Companies Act).



**SAMRO is affiliated with other international collective management organisations (CMOs) collecting licensing income on behalf of composers, authors and publishers (SAMRO members) in their territories. SAMRO plays a similar role in South Africa on behalf of other CMOs and makes regular distributions to them in return.**



## FINANCIAL INFORMATION

The full set of audited consolidated and separate annual financial statements for the year ended 30 June 2022 will be available to members from Tuesday, 6 December 2022 upon written request to the Company Secretary. The annual financial statements will be made available to such members free of charge.

The reporting structure, content and data of our summarised financial statements are comparable to previous reports. These financial statements were prepared in compliance with International Financial Reporting Standards (IFRS). SizweNtsalubaGobodo Grant Thornton (SNG-GT) audited SAMRO's summary separate and consolidated financial statements. Its independent report to SAMRO members is available on page 45.

## REPORTING FRAMEWORKS AND REGULATIONS

The preparation of this report was guided by the following reporting frameworks and regulations:

- International Integrated Reporting Council's <IR> Framework (<IR> Framework)
- International Financial Reporting Standards (IFRS)
- Companies Act
- King Report on Corporate Governance™ for South Africa, 2016 (King IV)<sup>2</sup>

## ASSURANCE

SAMRO operates in an established control environment, which is regularly documented and reviewed. Risk management and internal control procedures exist to provide reasonable but not absolute assurance that SAMRO's risks are being controlled and its assets safeguarded.

SNG-GT will provide external assurance on the financial information supplied in this report.

## APPROVAL OF THE REPORT

The board of directors (the board) is responsible for the integrity and completeness of this report. The board applied its collective mind to preparing and presenting the report and accordingly approved the report for publication. The board believes the report was prepared under the <IR> Framework.

Signed on behalf of the board:

**Nicholas Maweni**  
Chairperson

**Mark Rosin**  
CEO

1 December 2022

<sup>1</sup> SAMRO House Holdings (Pty) Ltd and SAMRO House (Pty) Ltd.

<sup>2</sup> Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.



# 2022 at a glance

## DISTRIBUTIONS FOR THE YEAR TO 30 JUNE 2022

Category	Distribution	Date of credit
Foreign (Sequence 1)	FY2022	2021/07/30
Non Society (Sequence 1)	FY2022	2021/09/06
Mobile & Internet Transmission (Sequence 1)	FY2022	2021/09/15
Foreign (Sequence 2)	FY2022	2021/10/09
Post (Sequence 1)	FY2022	2021/10/29
Mobile & Internet Transmission (Sequence 2)	FY2022	2021/11/11
Radio & General (Sequence 1)	FY2022	2022/01/10
Royalty Adjustment (Sequence 1)	FY2022	2022/01/10
Mobile & Internet Transmission (Sequence 3)	FY2022	2022/02/03
Television (Sequence 1)	FY2022	2022/03/29
Live (Sequence 1)	FY2022	2022/04/21
Royalty Adjustment (Sequence 2)	FY2022	2022/04/25
Foreign (Sequence 3)	FY2022	2022/05/11
Post (Sequence 2)	FY2022	2022/05/30
Royalty Adjustment (Sequence 3)	FY2022	2022/06/24

<sup>1</sup> *Non-Société (NS): The work or a share of that work used belongs to a composer who is not affiliated with any society at the time of distribution.*



# OUR PERFORMANCE IN NUMBERS

## Statistical information

Total available for distribution (Company)

**R452.3 million**

(2021: R338.7 million)



Cost-to-income ratio (Company)

**25.9%**

(2021: 29.3%)



Total Company licence revenue

**R514.9 million**

(2021: R476.5 million)



Total distribution paid members (Company)

**R253.1 million**

(2021: R235.2 million)



Facebook followers

**149 992**

(2021: 131 100)



Instagram followers

**17 300**

(2021: 14 150)



Number of distributions

**15**

(2021: 19)



Twitter followers

**27 800**

(2021: 26 700)



Cleared undocumented royalties

**R46.8 million**

(2021: R21.6 million)



## Why become a member

SAMRO provides a valuable service to over four million music creators worldwide through its relationships with international collecting societies.



**Distribution of royalties**



SAMRO **Funeral Benefit Scheme**



SAMRO **Retirement Annuity Fund (SRAF)**



Join forces in lobbying for a **Copyright Amendment Bill** (the bill or CAB) that best suits music creators



SAMRO collects royalties worldwide and across South Africa, ensuring your **music rights** are **represented and measured** at the correct value



Member **application** and **registration** is free

# Organisational review

## Strategy

Optimise the business model and diversify as we innovate.

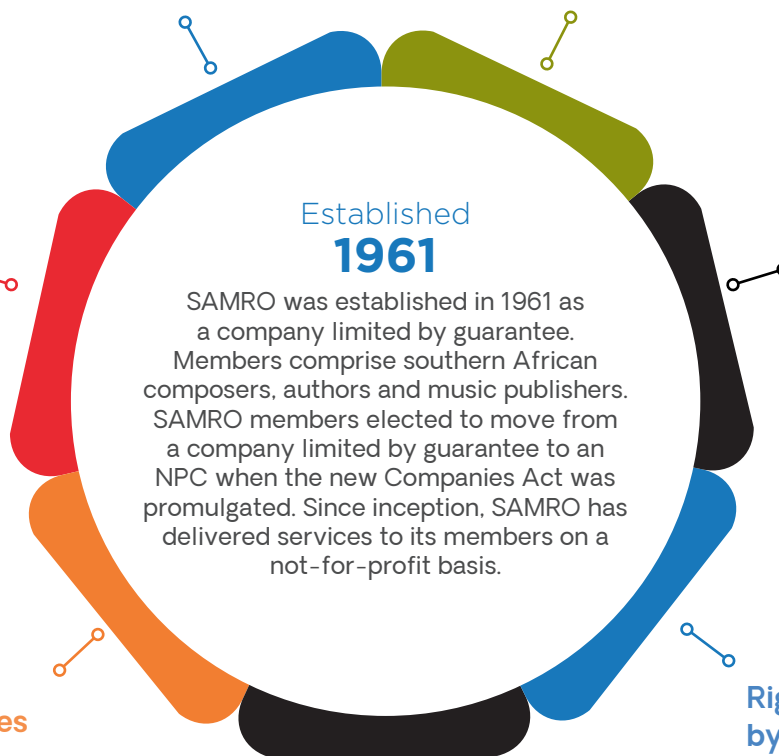
## Membership

As at 30 June 2022

SAMRO represents 20 419 composer and publisher members in South Africa and over four million composers and authors worldwide. 915 new members were elected during the year.

## Our purpose

- To create value for the creators and users of music
- To protect the intellectual property rights of writers, composers and music publishers by licensing music users
- To ensure members whose works are commercially broadcast and played are paid their royalties from licence fees collected by SAMRO
- To actively promote the value of copyright



Established  
**1961**

SAMRO was established in 1961 as a company limited by guarantee. Members comprise southern African composers, authors and music publishers. SAMRO members elected to move from a company limited by guarantee to an NPC when the new Companies Act was promulgated. Since inception, SAMRO has delivered services to its members on a not-for-profit basis.

## Employees<sup>1</sup>

African	113	69%
White	16	10%
Coloured	19	12%
Indian	14	8%
Foreign	2	1%
	<hr/> 164	<hr/> 100%

## Our values

- Accountability
- Achievement
- Integrity
- Service excellence
- Teamwork

## Our vision

A leading and most admired CMO in Africa, respected by the global community and members

## Rights administered by SAMRO<sup>2</sup>

### Performing rights

A performing rights licence allows musical works to be broadcast, performed in public and transmitted by a diffusion service. The licence fees collected for this use are paid as royalties to music composers, authors, publishers and affiliated societies.

<sup>1</sup> 142 permanent and 22 contract employees.

<sup>2</sup> Mechanical rights are administered by the Composers, Authors and Publishers' Association (CAPASSO). Needletime rights are administered by the South African Music Performance Rights Association (SAMPRA).





Pioneer

Pioneer 5



# Chairperson's Report

Thank You for this privilege and the opportunity to serve. I am pleased to present SAMRO's Integrated Report for the Year Ended 30 June 2022.

## MUSIC IS THE DIVINE WAY TO EXPRESS ONE'S SCENIC JOURNEY. ANOTHER DAY, ANOTHER YEAR AND ANOTHER OPPORTUNITY TO PROVE THAT ALL THINGS ARE POSSIBLE...

Our music is reflected in our gold and red soil, from the golden sands of the Kalahari in the music of the San, to the red soil of the Xhosa and Zulu nations. And as the soil nourishes our fields and our trees, our music nourishes our culture and identities. As SAMRO, we know the value of growth, and we also know that fields need to be cleared and ploughed. Soil needs to be tilled, and roses need to be pruned for growth and strength to be encouraged. Indeed we have been digging, excavating and at times came across a number of landmines or matters that we thought were dealt with by our predecessors.

South Africa's music soil is rich and fertile, and over the past 60 years, SAMRO has planted roots in this soil and has grown strong. The organisation has seen changes in the environment and has been through times of thrift and plenty. The COVID-19 crisis is by no means over for the music sector. It is undoubtable that the impact of COVID-19 will be felt long into 2023 and beyond as many international music collective management organisations continue to expect a revenue downturn in a range of between 25% and 35%. We believe that we have somehow weathered the drought of COVID-19 and have seen nourishment and hydration from the fresh water of popular streaming platforms like TikTok, Facebook and Netflix.

This financial year we've seen an improvement in our harvest as we collected R514.9 million in licence and royalty income (2021: R476.5) and the royalties distributed increased by 7% to R253 million, against R235.2 million in 2021.

Our cost-to-income ratio has been reduced to 25.9% (2021: 29.3%) compared to 40% four years ago. Our endeavours of doing what is right, than what is easy is showing good shoots.

Many SAMRO members are now beginning to be proud of SAMRO as a progressive and innovative organisation that strives to maximise value for them. The board has set an audacious target of seeing the organisation reaching R1 billion in revenue by 2025.

We are now cultivating the SAMRO strategy: Optimise the business model and diversify as we innovate. Management had great strides with the collaboration & consolidation of the industry which will result in further efficiency with other collective management organisations.

SAMRO recently called on all public transporters including e-hailing services, taxis, buses, and airlines to adhere to the copyright laws, which require them to be licensed to play music for their passengers. It is important for all transport owners to be cognisant and to comply with the copyright laws as they relate to music and not to infringe on the rights of musicians by playing music without a licence.

As we build revenue towards the magical R1bn mark, we will look to extract more revenue from digital platforms, government departments and city municipalities, schools and previously unlicensed sectors like the taxi industry, while continuing to build in the broadcast, general licensing and live industries.

We are pleased to have retained a seat on The International Confederation of Societies of Authors and Composers (CISAC) Board. With 93% of the votes, SAMRO emerged as the leading Collective Management Organisation (CMO) in Africa and the third most endorsed organisation globally amongst other CMOs vying for a seat on the CISAC Board, cementing our position of being the most admired and respected African CMO by the global community and members.

I couldn't help but notice that about 80% of members are prospective members and they earn less than R100 of royalties per annum. SAMRO receives an influx of 2000 new member applications monthly and as a result a decision was made to levy a registration fee of R100 for Composer/Author members and R250 for Publisher members. The registration fee is certainly not designed to discourage new members from joining, but simply to ensure that our members get more and will hopefully remove unnecessary admin costs currently carried by existing full voting SAMRO members. This will undoubtedly assist to improve the response turnaround time on member queries and service delivery offerings.

Over the years, we noticed the sad reality that artists often struggle to come to grips with the business side of the industry which severely hampers their ability to realise the full benefits of their craft. As the Board, we took a decision to intervene with the aim of significantly raising the level of professionalism in the industry as well as imparting the much needed business acumen to our members. We decided to partner with Boston City Campus because of their nation-wide footprint and their ability to deliver short, practical and informative courses.

In addition, we ran two highly successful programmes: the Music Creation Support Fund (MCSF) which has now supported 200 members in their creative endeavours.

“

THOSE WHO WORK THEIR LAND WILL HAVE ABUNDANT FOOD, BUT THOSE WHO CHASE FANTASIES WILL HAVE THEIR FILL OF POVERTY....

”



Nicholas Maweni



### INNOVATION AND TECHNOLOGY

As seasons changed we also knew that we needed to ensure that our crops can adapt to these changes. As an innovative and progressive organisation, we constantly search for ways to create value for our members. The technological evolution in the music industry has been a welcome development as it has created new channels through which the public can access the flow of creative works while at the same opening up new opportunities for our members.

We are working on a high-tech solution that will vastly improve the collection and payment of royalties. The technology enables monitoring of airplay across platforms such as the internet, television, and radio. It will also improve the accuracy and efficiency with which SAMRO is able to collect and pay royalties to members. We hope that all our preparations have laid fertile ground for the future, and that SAMRO can burst into abundant crops.

Even after SAMRO embarked on a targeted campaign in April 2021 to contact members to take corrective action, the banking details of some of our members still remained outdated. Over time some fields fell fallow, resulting in a build-up of funds that could not be paid due to outdated banking details. We had to find other avenues and we engaged Trans Union to help trace our members. We are proud of our efforts that have resulted in many millions paid to deserving members who must be compensated for the use of their work.

In addition, SAMRO has recently launched a new platform that makes it easier for members to check if any unclaimed royalties are due to them. The platform allows members who have unclaimed royalties to update their banking details to receive their accrued royalties.

We urge members to constantly check if they have unclaimed royalties and update their banking details through the platform, which is accessible through the SAMRO website.

### HONOURING OUR LEGACY

We have been overjoyed to see the live music industry blossom again this year. In June 2022 after the lockdown restrictions were repealed, events started happening all over the country. Our people left their homes to celebrate together and to reignite their passion for beautiful sound. But we are sad that some will not be able to play.

With the rebirth of live-music we have to remember those we lost. One of the saddest impacts of COVID 19, other than the devastating impact of the virus itself, was the pressure it put on musicians' mental health by almost destroying the live-music sector. We did what we could to help. Through our ConcertsSA we sustained as much as we could by providing opportunities for members to stream their performances, and the MCSF kept our members creative. Despite this, the loss of a number of our members hit our industry hard, and we all mourn them. At times I'm unsure which pain is worse, the shock of their passing or the ache of not seeing them again. May their creative ingenious never be diminished.

