South African Music Performance Rights Associates NPC
(Registration number 2000/028009/08)
Trading as SAMPRA
Annual financial statements
for the year ended 31 December 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Collective music copyright administration
Independent Chairman of the board	JJ Baloyi
Chief Executive Officer	P Lishivha
Composition of board	**Record Company Chamber** SS Dlamini J Kok CP Kuhn AG Mitchley TC Fraser SRJ Watson **Performers Chamber** NA Matzukis (Resigned 2018) EJ Smith JJ Niemand M Ndlovu A Maswanganye LV Bala
Registered office	20 De Korte Street Braamfontein 2000
Postal address	P.O.Box 367 Randburg 2125
Bankers	Standard Bank Limited
Auditor	BDO South Africa Incorporated Registered Auditors
Secretary	Ntsietso Mokitimi-Makhofola
Level of assurance	These annual financial statements have been audited in compliance with section 30(2)(b)(ii) of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by: L Roodt CA (SA)
Published	25 September 2018

General Information

Statutory directors	TC Fraser P Lishivha AG Mitchley SRJ Watson L Bala JJ Baloyi SS Dlamini J Kok CP Kuhn MA Maswanganye NA Matzukis MR Ndlovu JJ Niemand EJ Smith

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The reports and statements set out below comprise the annual financial statements presented to the members:

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements present fairly the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

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

The company's external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 7 to 8.

The annual financial statements set out on pages 9 to 22, which have been prepared on the going concern basis, were approved by the board of directors on 25 September 2018 and were signed on its behalf by:

J. Joel Baloyi

JJBaloyi

Chairman of the Board of Directors

Pfanani Lishivha

Chief Executive Officer

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements for the year ended 31 December 2017.

1. Review of activities

Main business and operations

South African Music Performance Rights Association NPC (SAMPRA) is a non-profit company whose main business and operations are directed at the administration of specific rights relating to the copyright in sound recordings owned or licenced to members of SAMPRA.

SAMPRA's business and operations are subject to regulation by the Registrar of Copyright in terms of the Collecting Society Regulations (published under GN 517 in GG 28894 on 1 June 2006), as stipulated in the Copyright Act of 1978.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Distributions

The company, in terms of Regulation 8(1) of the Collecting Society Regulations, is required to distribute funds collected on behalf of its members at least every 12 months.

Distributions are done in compliance with an approved distribution plan by the Companies and Intellectual Property Commission (CIPC).

In terms of regulation 6(2) of the Collecting Society Regulations, SAMPRA needs to distribute 80% of all proceeds to members.

We draw your attention to the distribution ratio's over the past 4 years. The provision for irrecoverable debt affects the nett operating expenses, proceeds and distributions. The provision of bad debt should be seen as a reduction of the proceeds (revenue) line item and will be excluded as an operating expense for the company, when looking at distribution ratio:

	Revenue	Operating expenses	Expense ratio before bad debt	Bad debt	Expense ratio after bad debt
2014	56 469 138	19 847 941	35%	1 336 702	33%
2015	86 235 880	33 644 554	39%	15 160 807	21%
2016	160 322 644	6 679 504	4%	(12 464 000)	12%
2017	102 569 832	28 058 419	27%	4 035 322	24%
Average			**22%**		**20%**

Distributions of 2014 collections was approved by CIPC in 2017 and SAMPRA started with the distribution process in 2017.

No distributions were made for the 2015 and 2016 collections during 2017.

The last distribution plan approved by CIPC was on 18 June 2018 for collections made in 2015.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. SAMPRA's future operations are largely dependent on the company's regulatory accreditation status as an accredited Collection Society.

SAMPRA has been accredited to act as a Representative Collecting Society for five years commencing September 2014 in terms of Section 9A of the Copyright Act 98, of 1978 and in terms of Section 5(1)(b) of the Performers' Protection Act 11, of 1967. Accreditation No. RC 2014/0000/.

Directors' Report

3. Events after the reporting period

The directors are not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or the financial statements, which significantly affect the financial position of the company or the results of its operations to the date of this report.

4. Directors

The SAMPRA board does not need to consist of statutory directors. The board consist of 6 members of the Copyright Owners Chamber, 6 members of the Performers Chamber, independent chairperson and the CEO. All board members have to be either members or statutory directors of SAMPRA.