### WOMEN AND YOUTH

In our recent research document Women's Rights and Representation in the South African Music Industry we discovered that patriarchal structures continue to pervade through our sector. SAMRO calls on its members to help tip the scales in the industry and encourage and support the fair representation of women and young people in industry leadership positions. Going forward SAMRO will be ensuring that every effort possible is made to bring about balance.

The executive management of SAMRO has made exemplary progress in appointing women in the organisation's leadership, with about 65% of all employees at SAMRO and 71% of senior management being women. We've taken a relook at the operations and felt the need to appoint a female Chief Operating Officer, Mpho Mofikoe, who has settled in graciously as the second in command gardenereette of SAMRO.

### BOARD

With only one (1) of the eleven (11) SAMRO Board members being a woman, and hardly any in the younger generation. We've called on members to make an effort in remedying the situation. As chairperson I've also called on members to take a conscious step in changing the composition of the SAMRO board and bringing more diversity to the boardroom where women and youth are given a seat. Annually members are presented with an opportunity to change the make-up of the Board at the Annual General Meeting (AGM) by voting, they get to become the change they want to see.

In line with SAMRO's memorandum of incorporation (MOI), one-third of the non-executive directors is due for rotation annually. Having both served on the Nominations, HR and Remuneration Committee, Wendy Oldfield & Linah Ngcobo stepped down from the board which diminished the women's voice on our board. I extend my appreciation to these women for their remarkably strong voices and contribution to SAMRO and wish them much success in their future endeavours.

Members appointed 4 additional Non-executive directors, Philip Miller, Gabi Le Roux, Mandrew Mnguni, Rowlin Naicker and I also welcome these four men and look forward to their commitment and strategic input. May the SAMRO shared values (Accountability, Achievement, Integrity, Service excellence, Teamwork) be our guiding force and not allow the tall weeds to cast a shadow on the beautiful flowers in our SAMRO garden.

### FAREWELL TO OUTGOING SAMRO CEO MARK ROSIN

If SAMRO were a berry bush, it had become a thorny bramble of many branches and tangles when I started as Chairperson. It was our duty as the Board to find someone who knew how to care for SAMRO as a landscaper cares for their garden. We found Mark Rosin and appointed him as SAMRO's CEO in February 2020. Mark set about the task of carefully pruning SAMRO into a more efficient and effective institution.

When Mark was appointed, SAMRO had numerous operational challenges and tangles. Mark was tasked with getting SAMRO back on track and as a result, in the past



two years, we have considerably decreased SAMRO's cost-to-income ratio, cut back our employee costs and reduced our overheads. This is no small achievement, and we congratulate Mark and the employees for their diligent efforts.

At the end of 2022 we will say farewell to Mark Rosin and his green thumbs. We are truly appreciative of his efforts at SAMRO and know that he has provided a solid foundation on which to plough the next seeds of success. We are optimistic about the future, and we anticipate his successor will be able to usher us into a new season.

## OUTLOOK

In 2023 we look forward to tirelessly harvesting more royalties on behalf of our members. While our members bring music notes to life we remain committed to doing our utmost to ensure that the vestiges of the COVID-19 draught do not thwart us from achieving our aims and initiatives of supporting local musicians and strengthening the local industry as a whole. Our composers, authors, lyricists and publishers can rest assured that SAMRO is a proactive and innovative organisation that is always looking for new ways to protect their interests and ensure that they are compensated accurately for their work.

The Board of Directors is pleased to announce the appointment of Annabell Lebethe as our new Chief Executive Officer (CEO), effective 01 January 2023. She is appointed following a long and exhaustive search by the board, and we are confident that she possesses the right qualities and experience to lead SAMRO into the future.

She will replace our outgoing CEO Mr Mark Rosin. Finding a suitable candidate to take over from Mark was no easy task and again we would like to thank Mark for his immense efforts and contribution and wish him well in his future endeavours.

As Annabell Lebethe takes over the reins, we are satisfied that we're now firmly positioned to create more value for the creators and users of music.

We were not making a vain promise by saying SAMRO will become a R1 billion company by 2025 and are firmly committed to reaching this goal. We are creating a masterpiece, and as with any masterpiece, we have a vision, and it starts with a note.

I thank all the Board members for their diligent service to SAMRO, providing oversight to all these changes, and again offer a special thank you to CEO Mark Rosin for his unwavering commitment, and last but not least, SAMRO's management and employees for persevering through these challenging but fruitful transitions.

**Surely goodness and mercy shall follow us all the days of our lives.**



**Nicholas Maweni**  
Chairperson  
1 December 2022



# Chief Executive Officer's Report

Sitting down to write this report, at the end of nearly 3 years at SAMRO is an emotional experience. The Board and Management of the business have achieved so much in this time, got so much done, that it's difficult to pen this message, essentially a farewell one, with so much still to do.

The business demonstrated its capacity to draw members over the last financial year, increasing its voting numbers to 20 419. There are over 80 000 prospect members awaiting earnings to become full or associate members. SAMRO staff returned to the office after COVID restrictions were lifted, making for better and more spontaneous interactions regarding queries, problem solving and general involvement.

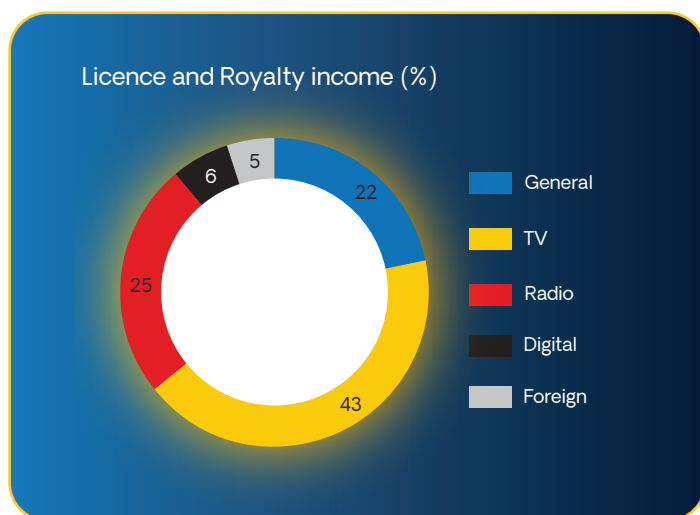
I have no doubt that our Chairperson's report will look at our R1 billion revenue target which we want to reach by 2025. It is strategically vital, that for SAMRO to remain relevant it needs to grow revenue and keep costs down. This will facilitate much improved distributions to our members. In 2022, we collected R515 million in licence and royalty income, up R40 million more than the prior year and an increase of over R10 million in investment income. While many countries see licensing revenue from broadcast decrease, SAMRO saw an increase in broadcast revenue by R25.9 million.

Our costs were also significantly down this year, declining 8.1% or R12.8 million. While profit is a key measure in most businesses, the key measure at SAMRO is different. Because we are a not for profit entity, we call our measure the 'CTI' or 'cost to income ratio', in short the cost of managing the revenue we collect. This year, we achieved 25.9%, our lowest ratio in recent memory. As we build revenue towards the magical R1 billion mark, we will look to extract more revenue from digital platforms, government departments and city municipalities, schools and previously unlicensed sectors like the taxi industry, while continuing to build in the broadcast, general licensing and live industries.

There is more positive news to report. The distribution expense that will be distributed to members next year has increased by an impressive R113.6 million or 33.5%. Our total expenses were reduced by R12.8 million or 8.1% this year, owing to ever tightening controls, while our undoc write back into the total distribution pool was a respectable R52 million. This in an environment where the general economic environment remained tough, with inflation at 7.4%, the highest in 12 years. We have also overcome the spectre of escalating bad debts with collections much improved in the 2022 financial year.

In 2021, we saw an increased revenue attributable to earnings from foreign usage at R17 million. We budgeted R20 million in 2022 and achieved R24.5 million. With an increase in digital revenues in the pipeline, we expect substantially better revenues in 2023.

As my departure gets closer, I can happily report that the turnaround that we have been working so hard to attain over the last 3 years, has in the main been realised. However, the stairway is a long one. While we have dealt with the steepness of the climb, the number of steps still to take are many. In the last year, we introduced a 'customer journey' tool which has still to be utilised to its full potential. While we have shortened waiting times for queries, we are still not at optimal levels and hope to do much better in 2023. I still receive too many complaints about the failure by us to respond in a timely manner to queries. This may be to an initial email, follow through or resolution, particularly of complex queries. Management is seized of this difficulty and we are confident that 2023 will see significant improvements in this area. Already, before the end of this year, our member portal and the undoc portal will be re-introduced and will hopefully allay some of the frustrations of our members who prefer to work online. Both portals needed to be removed to enhance security measures. Attempted fraud on the undoc portal was becoming commonplace and we needed to remedy security shortcomings.

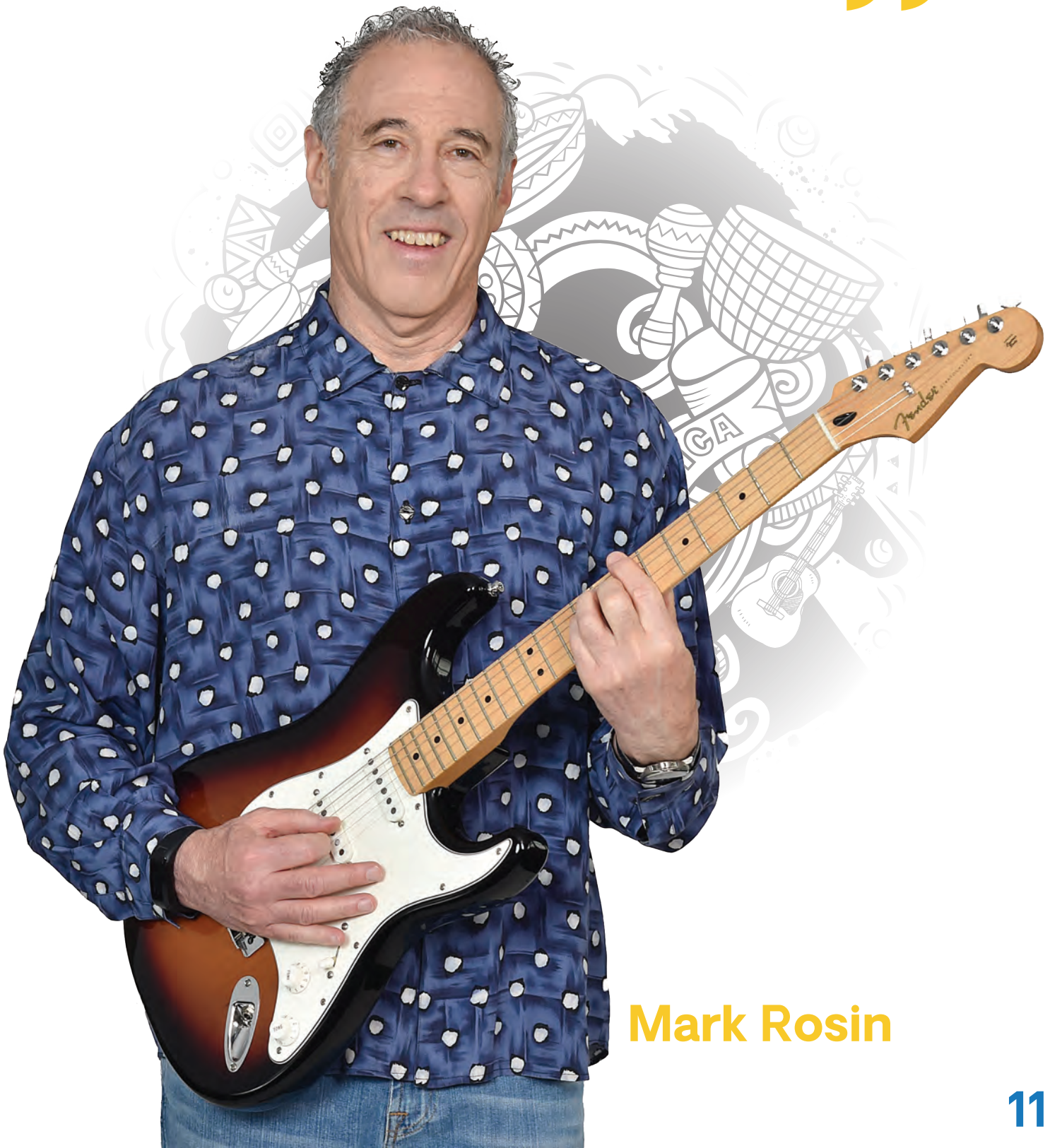




“

IN 2022, FOREIGN LICENCE INCOME  
INCREASED BY 44.4% & ONLINE REVENUES  
TOO, UP BY 9%

”



**Mark Rosin**



We know that automated music monitoring will, when properly implemented, be the closest thing to a solution to improved distribution percentages. It is not particularly difficult to monitor the use of commercial music. However the music used in adverts and on television, when used with and underneath talk and often in short bursts, on soundtrack usage between talk and silence is much more difficult to monitor. It is also the case, that unless the music, often production music, is ingested into the monitoring system that is used, it is not capable of being monitored. Similarly, with music from more marginalised genres such as mbube, gospel, choral and isicathamiya, levels of ingestion and identification are not as successful as with pop, reggae, R & B and so on. In 2023, SAMRO will dedicate more resources to trying to find a better solution than was utilised and provided in 2022.

In 2022, we upped the implementation speed of our business system replacement project, named 'Project Djembe'. We were forced into acceleration given the understanding that our current Dynamix system will go out of service in 2023. However, only telephonic support will end, which SAMRO does not generally require. We therefore have more time than we thought until implementation. Our IT department is, along with the business, looking at re-scoping parts of the system to ensure that it is tailor made for the South African environment. We have also commissioned the finance module of the system, so we have Spanish Point and Astraia assisting us in the design of the system. We are keenly aware of scope creep and the concomitant cost escalation associated with it and still hope to be online with a new, complete system in 2023.

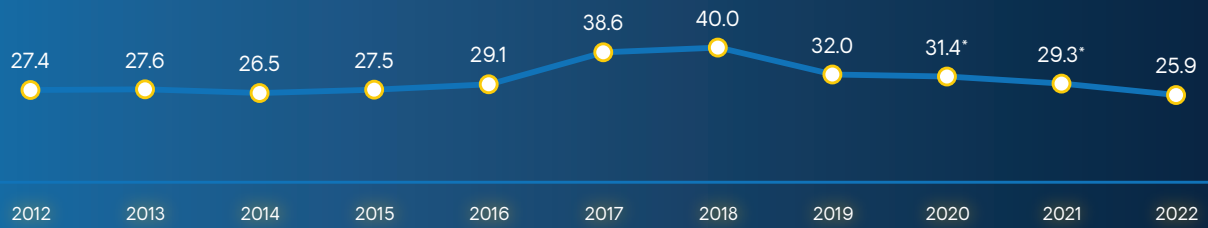
Lastly, to report on matters not proceeding as smoothly as I would hope, we have spent hundreds of work hours resolving an error which occurred at SAMRO between 2013 and 2018. In those years receipts from foreign usage of our repertoire were incorrectly paid. The error involved both underpayments and overpayments for foreign usage. We will this year, pay those members who were underpaid, but will simultaneously look to recover overpayments.

For some years SAMRO has been concerned about its participation in the digital revenue pie. After many discussions with CAPASSO, we are on the cusp of closing a new deal on the revenue arising from usage of our repertoire on digital platforms. This will see an almost immediate uptick in unbudgeted revenue and distribution, given that usage monitoring and reporting is far less of a problem over digital platforms. If we are to reach the magical R1 billion revenue target, proper management and collection of digital usage, the fastest growth area is key.

We remain committed to ensuring that SAMRO remains both the biggest and best CMO in Africa. We hope that as we improve performance and systems, we will begin to become an even more important global player on the CMO landscape.



### Company cost-to-income ratio (%)



### Total Company income (Rm)



### Total Company distributions paid (Rm)

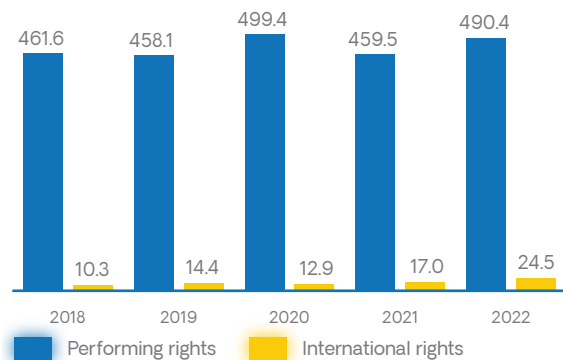


\* The 2021 and 2020 number has been restated due to the prior period errors identified and processed as disclosed in note 21 of the finance section of this report.

To end, a note of thanks. I could never have imagined that barely 6 weeks after starting at SAMRO, we would all be working remotely under the conditions of hard lockdown. I have spent only about 20% of my tenure at SAMRO in our Braamfontein building with COVID's work from home ethos keeping us away from our offices. I believe that if there was no COVID, that we would have achieved a lot more over the last 3 years. However, much has been done and a lot

repaired. I hope that I am leaving SAMRO in good shape to enable many more gains and much progress over the next few years. To that end I wish Annabell Lebethe all the very best as she takes over the SAMRO reins in 2023. I also wish to make special mention of our Chair, members of the SAMRO Board, the General Managers and the management committee for their invaluable assistance and support which I received pretty much unconditionally since I joined in February 2020. I will miss them all and say a big thank you for everything. Thank you too of course our Members, who have been supportive of me during my tenure and without whom we would not exist and without whom, life would be a lot less interesting!

Licence Income sources (Rm)



**Mark Rosin**  
CEO  
1 December 2022





# Strategic overview

SAMRO established three pillars on which its business strategy rests to support the group's vision:



## 1. Optimisation of the business model

The first pillar focuses on optimising SAMRO's business and entails identifying areas where efficiencies can be improved to have a positive impact on SAMRO's distributions to its members. Optimising operations and processes in areas such as documentation, invoicing, licensing and credit control enables SAMRO to increase value for members and grow licensing revenue. Negotiating favourable tariffs is crucial to ensure we derive sufficient licensing revenue from our licensees to provide a more member and licensee-centric service.



## 2. Diversification

The second pillar is business diversification. It focuses on identifying and pursuing opportunities to provide SAMRO's existing stakeholders (members and licensees) an improved and wider service offering beyond the current resources at SAMRO's disposal. This entails working with strategic partners to increase licensing and collection in other African territories, and providing value added services for members and technologically driven customer solutions.



## 3. Innovation

The third pillar is about future focus and innovation enabling SAMRO to effectively compete in the market and industry of the future. SAMRO intends to be a dynamic and future-orientated organisation that understands members' wants and needs. We will consistently monitor trends like digitalisation and ensure we respond effectively. Our approach to innovation enables us to be a business gaining the affinity of members by offering great value in a changing landscape.

In the year under review, SAMRO management and the board prioritised the “optimisation of the business model” theme. We focused on the following five strategic objectives:

Pillar	Activities
<b>Increasing revenue</b>	<p>SAMRO embarked on various initiatives to maximise revenue. These included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Increase licensing of music users who do not have a SAMRO licence, which will significantly grow licensing revenue. This includes improvement in digital revenue</li> <li>• Review existing licensees to ensure tariffs are favourable and relevant, and agreements are up to date</li> <li>• Improve collections of invoiced amounts to ensure sufficient revenue is collected from our licensees and bad debts are reduced</li> <li>• Improve the licensing, invoicing and credit control functions and activities to reduce bad debts and grow cash available for distribution</li> </ul>
<b>Improving systems and processes</b>	<p>There are numerous inherited issues negatively affecting system functionality and resulting in inefficiencies in business processes. This led to undesirable member experience and less efficient distributions to members. SAMRO chose to focus on technologically driven solutions to improve the quality and value of distributions. This will ultimately improve customer experience. These solutions included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Outsourcing a world-class monitoring service to improve matching and linking processes to improve the quality and value of distributions</li> <li>• Obtaining third party assistance with the distribution of digital licensing in order to increase the number of distributions and the value thereof</li> <li>• SAMRO embarked on an initiative to assess various technology options to modernise its operations and increase their efficiency</li> </ul>
<b>Managing costs</b>	<p>SAMRO has been operating in a challenging economic environment in the past year, like most organisations in South Africa. This means it is business unusual. To be efficient and economically viable and find ways to adapt to the economic climate, SAMRO introduced the following:</p> <ul style="list-style-type: none"> <li>• Assessing every function in SAMRO to maximise its operational efficiency and identify cost-saving measures</li> <li>• Improving internal controls to ensure prudent financial management</li> <li>• Inculcating financial disciplines across the business and supporting revenue growth initiatives to reduce the cost-to-income ratio to an acceptable and sustainable level</li> <li>• Improving financial and operational management of SAMRO House to ensure it is a profit-making business</li> </ul>

## Pillar

## Activities

### Improving reputation

The negative public perception of SAMRO due to past events continues to affect its relationship with major stakeholders, i.e. members, employees, licensees and lawmakers.

To improve its reputation, SAMRO proactively set out to significantly increase engagement and communication with SAMRO members. Frequent communication and engagement occurred on the following channels:

- Direct communication with members on the portal, website, email and SMS
- Social media engagement
- The member engagement sessions in various provinces
- Industry workshops, events and conferences
- Improved coverage on broadcast and print media to create awareness and educate members and licensees about SAMRO's mandate and initiatives.

Also, the work performed through the SAMRO CSI to the benefit of existing and future SAMRO members had a wide-reaching positive impact and helped improve the organisation's reputation.

### Music industry cohesion/synergy

With the passing of the Copyright Amendment Bill by the National Assembly it must now be considered by the NCOP, where rights-holders have an opportunity to again engage with the Bill in a public participation process. SAMRO together with other rights-holder groups will participate fully in this process.

SAMRO has further started a more focused campaign in improving its relationships with foreign CMO's and more particularly African CMO's with the view of increasing collaboration and revenue from all societies.

Also, SAMRO is committed to working with other CMOs in South Africa that administer neighbouring rights to ensure harmonious operations and maximum value for creatives and the industry as a whole.





# Legislative framework

**SAMRO derives its mandate from its MOI which provides that the objects of SAMRO are to:**

- Strive to protect and enforce copyright and other intellectual property rights relating to music; prevent unlawful works of music performances and other unlawful uses of intellectual property relating to works of music; and reduce related abuses and unfair practices and methods
- Further and encourage the creation and promotion of music, literature and art, and the development of intellectual property, and encourage the national arts and training of authors, composers and proprietors
- Advance musical and related cultural interests
- Promote and support the social welfare (and reduce indigence) of authors and their families, dependants and heirs and their dependants
- Provide support for other social and cultural objectives in the principal territory as determined by the board
- Generally represent the views of those authors, publishers and proprietors of works of music and related intellectual property, and facilitate the interrelationship between, and advancement and protection of, the interests of authors, publishers and proprietors of works of music and related intellectual property, as a social and cultural group
- Encourage and promote efficiency in the administration of intellectual property relating to music and the use thereof
- Promote reforms in the laws regulating intellectual property associated with music
- Cooperate and enter into reciprocal arrangements with affiliates and related societies and bodies as the company deems fit. This is done through, among other things, acting as a collecting society and administering the administered intellectual property rights as contemplated in the MOI to support a viable and sustainable music culture, society and industry for the public benefit and/or to further the related cultural and social activities and communal or group interest.

To achieve the above, SAMRO has an obligation to conform to the following regulatory legislative framework:

- The Interim Constitution, Act 200 of 1993 was superseded by the final constitution on 4 February 1997. The final constitution has reference Act 108 of 1996.
- Copyright Act, 98 of 1978
- Companies Act and its regulations
- Promotion of Access to Information Act, 2 of 2000
- Promotion of Equality and Prevention of Unfair Discrimination Act, 4 of 2000
- Basic Conditions of Employment Act, 75 of 1997
- Labour Relations Act, 66 of 1995
- Employment Equity Act, 55 of 1998 (EE Act)
- Occupational Health and Safety Act, 85 of 1993
- Income Tax Act, 58 of 1962, as amended, and all subsequent Taxation Laws Amendment Acts
- Revenue Laws Amendment Act, 1996
- Skills Development Act, 97 of 1998
- Preferential Procurement Policy Framework Act, 5 of 2000
- Unemployment Insurance Act, 63 of 2001
- Division of Revenue Act
- Broad-Based Black Economic Empowerment Act, 53 of 2003 (BBBEE Act)
- Value Added Tax Act

# Value added statement

FOR THE YEAR ENDED 30 JUNE 2022

SAMRO created and distributed R585 million of wealth in 2022 (2021: R570 million).

Music royalty distribution for member benefits increased by 41% or R131.5 million to R452.3 million (2021: R320.8 million). Distributions were in the form of royalties, retirement annuity and funeral benefits, endowments for national arts, and other social and cultural allocations. Payments to employees in the form of salaries, wages and benefits decreased by 10.5% to R91.4 million from R102.1 million. This represented 15.6% of total value distributed.

	GROUP	
	2022 R'000	2021 R'000
Music and royalties	514 915	476 510
Reprographic licence and royalties	–	73 267
Administration and other fees	7 939	9 498
Cost of generating revenue	(9 254)	(31 613)
<b>VALUE ADDED</b>	<b>513 600</b>	<b>527 662</b>
Income from investments	19 104	17 187
Distribution adjustment	52 008	25 359
<b>WEALTH CREATED</b>	<b>584 712</b>	<b>570 208</b>
<b>VALUE DISTRIBUTION</b>		
<b>Members</b>		
Music royalty distributions	452 332	320 779
Reprographic royalty distributions	–	73 267
SRAF and members' funeral benefit	14 776	10 142
SAMRO Foundation allocation	2 607	8 175
Other social and cultural allocations	–	315
<b>Employees</b>		
Salaries, wages and benefits	91 429	102 154
<b>Providers of capital</b>		
Finance costs	–	–
<b>Government</b>		
Taxation charge	1 529	26 746
<b>Reinvested in the group</b>		
Depreciation and amortisation of capital items	20 213	20 655
Transferred to reserves	–	7 285
Retained earnings	1 826	690
<b>Total</b>	<b>584 712</b>	<b>570 208</b>

# Our social impact

SAMRO plays a pivotal role in Africa as a driver of the creative economy through its CSI from the Foundation. SAMRO has promoted the sustainability of artistic communities and music for almost 60 years. Our corporate citizenship philosophy is based on the Freedom Charter and is closely related to our commitment to stakeholder development. These values have been the foundation of our corporate culture since 1962.

## THE SAMRO FOUNDATION

### The formal closure of the SAMRO foundation

SAMRO's Corporate Social Investment (CSI) used to be managed by the SAMRO Foundation NPC, a separate company with an independent Board and administration. The SAMRO Foundation ensured the successful running of SAMRO's legacy of support for the arts community which were focused on education efforts through the SAMRO Overseas Scholarships Competition, bursaries for music students at universities, support for NGO music schools, and promoting and preserving our nation's national heritage through the SAMRO Music Archive. The challenges of this model were highlighted by SAMRO's members for the following reasons:

1. A large portion of SAMRO Foundation's support was directed to music performance and with other organisations focusing on music performance, SAMRO's focus needed to be better aligned with its members and music creation.
2. Due to a considerable bias in South Africa's music education towards classical music and Jazz, and the vast majority of SAMRO members working outside these genres felt SAMRO's CSI should be more representative of other genres.
3. In a survey sent to members in 2021 it was found that the majority of members did not have formal music education at tertiary institutions. In fact most were self-taught, and managing their careers successfully without music-degrees from universities. It was also found that many students who studied music at University did not pursue a career in the music industry. As such members criticised SAMRO's support for bursaries for degrees that had limited alignment with the industry. Through further research into Universities around South Africa it was found that there was a lack of training in the business of music, leaving graduates naïve to the complexities of the music industry.

In August 2021 the SAMRO Foundation Board agreed to the formal closing down of SAMRO Foundation NPC and integrated the CSI team back into the SAMRO marketing department. The SAMRO Foundation was formally shut down in 2022.

### Responding to members concerns: The new SAMRO CSI mandate

In early 2021, the SAMRO Board approved the new strategy for SAMRO's CSI. The strategy was to focus on three core pillars: **improving music business skills; investing in innovative technology, and providing thought leadership through research.** A mandate of the strategy was that all CSI projects be 'member-centric' by providing opportunities and strategic support for SAMRO's music creator constituency – and that support would not be given to institutions that failed to comply with SAMRO's licensing requirements. Based on the above, the following projects were phased out – The SAMRO Overseas Scholarships Competition; SAMRO bursaries for music students at universities; and SAMRO support for NGO music schools and arts projects.

### From 2021–2022 SAMRO's CSI was allocated to the following projects:

#### Music Business Skills:

To encourage SAMRO members to be economically aware and actively involved in creating new music works SAMRO committed R2 million in 2021 and R2.5 million in 2022 to the **SAMRO Music Creation Support Fund**. Thus far 200 SAMRO full and associate members who applied for the grant have received SAMRO's support. This project helped to get a wide range of members' music projects off of the ground – projects that otherwise would not have seen the light of day. SAMRO will continue to monitor the impact of these.