Chief Executive Officer
P Lishivha

Record Company Chambers
SS Dlamini
J Kok
CP Kuhn
AG Mitchley
TC Fraser
SRJ Watson

Performers Chamber

NA Matzukis	Resigned 02 January 2018
EJ Smith	
JJ Niemand	
M Ndlovu	
A Maswanganye	
LV Bala	

Staturory directors	Designation	Changes
TC Fraser	Non-Executive	
P Lishivha	Executive	Appointed 01 October 2017
AG Mitchley	Non-Executive	Appointed 21 September 2017
SRJ Watson	Non-Executive	
L Bala	Non-Executive	Appointed 21 September 2017
JJ Baloyi	Non-Executive	Appointed 06 November 2017
SS Dlamini	Non-Executive	Appointed 21 September 2017
J Kok	Non-Executive	Appointed 21 September 2017
CP Kuhn	Non-Executive	Appointed 21 September 2017
MA Maswanganye	Non-Executive	Appointed 21 September 2017
NA Matzukis	Non-Executive	Appointed 21 September 2017
MR Ndlovu	Non-Executive	Appointed 21 September 2017
JJ Niemand	Non-Executive	Appointed 21 September 2017
EJ Smith	Non-Executive	Appointed 21 September 2017

5. Secretary

Ntsietso Mokitimi-Makhofola is responsible for performing certain statutory duties with the consent of the company.

6. Auditor

BDO South Africa Incorporated are the appointed auditors.

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Parktown, 2193
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Houghton, 2041
South Africa

Independent Auditor's Report

To the Members of South African Music Performance Rights Association NPC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of South African Music Performance Rights Association NPC set out on pages 9 to 22, which comprise the statements of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of South African Music Performance Rights Association NPC as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa. Other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial statements

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

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

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

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

BDO South Africa Inc.

BDO South Africa Incorporated
Director: Jennifer Buck
Registered Auditor

8 October 2018

22 Wellington Road
Parktown
2193

Statement of Financial Position as at 31 December 2017

	Note(s)	2017 R	2016 R
Assets			
Non-Current Assets			
Intangible assets	2	290 869	427 022
Property, plant and equipment	3	1 290 222	903 916
Investments	4	4 249 188	10 235 208
		5 830 279	**11 566 146**
Current Assets			
Loan to related party	5	55 715	-
Investments	4	-	137 345 735
Current tax receivable		3 207 777	2 925 681
Trade and other receivables	6	25 258 634	103 470 236
Cash and cash equivalents	7	399 652 334	96 639 356
		428 174 460	**340 381 008**
Total Assets		**434 004 739**	**351 947 154**
Liabilities			
Current Liabilities			
Loan from related party	5	-	25 782
Other financial liabilities	9	364 719 513	304 211 719
Trade and other payables	10	44 955 018	23 047 199
Deferred income	11	22 282 435	22 765 981
Provisions	12	2 047 773	1 896 473
Total liabilities		**434 004 739**	**351 947 154**

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2017 R	2016 R
Licence Fees	13	102 569 832	160 322 644
Other income		21 555	21 897
Operating expenses		(28 070 700)	(6 679 504)
Operating profit	14	**74 520 687**	**153 665 037**
Investment revenue	15	23 919 271	15 892 328
Finance costs	16	(602)	(991)
Distributable amount		**98 439 356**	**169 556 374**
Distributions	17	(97 504 978)	(169 556 374)
Amount retained		**934 378**	-
Taxation	18	(934 378)	-
Surplus / Retained		-	-

Statement of Cash Flows

	Notes	2017 R	2016 R
Cash flows from operating activities			
Cash generated from operations	19	175 056 477	76 290 471
Interest income		11 103 125	15 892 328
Finance costs		(602)	(991)
Tax paid		(1 216 474)	(8 777 041)
Distributions approved	9	(36 997 183)	-
Net cash from operating activities		**147 945 343**	**83 404 767**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(946 814)	(537 758)
Sale of property, plant and equipment	3	1 397	18 000
Purchase of other intangible assets	2	(55 419)	(375 486)
Sale of other intangible assets	2	2 068	-
Sale of investment	4	156 147 900	-
Interest on investment reinvested		-	(12 861 547)
(Decrease)/increase in loans from related parties		(25 782)	63 103
Increase in loans to related parties		(55 715)	-
Net cash used in investing activities		**155 067 635**	**(13 693 688)**
Total cash movement for the year		**303 012 978**	**69 711 079**
Cash at the beginning of the year		96 639 356	26 928 277
Total cash at end of the year	7	**399 652 334**	**96 639 356**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period unles otherwise stated.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivable and other financial assets

The company assesses its trade receivables and other financial assets for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Provision for consultancy fees

The provision for consultancy fees includes a provision raised by management for payments to be made to K Lister. The value of payments will depend on the outcome of uncertain events and the provision raised is based on a management estimate.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Estimating useful lives and residual values of property, plant and equipment

Depreciation is provided on all property, plant and equipment to write down the cost to residual value, on a straight line basis over their useful lives. The residual value and the useful life of each asset is reviewed at each financial period end.