In addition SAMRO partnered with Boston City Campus, an independent college that spans all areas of South Africa, to offer SAMRO members bursaries for the **Music Business Short Learning Course**. In 2021, 30 members received grants and 50 in 2022, totalling 80 members thus far. Furthermore, SAMRO is looking into avenues to develop its own correspondence resources for SAMRO members to improve professional practice in the sector.

In the period under review **Concerts SA**, administered by IKS Cultural Consulting on behalf of SAMRO, the Royal Norwegian Embassy and other partners, had its highest impact year since inception in 2013. The Digital Mobility Fund (DMF) had two iterations, and distributed R5,1 million (of which R1,2 million was contributed by SAMRO in the first iteration of R3 million) to 170 projects. Through this programme Concerts SA supported concerts at 132 venues reaching 570 079 audience members, many of whom were online. All recipients were encouraged to ensure the best professional practice with their projects. This fund created 4,756 work opportunities in the music industry, and approximately 80% of the recipients of support from the fund were SAMRO Members.



### Investing in innovative technology:

SAMRO has looked into a number of opportunities in the music industry to offer members and music professionals tools and resources to better manage and navigate within the complexities of the music industry. A variety of excellent ideas have been considered that will assist music creators with ideas, resources and technology to assist in resolving a myriad of music industry challenges. To ensure that most viable projects are supported, SAMRO is preparing a call for applications to a music industry innovation competition, where the most relevant and resourceful projects will receive SAMRO's support which will roll out in 2023.

### Thought Leadership:

In 2022 SAMRO completed the first phase of its research into *Women's Rights & Representation in the South African Music Industry*. Conducted by an independent research team from Tara Transform this research identified a variety of professionals in the music industry and conducted in-depth interviews with them. The research identified a persistence of patriarchal assumptions, power imbalances and harassment within the music industry, identifying that women neither feel safe nor equal in the sector. This research will continue into its second phase which will be a statistical analysis of gender parity in the music sector based on data from SAMRO and other businesses in the music industry, and survey responses.

As part of its research and thought leadership mandate, SAMRO continued research into the status of music business educational content and resources available to South African's. The gap in curricula at Universities in South Africa contributes to a broader population of musicians in our sector who insufficient knowledge about the way the music business works. Interviews with universities have also indicated an unwillingness for them to adapt their traditional curricula to include the necessary skills to operate within the music industry. As a result SAMRO will be looking for more direct and affordable ways to improve the education of music professionals in South Africa.

In response to the COVID-19 lockdowns, which severely impacted the live music sector in South Africa, Concerts SA produced research into live streaming models in SA that laid the foundation for its Digital Mobility Fund (DMF). Originally, this research spoke to the opportunities and challenges represented by new technologies available to musicians, namely streaming and hybrid live-online events. The DMF gave performing artists in SA the opportunity to do live-stream and delayed broadcast performances. Concerts SA is currently reviewing and updating this report with a survey (299 survey responses) and research which will be published before the end of 2022.



Strategic focus areas	Objectives	Performance feedback
<b>Improving music business skills</b>	<ul style="list-style-type: none"> <li>• Industry Cohesion and Improved cooperation in the sector</li> <li>• Improving professional skills and professional practice in the music sector</li> </ul>	<ul style="list-style-type: none"> <li>• 100 SAMRO members received grants from the Music Creation Support Fund and reported back on their successes.</li> <li>• 50 SAMRO members received bursaries to complete the Boston City Campus Music Business Short Learning Course.</li> </ul>
<b>Investing in innovative technology</b>	<ul style="list-style-type: none"> <li>• Economic growth in SA Music industry</li> <li>• Researching innovative ways to utilise technology to facilitate improved activity in the SA Music industry</li> </ul>	<ul style="list-style-type: none"> <li>• Music Creation Support Fund enabled members to complete and monetise their music creation projects.</li> <li>• SAMRO commenced the design and development of an Online Resource Center to provide practical videos, podcasts and tools for musicians to better operate in the South African music economy.</li> <li>• Concerts SA created 4 756 work opportunities in the form of hybrid live-digital events reaching an audience of 570 079 people.</li> </ul>
<b>Thought Leadership</b>	<ul style="list-style-type: none"> <li>• Industry Cohesion and improved cooperation in the sector</li> </ul>	<ul style="list-style-type: none"> <li>• SAMRO completed the first phase of the research into <i>Women's Rights &amp; Representation in the South African Music Industry</i></li> <li>• SAMRO continued research into <i>music curricula that promote professionalism and best practice in the South African music industry</i>.</li> <li>• Concerts SA continued its research into live-streaming in its second phase of its Digital Futures research, updating its data with 299 survey responses.</li> </ul>

## IN TRIBUTE TO OUR MEMBERS WHO HAVE PASSED ON

Martha Callaghan  
Louis Jacobus Carstens  
Sigananda Phillie Chongo  
Anthony John Costandius  
Wankebulua Domingos  
Jacobus Phillipus Johannes Du Toit  
Phillip Motsomi Duiker  
Theodorus Cornelius Johannes Erasmus  
Louis Philippus Franken  
Debora Marcia Fraser  
Alan Ivor Goldstein  
Jan Hamers  
Harmse Bartho Van Zyl  
Patrick Roy Harris  
Ronald Hattingh  
Sakhile Hlatshwayo  
Vakele Innocent Jack  
Xolani Michael Jack  
Cornelis Phillippus Janse Van Rensburg  
Theuns Botha Jordaan  
Tebogo Stephen Kekana  
James Steven Mzilikazi Khumalo  
Tabiso Klaas  
Jacob Titus Kotu  
Ntshoaborwa Trinity Kubjana  
Lloyd Thabo Lelosa  
Bernard Levine  
Panayiotis Loizos  
Thuthukani Henry Luthuli  
Livingstone Happy Magagane  
Rikhado Muziwendlovu Chifaro Makhado  
Seva Alfred Makhubela  
Musa Tintswalo Maphalakasi  
Nondyebo Jennifer Mapipa  
Mphephu Dora Mathebula  
Philile Lawrence Matshiza  
Henry Mlungisi Mbhekeni Mbele  
Morris Mbongwa  
Johannes Tsogo Mello  
Pheladi Patricia Minyuku  
Bangani Mkhize  
Sandile Nkululeko Mkhize

Thokozile Emmah Mkhwanazi  
Patrick Muntvakathenjwa Mncube  
Maxwell Mngadi  
Ntombi Francina Mnguni  
Peter Mokoena  
Prince Molefi Moloto  
Boitumelo Athiel Mooi  
Zamokwakhe Ashwell Mpungose  
Bheka Alphios Mthembu  
Mulalo Mulovhedzi  
Mlahleni Ziphakanyiswa Ngcobo  
Mduduzi Peter Ngobese  
Mmeli Andrew Ngwenyama  
Mokgatjana Dinah Ngwepe  
Dumisani Moses Nkosi  
Mbuso Aubrey Ntshalintshali  
Ernest Ntshingwa  
Mdumiseni William Ntuli  
Philip Arnold Christ Raath  
Joel Barney Rachabane  
Thomas Rajna  
Mmakgabo Raisibe Charlot Ramoroka  
Sarah Saranti Reeders  
Annemarie Russouw  
Mzamowenkosi Nkosinathi Sangweni  
Maphuntshane Isaiah Sefara  
Mokwalakwa Stephen Sefofa  
Tebogo Patrick Seleka  
Tata Pat Shange  
Fabian Nicholas Sing  
Buti Elias Skosana  
Allan Paul Stephenson  
Mandilakhe Tengani  
Benno Thudinyane  
Tsepo Mobu Tshola  
Hendrik Willem Van Zyl  
Johannes Verwey  
Jody Wayne  
Vusimuzi Weldin Xaba  
Mkhombeni Innocent Ximba  
Zaba Samson Zondi

Rest peacefully, forever yours in music

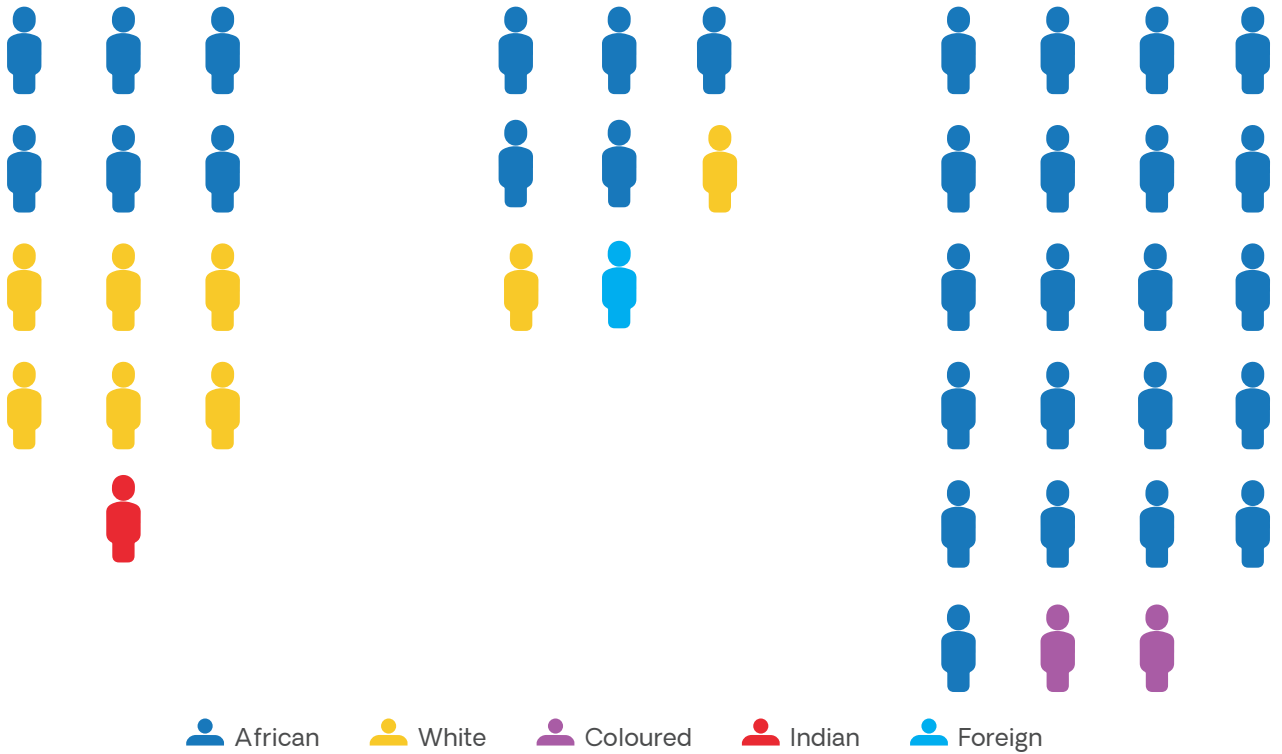
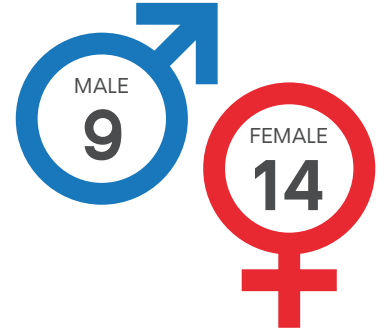
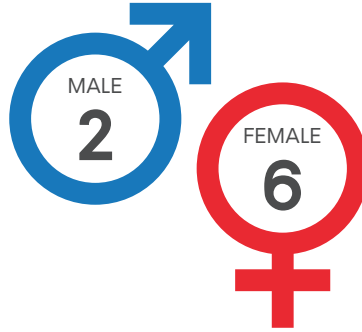
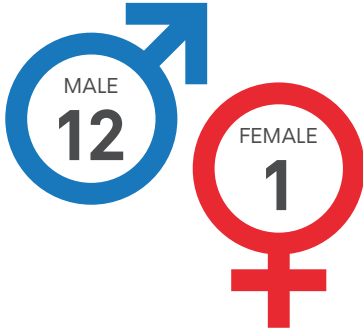


## TRANSFORMATION REPORT

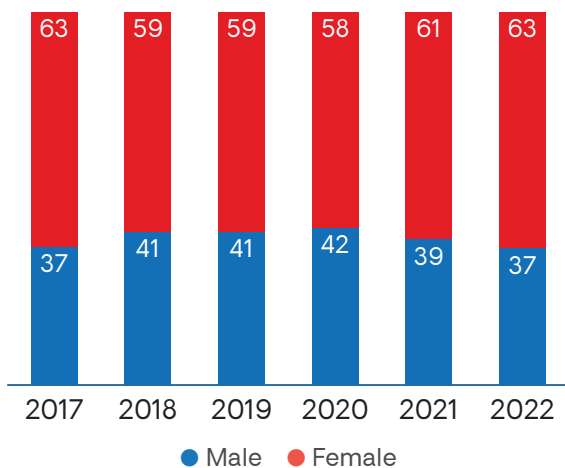
Board of directors including CEO and CFO and excluding CoSec (13)

GMs including COO (not on board of directors) and excluding CEO and CFO (8)

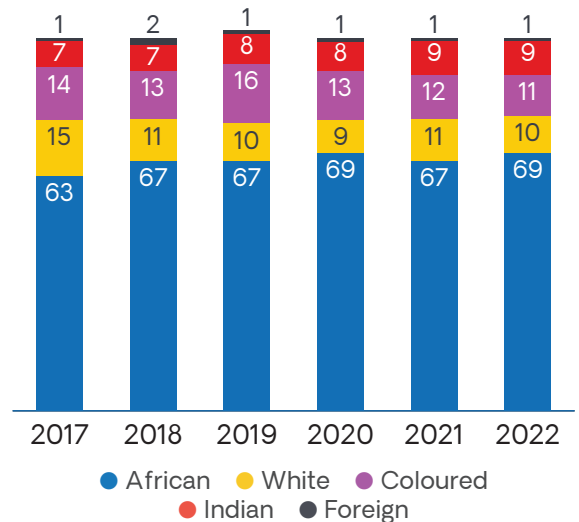
Interns (23)



Permanent employees by gender (%)



Permanent employees by race (%)



# How we are governed

## SAMRO LEADERSHIP

The SAMRO board regards corporate governance as fundamentally important to achieving SAMRO's mission and its financial objectives and fulfilling its corporate responsibilities. The board is committed to applying the core governance principles set out in King IV, which prescribe accountability, integrity, fairness and transparency in all dealings with stakeholders.

Mr. Nicholas Maweni (Independent Chairperson) (Appointed 1 July 2019)

Mr. Sisa Mayekiso (Independent Vice-Chairperson) (Appointed 17 September 2019)

Dr. Sibongile Vilakazi (Independent Board Member) (Appointed 15 April 2020)

Mr. Ryan Hill (Non-Executive Director) (Re-appointed 11 December 2020)

Mr. David Alexander (Non-Executive Director) (Re-appointed 11 December 2020)

Dr. Siphso Sithole (Non-Executive Director) (Re-appointed 11 December 2020)

Mr. Tebogo Thekisho (Non-Executive Director) (Appointed 11 December 2020)

Mrs. Linah Ngcobo (Non-Executive Director) (Resigned 11 February 2022)

Ms. Wendy Oldfield (Non-Executive Director) (Resigned 11 February 2022)

Mr. Mark Rosin (CEO) (Appointed 3 February 2020)

Mr. John Scullion (CFO) (Appointed 17 March 2020)

The following Directors were appointed:

Mr. Rowlin Naicker (Non-Executive Director) (Appointed 10 December 2021)

Mr. Mandrew Mnguni (Non-Executive Director) (Appointed 10 December 2021)

Mr. Phillip Miller (Non-Executive Director) (Appointed 10 December 2021)

Mr. Gabriel Le Roux (Non-Executive Director) (Appointed 10 December 2021)



**Mr. Nicholas Maweni**  
Independent Chairperson  
Appointed  
1 July 2019



**Mr. Sisa Mayekiso**  
Independent  
Vice-Chairperson  
Appointed  
17 September 2019



**Dr. Sibongile Vilakazi**  
Independent Board  
Member  
Appointed  
15 April 2020



**Mr. David Alexander**  
Non-Executive Director  
Re-appointed  
11 December 2020



**Mr. Ryan Hill**  
Non-Executive Director  
Re-appointed  
11 December 2020



**Mr. Rowlin Naicker**  
Non-Executive Director  
Appointed  
10 December 2021



**Mr. Mandrew Mnguni**  
Non-Executive Director  
Appointed  
10 December 2021



**Mr. Tebogo Thekiso**  
Non-Executive Director  
Appointed  
11 December 2020



**Dr. Siphon Sithole**  
Non-Executive Director  
Re-appointed  
11 December 2020



**Mr. Gabriel Le Roux**  
Non-Executive Director  
Appointed  
10 December 2021



**Mr. Phillip Miller**  
Non-Executive Director  
Appointed  
10 December 2021



## Board member meeting attendances as at June 2022

Meeting	Members	Number of meetings	Meetings attended
<b>Social, Ethics and Governance Committee</b>	Dr Sibongile Vilakazi (Chairperson)	6	6
	Nicholas Maweni	6	6
	Tebogo Thekisho	6	6
	Rowlin Naicker <sup>#</sup>	6	0
	Ryan Hill <sup>##</sup>	6	5
	Mandrew Mnguni <sup>#</sup>	6	1
<b>Audit and Risk Committee</b>	Sisa Mayekiso (Chairperson)	8	7
	Dr Siphon Sithole	8	7
	Ryan Hill	8	8
	David Alexander	8	6
	Phillip Miller <sup>*</sup>	8	0
<b>Nominations, Human Resources and Remunerations Committee</b>	Dr Siphon Sithole (Chairperson)	6	6
	Gabriel Le Roux <sup>*</sup>	6	1
	Nicholas Maweni	6	6
	Dr Sibongile Vilakazi	6	6
	Linah Ngcobo <sup>^</sup>	6	4
	Wendy Oldfield <sup>^</sup>	6	3
<b>SAMRO Board</b>	Nicholas Maweni (Chairperson)	7	7
	Dr Siphon Sithole	7	7
	David Alexander	7	7
	Ryan Hill	7	7
	Dr Sibongile Vilakazi	7	7
	Rowlin Naicker <sup>^^</sup>	7	2
	Sisa Mayekiso	7	7
	Mandrew Mnguni <sup>^^</sup>	7	2
	Phillip Miller <sup>^^</sup>	7	2
	Gabriel Le Roux <sup>^^</sup>	7	2
	Tebogo Thekisho	7	7
	Mark Rosin (CEO)	7	7
	John Scullion (CFO)	7	7
	Linah Ngcobo <sup>^</sup>	7	5
	Wendy Oldfield <sup>^</sup>	7	5

<sup>^</sup> Retired from the Board

<sup>^^</sup> Appointed to the Board on 10 December 2021

<sup>\*</sup> Member of the Committee since 04 February 2022

<sup>#</sup> Appointed to the Committee on 04 February 2022

<sup>##</sup> Retired from the Committee on 04 February 2022

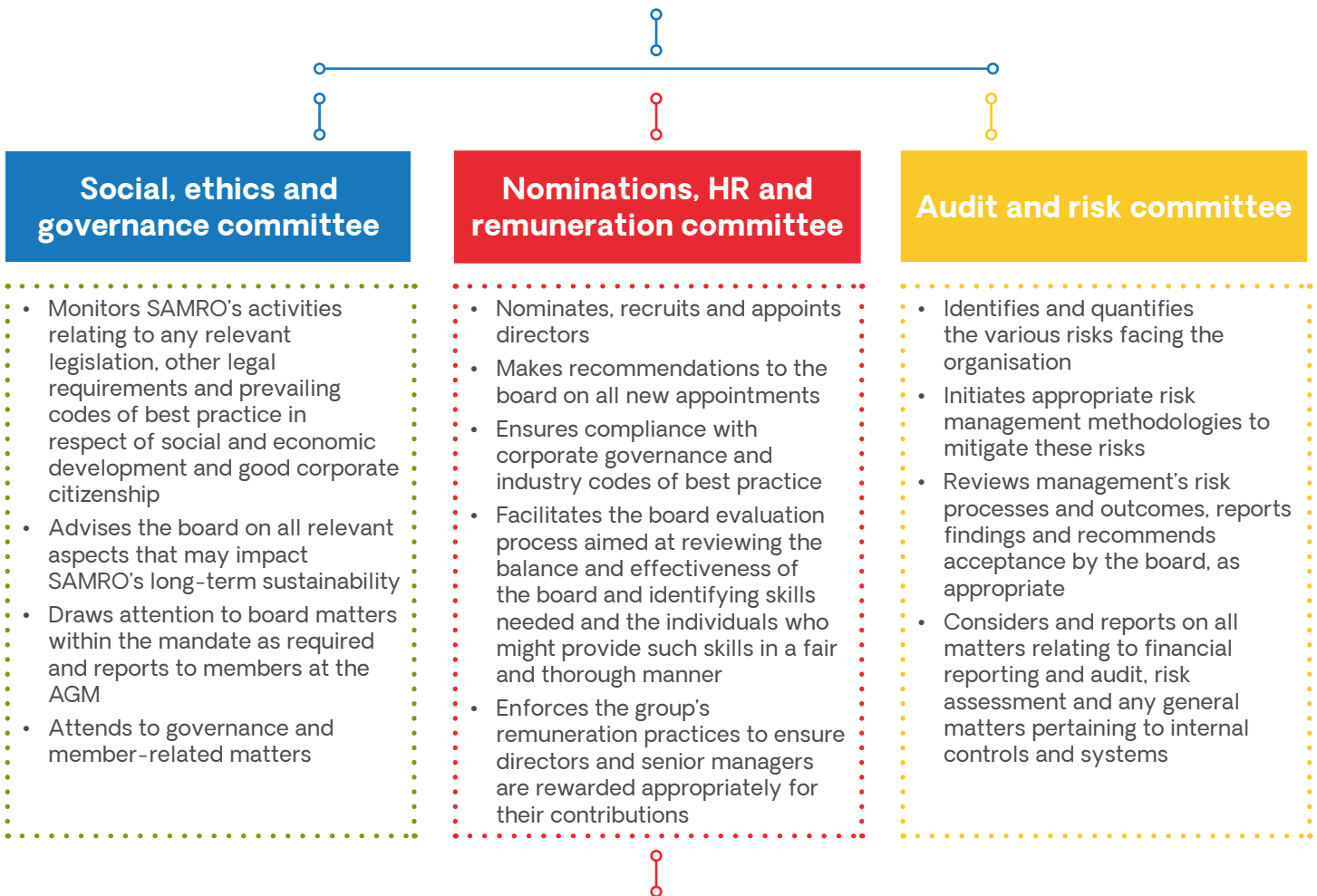
## SAMRO'S GOVERNANCE STRUCTURE

### Board of directors

The board is responsible for the company's performance and delegates the implementation of the strategy to the CEO and the general management committee.

Other specific responsibilities of the board include:

- Evaluating the performance of the CEO and board committees
- Setting a clearly defined communications policy to ensure transparent communication between the board and key stakeholders
- Ensuring the accuracy of SAMRO's financial statements
- Monitoring operational performance and management
- Upholding high standards of ethics in line with the code of ethics
- Ensuring compliance with the policies and procedures applicable to the business
- Encouraging proactive engagement with key stakeholders
- Ensuring risk management and internal controls, policies and processes
- Increasing the value to members while maximising socio-economic benefits



#### Social, ethics and governance committee

- Monitors SAMRO's activities relating to any relevant legislation, other legal requirements and prevailing codes of best practice in respect of social and economic development and good corporate citizenship
- Advises the board on all relevant aspects that may impact SAMRO's long-term sustainability
- Draws attention to board matters within the mandate as required and reports to members at the AGM
- Attends to governance and member-related matters

#### Nominations, HR and remuneration committee

- Nominates, recruits and appoints directors
- Makes recommendations to the board on all new appointments
- Ensures compliance with corporate governance and industry codes of best practice
- Facilitates the board evaluation process aimed at reviewing the balance and effectiveness of the board and identifying skills needed and the individuals who might provide such skills in a fair and thorough manner
- Enforces the group's remuneration practices to ensure directors and senior managers are rewarded appropriately for their contributions

#### Audit and risk committee

- Identifies and quantifies the various risks facing the organisation
- Initiates appropriate risk management methodologies to mitigate these risks
- Reviews management's risk processes and outcomes, reports findings and recommends acceptance by the board, as appropriate
- Considers and reports on all matters relating to financial reporting and audit, risk assessment and any general matters pertaining to internal controls and systems

### General management committee

The general management committee assists the CEO in the company's day-to-day running. The committee meets monthly and the meetings are chaired by SAMRO's CEO. The committee acts on the following:

- Group performance: consolidated management accounts
- Strategy and structure implementation
- Legal issues
- Business segment updates
- Operational matters
- Governance and risk

## COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

In the year under review, the board continued discharging its fiduciary duties, acting in good faith, with due diligence and care, and in the best interests of SAMRO and all its stakeholders. It does this within the context of the Companies Act, the SAMRO MOI, and the following principles set out in King IV:

- The governing body should lead ethically and effectively
- The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture
- The governing body should ensure the organisation is and is seen to be a responsible corporate citizen
- The governing body should appreciate the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process
- The governing body should ensure reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects
- The governing body should serve as the focal point and custodian of corporate governance in the organisation
- The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively
- The governing body should ensure its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties
- The governing body should ensure the evaluation of its own performance and its committees, its chair and its individual members, support continued improvement in its performance and effectiveness
- The governing body should ensure the appointment of and delegation to management contributes to role clarity and the effective exercise of authority and responsibilities
- The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives
- The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives
- The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

- The governing body should ensure the organisation remunerates fairly, responsibly and transparently so as to promote achieving strategic objectives and positive outcomes in the short, medium and long term
- The governing body should ensure assurance services and functions enable an effective control environment, and these support the integrity of information for internal decision making and of the organisation's external reports
- In executing its governance role and responsibilities, the governing body should adopt a stakeholder inclusive approach balancing the needs, interests and expectations of material stakeholders in the best interests of the organisation over time

Through these practices, the directors can contribute to the future sustainability of the company; enhance long-term member value creation; and ensure other key stakeholders, such as members, employees and suppliers, benefit from ongoing success.

The philosophy of board leadership is premised on the principle that the role of the board and management team's responsibility are two separate and distinct tasks. Consistent with this approach, the roles of the Chairperson and CEO are separate, with specific responsibilities divided between them to ensure a balance of power and authority. Balances ensures no one individual has unfettered powers of decision making, and cannot dominate the board's decisions. Only decisions of the board acting as a unitary body are binding on the CEO.

The board retains full and effective control over all the companies and entities in the group and assumes overall responsibility for SAMRO's compliance with the applicable legislation and governance provisions.

### Company Secretary

SAMRO's group company secretary plays a pivotal role in the functioning of the Board. She ensures all directors have full and timely access to information they need to perform their duties and obligations properly, and enables the board to function effectively. She is responsible for the duties set out in section 88 of the Companies Act and for ensuring compliance with applicable laws and regulations. She also provides guidance and assistance in line with King IV. All directors have unlimited access to the group Company Secretary.

The group Company Secretary, Celiwe Nkosi, is not an executive director of SAMRO, nor is she related or connected to any of the directors. The appointment and removal of the group Company Secretary is a matter for the board as a whole. In addition to her role as group Company Secretary, Celiwe Nkosi also serves as the executive responsible for governance, risk and compliance and reports to the CEO.

The performance of the group Company Secretary is monitored by the CEO and is formally assessed by the board annually.





## GROUP OPERATION AND MANAGEMENT STRUCTURE



**Mr. Mark Rosin**

CEO  
Appointed 3 February 2020

**Mr. John Scullion**

CFO  
Appointed 17 March 2020

**Ms. Mpho Mofikoe**

COO  
Appointed 1 November 2021



## Management team



**Clinton Hornett**

General Manager:  
Distributions



**Grace Khambane**

General Manager:  
Human Resources



**Mikateko Nethononda**

General Manager:  
Member Services



**Kgomotso Mosenogi**

General Manager:  
Marketing and  
Communications



**Karabo Senna**

General Manager:  
Sales and Licensing



**Mxolisi Zimu**

General Manager:  
Information Technology



**Chola Makgamathe**

General Manager:  
Legal services



## RISK MANAGEMENT

SAMRO recognises that effective risk management is fundamental to achieving its objectives. SAMRO regards risk management as a strategic management tool enabling the company to respond to its environment in an agile and effective way and lay a strong foundation for business success.

### Risk reporting and oversight

Risk reporting is a fundamental component of risk management.