Statutory and regulatory framework

The company assesses statutory and regulatory matters affecting its operations as they arise and again at year-end. These matters are assessed in conjunction with legal opinion, where management deem this necessary.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

The cost of property plant and equipment include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Accounting Policies

1.2 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Furniture and fixtures	6 years
Office equipment	6 years
IT equipment	3 years
Leasehold improvements	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If there are indicators present that there is a change from previous estimate the change is accounted for as a change in accounting estimates.

The depreciation charge for each period is recognised in profit and loss.

Gains and losses on disposal or derecognition are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.3 Intangible assets

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

Intangible assets are initially recognised at cost.

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

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

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

Item	Useful life
Computer software	3 years

1.4 Financial instruments

Initial measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments. The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Loans to (from) related parties

These loans are recognised initially at fair value plus direct transaction costs. Subsequently these loans are measured at amortised cost, using the effective interest method.

Trade and other receivables

Trade and other receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

1.4 Financial instruments (continued)

Trade and other payables and other financial liabilities

Trade and other payables and other financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method.

Trade and other payables are classified as financial liabilities at cost.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balances and are subject to an insignificant risk of change in value.

Cash and cash equivalents are classified as loans and receivables.

Fair value measurement hierarchy

The company determines the fair value of its financial instruments on the basis of the following hierarchy:

Level 1:	Quoted prices (unadjusted) in active markets for identicals assets or liabilities;
Level 2:	Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities either directly (that is, as prices) or indirectly (that is derived from prices); and
Level 3:	Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

1.5 Investments

Investments comprises units in an income fund (unit trust) and are carried at fair value through profit or loss. Fair value is calculated by reference to related redemption price as quoted by the institution concerned.

1.6 Impairment of assets

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

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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

An impairment loss of assets carried at cost less any accumulated depreciation is recognised immediately in profit or loss.

1.7 Provisions and contingencies

Provisions are recognised when:

- the company has an present obligation at the reporting period date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

Contingent assets and contingent liabilities are not recognised.

Provisions are not recognised for future operating losses.

1.8 Deferred income

Deferred income is recognised for amounts received from customers that relate to future financial periods.

Accounting Policies

1.9 Revenue

Revenue income includes licence fees charged for: "Radio Broadcasting" and "Communication to the Public" based on recordings that are broadcast, diffused or communicated to the public.

Settlement discounts are deducted from revenue, this then represents "proceeds" for the year.

Radio Broadcast revenue is recognised in the period in which they are incurred. Radio Broadcast revenue can only be invoiced once the tariff parameters can be reliably ascertained and verified and the amount of revenue can thus be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Expenses are recognised in full when incurred. Management consider it necessary to point out to the members and the regulators that if expenses were recognised according to matching principle, aligned to the revenue recognition, the ratio of revenue to expenses would be more fairly presented.

Interest is recognised, in profit or loss, using the effective interest method.

1.10 Borrowing costs

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

	2017 R	2016 R

2. Intangible assets

	2017			2016		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	988 621	(697 752)	290 869	1 139 941	(712 919)	427 022

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	427 022	55 419	(2 068)	(189 504)	290 869

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	175 068	375 486	(123 532)	427 022

3. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	526 518	(199 408)	327 110	421 910	(312 827)	109 083
Office equipment	346 735	(149 898)	196 837	287 822	(152 755)	135 067
IT equipment	2 093 282	(1 660 199)	433 083	2 280 816	(1 625 192)	655 624
Leasehold improvements	363 548	(30 356)	333 192	323 669	(319 527)	4 142
Total	**3 330 083**	**(2 039 861)**	**1 290 222**	**3 314 217**	**(2 410 301)**	**903 916**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	109 083	275 070	(9 522)	(47 521)	327 110
Office equipment	135 067	109 030	(4 999)	(42 261)	196 837
IT equipment	655 624	199 167	(3 487)	(418 221)	433 083
Leasehold improvements	4 142	363 547	-	(34 497)	333 192
	903 916	**946 814**	**(18 008)**	**(542 500)**	**1 290 222**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	140 071	10 433	(41 421)	109 083
Office equipment	111 522	62 434	(38 889)	135 067
IT equipment	583 798	464 891	(393 065)	655 624
Leasehold improvements	33 802	-	(29 660)	4 142
	869 193	**537 758**	**(503 035)**	**903 916**