SAMRO adheres to stringent corporate governance principles. The board is required, through the audit and risk committee, to adequately identify, assess, reasonably manage and report on the business's risks. The committee reviews and evaluates these risks and ensures appropriate internal controls exist for risk mitigation.

The audit and risk committee provides oversight on risk management processes to ensure a standardised and consistent approach to risk management. These areas include:

- IT governance
- Licensing
- Business continuity
- Stakeholder management
- Human capital
- Information governance
- Operations
- Governance

### Risk management process

SAMRO's risk management process is designed to mitigate the company's strategic and operational risks. SAMRO has a watchlist to monitor emerging risks which may become material in future.

## Key risks 2022

1. Impact of the Covid-19 Pandemic
2. Failure to licence music users
3. Non-compliance with laws and regulations
4. Poor service delivery
5. Ineffective credit control processes
6. IT infrastructure failure

## Risk management framework and policy

SAMRO's risk management framework and policy are designed to holistically address the company's risks by:

- Identifying the risk on a scale of one to 10
- Rating the risk in terms of probability, impact and urgency, with scoring for each criterion
- Determining how the risk is mitigated, avoided, transferred or accepted
- Allocating risk owners
- Escalating risks rated nine and above to the board
- Discussing risks rated four to eight at the general management committee meetings attended by all executives
- The general manager manages risks rated below four (operational risks)

## Internal control

An effective internal control framework is a critical component enabling us to evaluate and improve the effectiveness of all areas of our business.

SAMRO's internal controls are reviewed as part of the company's risk management process. The review of internal controls includes a review of all policies and procedures.

## AUDIT AND RISK COMMITTEE REPORT



The SAMRO NPC group audit and risk committee (the committee) is a formal statutory committee in terms of the Companies Act and subcommittee of the board. The committee functions within documented terms of reference and complies with relevant legislation, regulation and governance codes. This report of the committee is presented to members in compliance with the requirements of the Companies Act and King IV.

### ROLE OF THE COMMITTEE

The committee has an independent role with accountability to both the board and to members. The committee's responsibilities include the statutory duties prescribed by the Companies Act, activities recommended by King IV as well as additional responsibilities assigned by the board. The responsibilities of the committee are as follows:

#### Integrated reporting and assurance

- Oversees integrated reporting, has regard to all factors and risks that may impact the integrity of the integrated report, and recommends the integrated report to the board for approval
- Reviewed the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information
- Reviewed the company's internal and external assurance model and recommend to the board engagement of an external assurance provider on material sustainability issues when deemed necessary
- Monitors the relationship between the company and external assurance providers
- Annually reviews the expertise, resources and experience of the company's finance function and discloses the results of the review in the integrated report

#### Internal audit

- Approves the structure and appointment of the internal audit function – internal function or outsourced – as proposed by management
- Annually reviews the performance and objectivity of the internal auditor and subjects the internal audit function to independent quality review as and when deemed necessary by the committee
- Reviews progress on the three year strategic internal audit plan and ensures coordination between the internal and external auditors
- Receives and reviews the internal audit report at each meeting of the committee as well as the annual assessment of internal financial controls
- Considers the major findings of internal investigation and management's response

#### Risk management

- Oversees the development and annual review of policy and plan for risk management to recommend for approval to the board
- Monitors implementation of the policy and plan for risk management taking place by means of risk management systems and processes
- Makes recommendations to the board concerning the levels of tolerance and appetite and monitoring that risks are managed within the levels of tolerance and appetite as approved by the board
- Oversees that the risk management plan is widely disseminated throughout the company and integrated in the day to day activities of the company
- Ensures that risk management assessments are performed on a continuous basis
- Ensures that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks
- Ensures that management considers and implements appropriate risk responses
- Ensures that continuous risk monitoring by management takes place
- Expresses the committee's formal opinion to the board on the effectiveness of the system and process of risk management
- Reviews reporting concerning risk management that is to be included in the integrated report

## Internal control

Systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against misstatement or loss.

While the board is responsible for the internal control systems and for reviewing their effectiveness, responsibility for their actual implementation and maintenance rests with the management team. The systems of internal control are based on established organisational structures, together with written policies and procedures, and provide for suitably qualified employees, segregation of duties, clearly defined lines of authority and accountability. They also include cost and budgeting controls and comprehensive management reporting.

## Internal financial controls

The committee has considered the results of the formal documented review of the company's system of internal financial controls and risk management, including the design, implementation and effectiveness of the internal financial controls in place. The committee has also assessed information and explanations given by management and discussions with the external auditor on the results of the audit. Through this process, no material matter has come to the attention of the committee or the board that has caused the directors to believe that the company's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

## External audit

The committee appraised the independence, expertise and objectivity of SNG-GT as the external auditor, as well as approving the terms of engagement and the fees paid to SNG-GT.

The external auditor has unrestricted access to the group's records and management. The auditor furnishes a written report to the committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the chairman of the committee.

The audit partner in charge of the audit is rotated off the audit after five years. In terms of this policy, the current audit partner is in the third year of tenure. The group has received confirmation from the external auditor that the partners and employees responsible for the audit comply with all legal and professional requirements with regard to rotation and independence. The committee is satisfied that the external auditor is independent of the company.

## ACTIVITIES OF THE COMMITTEE

The committee met eight times during the financial year, and attendance at the meetings is detailed in creating value through good governance. Members of the committee and the internal or external auditor may request a non-scheduled meeting if they consider this necessary. The chairman of the committee will determine if such a meeting should be convened.

Minutes of the meetings of the committee, except those recording private meetings with the internal or external auditors, are circulated to all directors and supplemented by an update from the committee chairman at each board meeting. Matters requiring action or improvement are identified and appropriate recommendations made to the board.

The chairman of the committee attends all statutory member meetings to answer any questions on the committee's activities.

The committee performed the following activities relating to the audit function during the year under review, with certain of these duties being required in terms of the Companies Act:

- Recommended to the board and members the appointment of the external auditors, approved their terms of engagement and remuneration and monitored their independence, objectivity and effectiveness
- Determined the nature and extent of any non-audit services which the external auditor may provide to the group and preapproved any proposed contracts with the external auditors
- Recommended to the board and members the appointment of the internal auditors, approved their terms of engagement and remuneration and monitored their independence, objectivity and effectiveness
- Reviewed and approved the following reports presented by the Internal Auditors

### Internal Audits completed in the Financial Year Ended June 2022

1. Licensing Review
2. Distribution Review
3. Member Services Review
4. Financial Management Review
5. Procurement and Contract Management Review
6. ICT General Controls Review and IT Policies Review
7. Risk Management Review
8. Audit Follow up Previous Review Findings
9. Human Resources Review

- Reviewed the group's internal financial control and financial risk management systems
- Recommended to the Board the approval of the Annual Budget for the year ending 30 June 2023
- Reviewed and recommended to the board for approval the integrated report and annual financial statements
- Evaluated the effectiveness of the committee



## EVALUATION OF CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION

The committee is satisfied that the expertise and experience of the CFO is appropriate to meet the responsibilities of the position. This is based on the qualifications, levels of experience, continuing professional education and the board's assessment of the financial knowledge of the CFO.

The committee is also satisfied as to the appropriateness, expertise and adequacy of resources of the finance function and the experience of senior members of management responsible for the finance function.

## APPROVAL OF THE AUDIT AND RISK COMMITTEE REPORT

The committee confirms that it has functioned in accordance with its terms of reference for the 2022 financial year.



**Sisa Litha Mayekiso**

Chairperson: Audit and risk committee

1 December 2022



# THE SOCIAL, ETHICS AND GOVERNANCE (SEG) COMMITTEE REPORT



The Social, Ethics and Governance (SEG) Committee is responsible for maintaining good governance and ethical conduct by providing overall direction and control of SAMRO's social responsibility performance and ensuring that the organisation is properly governed and upholds high ethical standards so as to facilitate good stakeholder relations.

The SEG committee is committed to supporting the board strategy, specifically the strategic pillar to improve efficiencies in the organisation and thus improve the experience of members and all other stakeholders.

The following key milestones were achieved during the year:

## Member services

The Member Services department's primary focus during the 2022 financial year has been on reviewing processes and procedures in order to remove bottlenecks and enhance member service and experience. The following support was provided to members during the year:

## Stakeholder Engagements

Member Services has held a number of virtual meetings with Publishers in order to enhance relationships with members and other stakeholders. The meetings focused mainly on service-related issues and creating opportunities for collaborations between members and the organisation.

With the easing of the Covid-19 regulations, Member Services resumed face-to-face interactions with regular members nation-wide participating in strategic member engagements across various provinces. Additionally, Member Services made a concerted effort to engage with members by partaking in workshops in provinces such as, the North West, Limpopo, Durban, and areas of Gauteng to increase brand visibility and build rapport with members. The engagements also included participating in various radio programs with the main objective to educate members about SAMRO's role in the industry.

## Unpaid Royalties Initiative (Open PO)

During the financial year under review, Member Services successfully paid **R10 million in royalties** to Composers/ Authors and Publishers through the "Unpaid Royalties" project which was implemented from July 2021 to 30 June 2022. The main beneficiaries of the project who were successfully paid included **76% of Authors and Composers, 14% Publishers, 10% Heirs and Testators**. This initiative was carried out successfully by contacting members to update their banking information so they could receive any unpaid royalties that were due to them. Additional improvements are being made to the initiative that will make it easier for members to submit claims via the SAMRO website.

## Case Management

The case management tool was launched in September 2021, the objective of the tool is to improve the overall query life cycle by providing each member with a portal where they can log, monitor and receive feedback related to their cases.

Since the launch of the tool until the end of the fiscal year, ongoing performance assessment and enhancements have been done on the case management tool. A total of 38 968 cases were logged and 30 876 closed, resulting in a 79% resolution. This is a huge improvement from the manual processes previously employed.

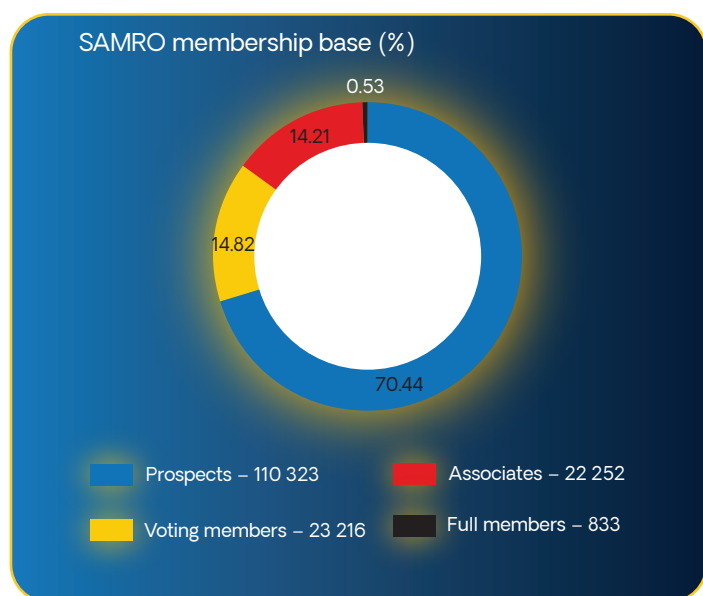
The First Call Resolution (FCR) rate is 39% and it takes an average of 60 days to respond to the first ticket sent by a member, which is being reviewed and improved.

The customer service mailbox is experiencing a backlog of A&B type queries, which are usually queries that are resolved at the first point of contact and only require minimal investigation.

Email (67%) and social media (13%), are the two primary communication channels utilised by members to log cases with Member Services. This information has been useful to improve our knowledge of our members so we can service them better.

### Member Registration platform improvements

The online application platform was enhanced for the 2022 fiscal year. The number of prospect members has grown as a result of the 28 000 online applications that were received throughout the fiscal year. Prospects members currently account for the bulk of SAMRO's servicing efforts because they comprise 70% of the organisation's current membership base. The upcoming changes to the online registration process, including the soon-to-be-introduced membership application fee are amongst the initiatives to be introduced to better manage the membership application volumes.



Voting members mentioned include all members eligible to vote which will include beneficiaries such as heirs.

- The number of SAMRO membership has increased over the last few years with an average number of registrations being 10 000 in 2018 and increasing to > 20 000 in 2022
- Current membership base at 156 624 members with the following split:
  - Prospects = 110 323
  - Voting members = 23 216
  - Associates = 22 252
  - Full members = 833

### Key benefits of the Member Application fee for Prospects, Associates and Full Members:

- Improved turnaround time by introducing an online application with limited human interference
- Initiatives aimed at introducing Prospects Members into the market
- Intensified Member Education and Awareness Initiatives
- Initiatives aimed at promoting Music as a Business for long-term sustainability
- Regular quarterly updates to members including identified industry opportunities for members

### Member Benefits

Through a collaboration with Syked, SAMRO launched a programme to encourage members' wellness that includes online counselling. The online wellness platform offers members safe video consultations in the privacy of their homes during virtual counselling sessions.

### Legal services

#### Collections

In 2022 the legal services department was able to collect **R4.6 million** of bad debt owing to SAMRO which will benefit members. There has been an increased focus on enforcement and this has resulted in higher compliance levels from different categories of licensees and therefore an increase in monies collected on behalf of members. Most notable is that we were able to obtain judgments against a number of municipalities and are in the process of recovering monies from them to the value of **R5.1 million**. We were also able to obtain judgement against a long-standing defaulting licensee in the audio-visual sector and are in the process of recovering **R6.6 million** from them.

#### Copyright Amendment Bill

The legal department has also actively been advocating for the current Copyright Amendment Bill to be drafted appropriately. The provisions of the bill currently pose a great threat to the ability of SAMRO members to earn royalties in the future. The bill is now in the National Council of Provinces and we will, with member support, continue to advocate for it to be drafted in such a manner that it will not prejudice members.



## Marketing, communications and CSI

In 2022, the organisation continued celebrating its 60th anniversary through strategic and targeted public relations and digital campaigns focused on educational content to amplify key messaging and highlight the Corporate Social Investments (CSI) initiatives. Additionally, the organisation started with the rollout of the national member engagement to take SAMRO to its members. The member engagement sessions allow members to voice concerns, suggestions, or complaints by enabling them to engage and interact with the organisation directly.

For the past 60 years, SAMRO has supported its members through various corporate social investment (CSI) programmes. In 2022, the organisation continued to activate programmes aligned to the three strategic pillars, namely:

- Business skills
- Innovative technology
- Thought leadership

SAMRO activated several CSI projects, and below are highlights of the CSI initiatives this financial year.

With the success of the SAMRO **Music Creation Support Fund (MCSF)** and the **Boston College Music Business Short Learning Programme bursaries**, the SAMRO CSI continued with these projects. In 2021 the Music Creation Support Fund (MCSF) was initiated in response to the COVID-19 pandemic to facilitate momentum in the professional practices of SAMRO members and offered 100 SAMRO Members micro-grants of R20 000 each to create new musical works. The 2022 MCSF instalment offered 100 micro-grants with a maximum budget of R25 000 per member each to support their professional music creation projects. The increase in the maximum grant value was based on a mix of requests from members and inflation. SAMRO received a total of 587 applications compared to 265 received last year.

SAMRO continued to offer members the **Boston College Music Business Short Learning Programme bursaries** to promote best practice in the music business. In 2022, SAMRO received 233 applications compared to 117 received in 2021. 50 SAMRO members were selected to be part of the course in 2022, with a total of R250 000 contributed towards member education.

**Concerts SA Digital Mobility Fund (DMF4)** also responded to the COVID-19 crisis in the live music sector and offered performing artists in South Africa the opportunity to do live stream and delayed broadcast performances. A total of 100 grants that came to R3 million combined were offered in 2022. The grants are offered by SAMRO and other third-party financial contributors and have created 4756 work opportunities in the music industry, and approximately 80% of the fund support recipients were SAMRO Members.

SAMRO also embarked on research projects, the most immediate of which has been research into **Women's Rights and Representation in the Music Industry in South Africa**. The independent research, commissioned by SAMRO, was conducted by a leading women's rights consultancy, Tara Transform. The preliminary research shows that the music industry, and South Africa as a whole, still adheres to outdated norms and continued, if not increasing, imbalances when it comes to women's rights and representation. SAMRO hosted a series of workshops with staff and industry stakeholders to highlight the imbalances, promote an ethical workplace, and offer a toolkit for people who are committed to this cause. It is envisaged that, through our members and licensees, we can influence a decrease in harassment and gender-based violence and provide safer spaces for women working in this sector.

## Ethical conduct

The board maintains the zero-tolerance position on unethical behaviour from board members, employees and members. Parties found to have been involved in any unethical conduct are dealt with in accordance with the organisation's corporate governance policy. Two employees were investigated for fraud in the organisation, found guilty and subsequently dismissed.

## Conclusion

SEG continues to work towards a membership base that constitute mostly of voting members, collecting more on behalf of members and delivering a smooth member experience whenever and wherever they choose to interact with us.

# REPORT OF THE SAMRO NOMINATION, HUMAN RESOURCES AND REMUNERATION COMMITTEE OF THE BOARD

The committee consists of a minimum of three non-executive directors which are nominated by the board and exist to assist the board in respect of the following:

1. That the board has the appropriate composition to execute its duties effectively;
2. That a formal succession planning plan exists to ensure that the board, CEO and other executive appointments are in place and are aligned to the SAMRO's policies;
3. Ensure a fair and responsible remuneration of directors, executives and other employees, including ensuring that all employee benefits are justified and correctly valued;
4. Assist the board in ensuring that appropriate HR policies are developed and implemented;
5. Ensure that an appropriate operating model and organisation structure exist to drive and implement the strategy of the organisation; and
6. The Committee also ensures that the organisation has the right people with the requisite skills and competencies necessary to pursue the strategic objectives as set out by the Board, as well as ensuring a harmonious relations between labour and management.

During the year under review, the Nominations, HR and Remuneration Committee of the SAMRO board drove and executed the following, in line with its approved Committee Terms of Reference:

In line with the HR strategy that is aligned to the achievement of the organisational strategic pillars. The Committee monitored the implementation of set milestones and recommended to the board the noting of progress and/or approval the following deliverables:

## a) To improve processes and systems

- Executive Recruitment
  - i. Mark Rosin's contract will come to an end on the 31 December 2022. During this period we initiated the recruitment of the CEO and the process shall be completed in the next financial year.
  - ii. The COO was recruited in November 2021, in line with the approved organisational structure.
- The job evaluation and grading
  - i. The job evaluation and grading of roles process was completed and approved by the Board. SAMRO remuneration principles are now premised on industry benchmarks, internal equity, external parity and is performance driven.
- Performance management
  - i. Implementation of the performance management system and principles that are aligned to organisational performance. Thus far, the performance framework is based on the organisations' achievement of the cost management and revenue growth parameters. Employees go through a performance contracting engagement sessions and

thereafter at end of the performance cycle, they are evaluated in relation to the agreed goals.

## • Change Management

- i. In line with the business systems replacement project, the change management pillar was introduced to the business in order to facilitate the necessary change initiatives as they relate to the people element. Some of the initiatives include the following:
  1. Naming the project/system, where employees participated in a competition and the ultimate winning name was Djembe.
  2. Djembe slogan staff competition, where the winning slogan that employees can relate to was "Think globally, drum locally".
  3. Organisational structure review premised on the efficiencies system rollout.
  4. As part of the SAMRO culture change journey, continuous engagements and initiatives with the business through the appointed change champions.

## b) To manage costs:

- Request and approval of the annual salary adjustments in line with Remuneration policy and standard operating procedures.
- Recruitment of executives and senior management was completed without the assistance of recruitment agencies.

## c) Improve reputation (internal):

- Covid-19 Committee
  - i. The Covid-19 committee was appointed to monitor and advise SAMRO in managing the pandemic as far as it related to the organisation in applying best practices and legislation.
  - ii. Numerous employee surveys were done to assess the number of employees that had vaccinated prior the return to the office.
  - iii. Continuous consultations with the Health & Safety Committee and organised labour were held to mitigate the effects of the pandemic in the workplace. Regular updates were reported accordingly.
- Relations with organised labour
  - i. SAMRO managed a cordial and professional workplace relationship with Communication Workers Union. No labour unrest was experienced during this financial year.
- Broad-based Black Economic Empowerment compliance
  - i. SAMRO achieved a level 6 B-BBEE contributor status.

# Remuneration report

The nominations, HR and remuneration committee (the committee) oversees remuneration, and its main responsibilities are to:

- Perform an annual self-assessment of the effectiveness of the committee, reporting findings to the board
- Determine and approve general policy on strategic compensation issues
- Annually review the committee's charter and, if appropriate, recommend required amendments for approval by the board
- Annually appraise the performance of the CEO
- Annually review and approve the remuneration packages of the most senior executives, including performance bonuses and increases, ensuring appropriateness and alignment with the remuneration policy
- Annually review the remuneration of non-executive directors
- Review incidents of unethical behaviour by senior managers and the CEO
- Prepare an annual remuneration report for inclusion in the company's integrated report

## REMUNERATION STRATEGY AND POLICY

We rely on our remuneration strategy to attract, retain and motivate competent leaders. SAMRO's remuneration strategy is structured to motivate employees to ensure sustainable value creation for members by executing the group's strategy.

SAMRO has an integrated approach to remuneration linked to the group's strategy. SAMRO's remuneration policy and practices ensure alignment of the remuneration and incentives of executives and employees and the group's long-term business strategy. The remuneration policy and practices aim to reward superior performance.

Primary objectives include the need to:

- Promote superior performance
- Direct employees' energy towards key business goals
- Achieve the most effective returns for employee spend
- Have an overall credible remuneration policy

## OVERVIEW OF REMUNERATION

### Non-executive board members

The fees of the directors are determined by a special resolution at an AGM in line with the MOI of SAMRO. SAMRO directors' remuneration is reviewed annually against competitors and companies of similar size through an independent benchmarking process. Directors' remuneration is not directly related to the organisation's performance.

### Executives and employees

SAMRO's remuneration policy rewards high performance and aims to attract talented employees to enhance the group's value. SAMRO offers a cost to company remuneration package to provide flexibility in terms of structuring the employee benefits according to individual employee needs.



# 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 summary consolidated annual financial statements set out on pages 46 to 59 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

# 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 46 to 59.

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.

## 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.

# 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

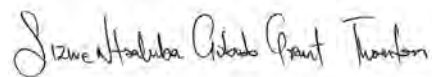
We expressed an unmodified audit opinion on the audited separate and consolidated financial statements in our report dated 01 December 2022. We have reported the matter detailed in note 8 of the summary consolidated financial statements to the Independent Regulatory Board for Auditors as a reportable 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*.



**SizweNtsalubaGobodo Grant Thornton Inc.**

Director: M Dwanya  
Registered Auditor

Woodmead

1 December 2022

# Statements of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	GROUP		COMPANY	
		2022 R'000	2021 Restated R'000	2022 R'000	2021 Restated R'000
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
<b>(Loss)/profit from operating activities</b>	14	<b>(67 798)</b>	<b>(522)</b>	<b>(71 126)</b>	<b>(2 609)</b>
Royalty distributions written back	15	52 008	25 359	52 008	25 359
Investment income	16	19 145	9 884	19 118	8 757
Finance costs		–	–	–	–
<b>Profit before tax</b>		<b>3 355</b>	<b>34 721</b>	<b>–</b>	<b>31 507</b>
Income tax expense		(1 529)	(26 746)	–	(24 222)
<b>Profit for the year</b>		<b>1 826</b>	<b>7 975</b>	<b>–</b>	<b>7 285</b>
<b>Other comprehensive income/(loss) net of tax</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
Gains/ (Loss) on revaluation of land and buildings and musical instruments (2022)/ paintings (2021)		9 334	5 708	192	148
<b>Total other comprehensive income that will not be reclassified to profit or loss</b>		<b>9 334</b>	<b>5 708</b>	<b>192</b>	<b>148</b>
<b>Components of other comprehensive income/ (loss) that will be reclassified to profit or loss</b>					
<b>Change in Fair value reserves</b>					
Changes in fair value of investments at fair value through other comprehensive income		(614)	32 951	(614)	32 951
<b>Total change in Fair value reserves</b>		<b>(614)</b>	<b>32 951</b>	<b>(614)</b>	<b>32 951</b>
<b>Total other comprehensive income/(loss) that will be reclassified to profit or loss</b>		<b>(614)</b>	<b>32 951</b>	<b>(614)</b>	<b>32 951</b>
<b>Total other comprehensive income/(loss) net of tax</b>		<b>8 720</b>	<b>38 659</b>	<b>(422)</b>	<b>33 099</b>
<b>Total comprehensive income/(loss) attributable to SAMRO members</b>		<b>10 546</b>	<b>46 634</b>	<b>(422)</b>	<b>40 384</b>

# Statements of financial position

AS AT 30 JUNE 2022

	Notes	GROUP			COMPANY		
		2022 R'000	2021 Restated R'000	2020 Restated R'000	2022 R'000	2021 Restated R'000	2020 Restated R'000
<b>ASSETS</b>							
<b>Non-current assets</b>							
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
<b>Total non-current assets</b>		<b>340 805</b>	<b>352 186</b>	<b>347 076</b>	<b>429 372</b>	<b>439 839</b>	<b>441 679</b>
<b>Current assets</b>							
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
<b>Total current assets other than assets classified as held for sale</b>		<b>596 883</b>	<b>436 529</b>	<b>301 473</b>	<b>608 023</b>	<b>440 094</b>	<b>309 010</b>
Assets classified as held for sale	6	13 650	72 502	60 612	–	–	–
<b>Total current assets</b>		<b>610 533</b>	<b>509 031</b>	<b>362 085</b>	<b>608 023</b>	<b>440 094</b>	<b>309 010</b>
<b>Total assets</b>		<b>951 338</b>	<b>861 217</b>	<b>709 161</b>	<b>1 037 395</b>	<b>879 933</b>	<b>750 689</b>
<b>Equity and liabilities</b>							
<b>Equity</b>							
(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
<b>Total equity</b>		<b>7 970</b>	<b>1 692</b>	<b>(44 942)</b>	<b>95 521</b>	<b>95 943</b>	<b>55 559</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
Post-employment medical benefits		16 184	26 072	21 930	16 184	26 072	21 930
<b>Current liabilities</b>							
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
<b>Total current liabilities other than liabilities directly associated with assets classified as held for sale</b>		<b>927 184</b>	<b>760 459</b>	<b>674 791</b>	<b>925 690</b>	<b>757 918</b>	<b>673 200</b>
Liabilities directly associated with assets held for sale	6	–	72 994	57 382	–	–	–
<b>Total current liabilities</b>		<b>927 184</b>	<b>833 453</b>	<b>732 173</b>	<b>925 690</b>	<b>757 918</b>	<b>673 200</b>
<b>Total liabilities</b>		<b>943 368</b>	<b>859 525</b>	<b>754 103</b>	<b>941 874</b>	<b>783 990</b>	<b>695 130</b>
<b>Total equity and liabilities</b>		<b>951 338</b>	<b>861 217</b>	<b>709 161</b>	<b>1 037 395</b>	<b>879 933</b>	<b>750 689</b>



# Statements of cash flows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	GROUP		COMPANY	
		2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Net cash flows from operations</b>		<b>408 279</b>	409 621	<b>418 347</b>	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)
<b>Net cash flows from operating activities</b>		<b>150 994</b>	96 680	<b>156 357</b>	88 845
<b>Cash flows from investing activities</b>					
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
<b>Cash flows from investing activities</b>		<b>2 789</b>	14 736	<b>4 971</b>	24 217
<b>Net increase in cash and cash equivalents</b>		<b>153 783</b>	111 416	<b>161 328</b>	113 062
Cash and cash equivalents at beginning of the year		363 436	252 020	355 327	242 265
<b>Cash and cash equivalents at end of the year</b>	5	<b>517 219</b>	363 436	<b>516 655</b>	355 327

# Statements of changes in equity

FOR THE YEAR ENDED 30 JUNE 2022

	COMPANY			
	Revaluation surplus R'000	Mark-to-market reserve R'000	(Accumulated loss)/retained income R'000	Total R'000
<b>*Restated balance at 1 July 2020</b>	1 271	47 586	6 702	55 559
<b>Changes in equity</b>				
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
<b>*Restated balance at 30 June 2021</b>	1 419	80 537	13 987	95 943
<b>*Restated balance at 1 July 2021</b>	1 419	80 537	13 987	95 943
<b>Changes in equity</b>				
Revaluation of musical instruments	192	–	–	192
Fair value loss on investment through other comprehensive income	–	(614)	–	(614)
Total comprehensive income	192	(614)	–	(422)
<b>Balance at 30 June 2022</b>	<b>1 611</b>	<b>79 923</b>	<b>13 987</b>	<b>95 521</b>