Notes to the Annual Financial Statements

	2017 R	2016 R

4. Investments

	2017 R	2016 R
At fair value through profit or loss		
Unit Trusts		
Opening balance	147 580 943	134 719 396
Fair value adjustment	3 377 686	1 016 347
Interest received	9 438 459	11 845 200
Additions and disposals of investment	(156 147 900)	-
Closing balance	**4 249 188**	**147 580 943**
Non-current assets	4 249 188	10 235 208
Current assets	-	137 345 735
	4 249 188	**147 580 943**

Fair value information

Investment income granted on the unit trust is capitalised directly against the investment by purchasing additional units in the fund. The remaining portion of the unit trust investment held with Stanlib: Stanlib Income ABIL Retention Fund has been side pocketed and cannot currently be traded. This was due to a portion of the fund being exposed to ABIL shares. This portion has been classified as a non-current asset, due to trading restrictions. Fair values are determined quarterly for the Stanlib Income Fund based on quoted market prices. The units in the Stanlib Investment is deemed to be a level 2 as the unit prices are derived from quoted market prices.

5. Loans to (from) related parties

	2017 R	2016 R
Recording Industry of South Africa (RISA)	-	(25 782)
Performers' Organisation of South Africa (POSA)	55 715	-
	55 715	**(25 782)**
Current assets	55 715	-
Current liabilities	-	(25 782)
	55 715	**(25 782)**

These loans are unsecured, interest free and have no fixed terms of repayment.

6. Trade and other receivables

	2017 R	2016 R
Trade receivables	23 820 525	103 189 733
Deposits	209 926	142 260
Prepaid expenses	71 645	112 826
Royalties paid in advance	1 156 538	-
Staff advances	-	25 417
	25 258 634	**103 470 236**

Notes to the Annual Financial Statements

	2017 R	2016 R

7. Cash and cash equivalents

Cash on hand	674	577
Bank balances	1 845 255	19 753 403
Short-term deposits	397 806 405	76 885 376
	399 652 334	**96 639 356**

Standard Bank of South Africa Limited has provided a card facility to the company in the amount of R 120 000, which expires on 15 July 2018.

8. Share capital

The South African Music Performance Rights Association is a Non-profit organisation with no share capital, limited by guarantee.

9. Other financial liabilities

Held at amortised cost		
Available for distribution - cumulative interests on funds invested	87 964 833	64 323 980
2014 Distribution allocation excluding interest	-	36 996 409
2015 Distribution allocation excluding interest	49 465 057	49 465 057
2016 Distribution allocation excluding interest	153 426 273	153 426 273
2017 Distribution allocation excluding interest	73 863 350	-
	364 719 513	**304 211 719**

Reconciliation of other financial liabilities		
Opening balance	304 211 718	134 655 344
Distributable amount	97 504 978	169 556 374
Distributions approved	(36 997 183)	-
Closing balance	**364 719 513**	**304 211 718**

Current liabilities		
At amortised cost	364 719 513	304 211 719

Other financial liabilities represent the amounts still to be distributed in a royalty allocation process (Royalty Distribution process). In compliance with the Collecting Society Regulations Section 8(1), SAMPRA is required to distribute at least once every year amounts collected by it. The timing of distributions is dependent on approval of the Distribution Plan by CIPC.

The 2014 Distribution Plan was approved for distribution by CIPC on 20 July 2017. SAMPRA started with the distribution process during 2017.

The Distribution Plan for 2015 collections was approved on 18 June 2018.

10. Trade and other payables

Trade payables *	41 593 700	12 321 323
Amounts received in advance	1 601 394	1 245 803
VAT	1 150 542	9 003 336
Payroll accruals	324 125	379 571
Other accruals	285 257	97 166
	44 955 018	**23 047 199**

* Included in Trade payables is royalties payable to members to the amount of R 37 944 961 (2016: R 9 520 326).