\* 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

	GROUP			
	Revaluation surplus R'000	Mark-to-market reserve R'000	(Accumulated loss)/retained income R'000	Total R'000
<b>*Restated balance at 1 July 2020</b>	–	47 586	(92 528)	(44 942)
<b>Changes in equity</b>				
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
<b>*Restated balance at 30 June 2021</b>	5 708	80 537	(84 553)	1 692
<b>*Restated balance at 1 July 2021</b>	5 708	80 537	(84 553)	1 692
<b>Changes in equity</b>				
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)	–
<b>Balance at 30 June 2022</b>	<b>16 313</b>	<b>79 923</b>	<b>(88 266)</b>	<b>7 970</b>

\* 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

# Accounting policies

FOR THE YEAR ENDED 30 JUNE 2022

## 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.

# Notes to the consolidated and separate financial statements

FOR THE YEAR ENDED 30 JUNE 2022

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>3. CAPITAL EXPENDITURE INCURRED</b>				
Property and equipment	2 031	821	2 031	761
Software development	6 232	-	6 232	-
	<b>8 263</b>	821	<b>8 263</b>	761

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.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>4. INVESTMENTS</b>				
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 and at fair value through profit/loss	<b>215 476</b>	208 821	<b>215 476</b>	208 821
<b>5. CASH AND CASH EQUIVALENTS</b>				
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
	<b>517 219</b>	363 436	<b>516 655</b>	355 327



# Notes to the Consolidated and Separate Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2022

## 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.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Non-current assets</b>				
Property, plant and equipment	13 650	–	–	–
<b>Current assets</b>				
Assets of disposal group classified as held for sale	–	72 502	–	–
<b>Current liabilities</b>				
Liabilities of disposal group classified as held for sale	–	72 994	–	–
<b>Assets classified as held for sale:</b>				
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	–	–
<b>Total assets of disposal group held for sale</b>	–	72 502	–	–
<b>Liabilities directly associated with assets classified as held for sale:</b>				
Social & cultural obligations	–	5 190	–	–
Royalty distributions payable	–	62 697	–	–
Trade & other payables	–	5 107	–	–
<b>Total liabilities of disposal group held for sale</b>	–	72 994	–	–
<b>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:</b>				
Revenue	–	73 288	–	–
Social and Cultural expenses	–	(315)	–	–
Other operating expense	–	(16 043)	–	–
Distribution expense	–	(55 295)	–	–
<b>Operating profit</b>	–	1 635	–	–
Investment income	–	996	–	–
<b>Profit before taxation</b>	–	2 631	–	–
Taxation	–	(1 097)	–	–
<b>Net profit for the year</b>	–	1 534	–	–
<b>Cash flows from the held-for-sale business DALRO (Pty) Ltd:</b>				
Net cash inflows from operating activities	–	12 769	–	–
Net cash inflows from investing activities	–	885	–	–
Net cash (outflows) from financing activities	–	(5 741)	–	–
<b>Net cash inflows</b>	–	7 913	–	–

# Notes to the Consolidated and Separate Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2022

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>7. SOCIAL AND CULTURAL OBLIGATIONS</b>				
Social and cultural obligations	<b>33 461</b>	20 231	<b>33 461</b>	24 991
Balance at the beginning of the year	<b>20 231</b>	22 409	<b>24 991</b>	27 170
Utilisation during the year	<b>(8 913)</b>	(20 810)	<b>(8 913)</b>	(22 666)
SAMRO Foundation disposal	<b>4 760</b>	–	–	–
Current funding for the year	<b>17 383</b>	18 632	<b>17 383</b>	20 487
<b>Balance at the end of the year</b>	<b>33 461</b>	20 231	<b>33 461</b>	24 991
<b>7.1 Social Obligations</b>				
<b>Other social funds not included in distributions</b>				
Balance at the beginning of the year	<b>9 817</b>	9 518	<b>9 817</b>	9 518
Utilisation during the year	<b>(8 242)</b>	(9 843)	<b>(8 242)</b>	(9 843)
Current funding for the year	<b>14 776</b>	10 142	<b>14 776</b>	10 142
Balance at the end of the year	<b>16 351</b>	9 817	<b>16 351</b>	9 817
<b>Total social funds</b>	<b>16 351</b>	9 817	<b>16 351</b>	9 817
<b>7.2 Cultural obligations</b>				
<b>SAMRO Foundation and related provisions</b>				
Balance at the beginning of the year	<b>8 330</b>	10 807	<b>13 189</b>	15 667
Utilisation during the year	<b>(572)</b>	(12 822)	<b>(671)</b>	(12 823)
SAMRO Foundation reserves absorbed	<b>4 760</b>	–	–	–
Current funding for the year	<b>2 607</b>	10 345	<b>2 607</b>	10 345
<b>Balance at the end of the year</b>	<b>15 125</b>	8 330	<b>15 125</b>	13 189
<b>Bequests and donations</b>				
Balance at the beginning of the year	<b>2 084</b>	2 084	<b>1 985</b>	1 985
Utilisation during the year	<b>(99)</b>	–	–	–
Current funding for the year	–	–	–	–
<b>Balance at the end of the year</b>	<b>1 985</b>	2 084	<b>1 985</b>	1 985
<b>Total cultural funds</b>	<b>17 110</b>	10 414	<b>17 110</b>	15 174
<b>Total social and cultural funds</b>	<b>33 461</b>	20 231	<b>33 461</b>	24 991

# Notes to the Consolidated and Separate Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2022

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>8. ROYALTY DISTRIBUTION PAYMENTS TO MEMBERS AND AFFILIATED SOCIETIES</b>				
Available for distribution at the end of the year <sup>1</sup>	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
	<b>837 874</b>	<b>690 627</b>	<b>837 874</b>	<b>690 627</b>
Available for distribution at the beginning of the year <sup>1</sup>	(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 <sup>1</sup>	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
	<b>(253 077)</b>	<b>(290 012)</b>	<b>(253 077)</b>	<b>(235 205)</b>
<sup>1</sup> Refer 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 R3.4 million 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.				
<b>9. REVENUE</b>				
Music rights	490 417	459 547	490 417	459 547
Royalties from affiliated societies	24 498	16 963	24 498	16 963
DALRO licensing fees	–	73 267	–	–
DALRO sale of books and musicals	–	21	–	–
SAMRO House rental income	5 719	5 768	–	–
<b>Total revenue</b>	<b>520 634</b>	<b>555 566</b>	<b>514 915</b>	<b>476 510</b>
<b>10. OTHER INCOME</b>				
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
<b>Total other income</b>	<b>2 220</b>	<b>3 709</b>	<b>7 023</b>	<b>9 610</b>
<b>11. EMPLOYEE BENEFITS EXPENSE</b>				
<b>Personnel costs form part of administration expenses (refer note 14) and include:</b>				
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
	<b>90 840</b>	<b>106 084</b>	<b>88 966</b>	<b>94 897</b>



# Notes to the Consolidated and Separate Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2022

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>12. DISTRIBUTION EXPENSES</b>				
Licence and royalty	452 332	394 046	452 332	338 751
<b>13. OTHER GAINS AND (LOSSES)</b>				
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
<b>Total other gains and (losses)</b>	<b>3 722</b>	<b>14 220</b>	<b>3 722</b>	<b>7 269</b>
<b>14. (LOSS)/PROFIT FROM OPERATING ACTIVITIES</b>				
<b>Loss from operating activities includes the following items:</b>				
Office rental and repairs <sup>1</sup>	4 453	4 279	5 089	4 158
Depreciation <sup>1</sup>	4 134	4 121	1 432	1 388
Amortisation <sup>1</sup>	16 079	16 534	16 079	16 106
Operating costs <sup>3</sup>	3 958	6 376	3 947	5 976
Professional fees <sup>1</sup>	1 795	4 593	1 659	1 481
IT costs <sup>2</sup>	3 181	3 906	3 126	3 698
Employee benefits <sup>1</sup> – Refer note 11	90 840	106 084	88 966	94 897
Marketing costs <sup>1</sup>	1 516	1 799	1 516	1 744
Other costs <sup>3</sup>	11 433	8 238	9 753	5 646
<b>Auditor's remuneration<sup>2</sup></b>				
Fees – current year	2 188	2 105	1 998	1 922
Fees – under provision previous years	868	754	868	(12)
	<b>3 056</b>	<b>2 859</b>	<b>2 866</b>	<b>1 910</b>
<b>* (Reversals of ECL)/ ECL<sup>1</sup></b>				
ECL on Trade receivables	(18 699)	(1 979)	(18 961)	(2 719)
ECL on loan to group company	–	–	8 686	–
	<b>(18 699)</b>	<b>(1 979)</b>	<b>(10 275)</b>	<b>(2 719)</b>
<i>* ECL (i.e. Expected credit losses)</i>				
<b>Investment management fees<sup>1</sup></b>	<b>961</b>	<b>761</b>	<b>961</b>	<b>761</b>
<b>Social and Cultural expenses<sup>1</sup></b>				
Social	14 776	10 142	14 776	10 142
Cultural	2 607	8 490	2 607	10 345
	<b>17 383</b>	<b>18 632</b>	<b>17 383</b>	<b>20 487</b>
<b>Notes:</b>				
<sup>1</sup> Included in Administration expenses				
<sup>2</sup> Included in Other administration expenses				
<sup>3</sup> Included in Administration expenses and in Other administration expenses				
<b>15. ROYALTY DISTRIBUTIONS WRITTEN BACK</b>				
Undistributable income written back	52 008	25 359	52 008	25 359
<b>16. INVESTMENT INCOME</b>				
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
<b>Total income from investments</b>	<b>19 145</b>	<b>9 884</b>	<b>19 118</b>	<b>8 757</b>

# Notes to the Consolidated and Separate Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2022

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>17. KEY MANAGEMENT EMOLUMENTS</b>				
From the company and its controlled subsidiaries for:				
<b>Directors</b>				
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	7 336	7 958	7 336	7 397
Post-retirement benefits				
– Estimated post-retirement benefits	–	–	–	–
<b>Total directors' emoluments</b>	<b>7 336</b>	<b>7 958</b>	<b>7 336</b>	<b>7 397</b>
Paid by:				
– Company	7 336	7 397	7 336	7 397
– Subsidiaries	–	561	–	–
<b>Total paid</b>	<b>7 336</b>	<b>7 958</b>	<b>7 336</b>	<b>7 397</b>
<b>Other key management</b>				
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	11 028	11 963	11 028	11 963
Post-retirement benefits				
– Estimated post-retirement benefits	(4)	86	(4)	86
<b>Total other key management emoluments</b>	<b>11 024</b>	<b>12 049</b>	<b>11 024</b>	<b>12 049</b>
<b>Total key management emoluments</b>	<b>18 360</b>	<b>20 007</b>	<b>18 360</b>	<b>19 446</b>

	*DALRO R'000	**SAMRO Foundation R'000	Total R'000
<b>18. DISPOSAL OF CONTROLLED ENTITIES</b>			
<b>18.1 Assets and liabilities over which control was lost</b>			
<b>Current assets</b>			
Assets classified as held for sale	72 502	–	72 502
<b>Current liabilities</b>			
Social and Cultural obligations	–	4 760	4 760
Liabilities directly associated with assets held for sale	(72 994)	–	(72 994)
<b>***Assets and liabilities over which control was lost</b>	<b>(492)</b>	<b>4 760</b>	<b>4 268</b>
<b>18.2 Gain/(Loss) on disposal of subsidiaries</b>			
Consideration received (Refer note 13)	3 685	–	3 685
Less: net assets disposed of	–	(4 760)	(4 760)
<b>Gain or loss on disposal of subsidiaries</b>	<b>3 685</b>	<b>(4 760)</b>	<b>(1 075)</b>

\* 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.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>18. DISPOSAL OF CONTROLLED ENTITIES (CONTINUED)</b>				
<b>18.3 Net cash flow from disposal of subsidiaries</b>				
Consideration received in cash	3 685	–	3 685	–
Less net assets disposed of	(4 760)	–	–	–
<b>Total net cash flow from disposal of subsidiaries</b>	<b>(1 075)</b>	<b>–</b>	<b>3 685</b>	<b>–</b>

## 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.

### 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.

## 21. PRIOR PERIOD ERRORS (CONTINUED)

### 21.1 Unit trust classification (continued)

Financial statement line items affected by the error:

	As previously stated R'000	Adjustment R'000	Restated amount R'000
<b>FY2021</b>			
<b>Group and Company level</b>			
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
<b>FY2020</b>			
<b>Group and Company level</b>			
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.

### 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.



# Notes to the Consolidated and Separate Financial Statements continued

FOR THE YEAR ENDED 30 JUNE 2022

Financial statement line items affected by the error:

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

## 21.3 FY2020 Restated reserve balances

	R'000
<b>Group level</b>	
<b>Retained earnings/(Accumulated deficit)</b>	
As previously stated - 1 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 - 1 July 2020	(92 528)
<b>Mark-to-market reserve</b>	
As previously stated - 1 July 2020	58 816
Unit trust classification error (Refer note 21.1)	(11 230)
Restated balance - 1 July 2020	47 586
<b>Company level</b>	
<b>Retained earnings/(Accumulated deficit)</b>	
As previously stated - 1 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 - 1 July 2020	6 702
<b>Mark-to-market reserve</b>	
As previously stated - 1 July 2020	58 816
Unit trust classification error (Refer note 21.1)	(11 230)
Restated balance - 1 July 2020	47 586

## 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.

# Corporate 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	<a href="http://www.samro.org.za">www.samro.org.za</a>
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
Legal Advisors	Spoor and Fisher Webber Wentzel Terina Singh
Investment advisors	Investec Nedbank Wealth Old Mutual Multi Managers

# Glossary

<b>AGM</b>	Annual general meeting
<b>BBBEE</b>	Broad-based black economic empowerment
<b>BEE</b>	Black economic empowerment
<b>CAB</b>	Copyright Amendment Bill
<b>CAPASSO</b>	Composers, Authors and Publishers' Association
<b>CMO</b>	Collective management organisation
<b>CSA</b>	Concerts SA
<b>CSI</b>	Corporate social investment
<b>DALRO</b>	Dramatic, Artistic and Literary Rights Organisation (Pty) Ltd
<b>IT</b>	Information technology
<b>MOI</b>	Memorandum of incorporation
<b>NGO</b>	Non-governmental organisation
<b>NPC</b>	Non-profit company
<b>SAMPRA</b>	South African Music Performance Rights Association
<b>SAMRO</b>	Southern African Music Rights Organisation
<b>SRAF</b>	SAMRO Retirement Annuity Fund
<b>VAT</b>	Value added tax