Notes to the Annual Financial Statements

	2017 R	2016 R

11. Deferred income

	2017 R	2016 R
Opening balance	22 765 981	30 235 487
Revenue recognised	(22 764 977)	(29 924 051)
Revenue invoiced in advance	27 625 916	24 678 307
Minus amounts invoiced in advance not received at year end	(5 344 485)	(2 223 762)
Deferred income (license fees)	**22 282 435**	**22 765 981**

12. Provisions

Reconciliation of provisions - 2017

	Opening balance	Additions	Total
Provision for consultancy fees	1 896 473	151 300	2 047 773

Reconciliation of provisions - 2016

	Opening balance	Additions	Total
Provision for consultancy fees	1 630 222	266 251	1 896 473

The company entered into a consultancy agreement with Music Rights and Licensing, a company controlled by Keith Lister, whereby a range of executive, business and legal services would be provided to SAMPRA. The agreement also included that Music and Rights Licensing would receive an outcome based fee at the end of the agreement, for which SAMPRA is providing.

13. Revenue

	2017 R	2016 R
Radio Broadcast Licence Fees	42 795 753	98 548 084
Communication to the Public Licence Fees	59 774 079	61 557 694
Interest received (trading)	-	216 866
	102 569 832	**160 322 644**

	2017 R	2016 R
The amount included in revenue are as follows:		
Invoiced amount - Radio Broadcast Licence Fees	42 795 753	98 548 085
Invoiced amount - Communication to the Public Licence Fees	71 881 294	59 750 114
Less: Negotiated discount	(9 470 038)	(3 438 165)
Less: Income invoiced in advance	(27 625 916)	(24 678 307)
Plus: Vesting of prior period income invoiced in advance	24 988 739	29 924 051
Interest received	-	216 866
	102 569 832	**160 322 644**

Notes to the Annual Financial Statements

	2017 R	2016 R

14. Operating profit

Operating profit for the year is stated after accounting for the following:

	2017 R	2016 R
Operating lease charges		
Premises		
• Straight-line basis	580 242	639 319
Equipment		
• Straight-line basis	170 358	67 095
	750 600	**706 414**

	2017 R	2016 R
Loss on sale of property, plant and equipment	16 611	(18 000)
Other professional fees	2 046 657	1 607 981
(Profit) Loss on exchange differences	-	(438)
Depreciation on property, plant and equipment	732 004	626 567
Employee costs	11 332 141	10 076 833
Discount allowed for cash	524 184	1 230 700

15. Investment revenue

	2017 R	2016 R
Interest revenue		
Bank	10 821 028	3 030 781
Fair value adjustment to Stanlib Income Fund	3 377 687	1 016 347
Interest on investment	9 438 459	11 845 200
Receiver of revenue	282 097	-
	23 919 271	**15 892 328**

16. Finance costs

	2017 R	2016 R
Bank	602	991

17. Distributions

In compliance with the Collecting Society Regulations, section 6(2), SAMPRA shall distribute at least 80% of proceeds amongst its members.

	2017 R	2016 R
Distribution		
Distribution for the year recognised in statement of comprehensive income	(97 504 978)	(169 556 374)

18. Taxation

Major components of the tax expense

	2017 R	2016 R
Local income tax - recognised in current tax for prior periods	934 378	-

SAMPRA's distribution expense is calculated using retention funding for tax charges under subregulation 6(2). No provision has been made for taxation as the company had no taxable income. The loss available to utilise against future profits is R Nil (2016: R Nil).

Notes to the Annual Financial Statements

	2017 R	2016 R
19. Cash generated from operations		
Distributable amount	98 439 356	169 556 374
Adjustments for:		
Depreciation and amortisation	732 004	626 567
Loss on sale of assets	16 611	(18 000)
Interest received	(20 541 584)	(15 892 328)
Finance costs	602	991
Fair value adjustments	(3 377 688)	-
Movements in provisions	151 300	266 251
Changes in working capital:		
Trade and other receivables	78 211 603	(77 912 089)
Trade and other payables	21 907 819	7 132 211
Deferred income	(483 546)	(7 469 506)
	175 056 477	**76 290 471**

20. Tax paid

Balance at beginning of the year	2 925 681	(5 851 360)
Current tax for the year recognised in profit or loss	(934 378)	-
Balance at end of the year	(3 207 777)	(2 925 681)
	(1 216 474)	**(8 777 041)**

21. Related parties

Relationships

Associates	Recording Industry of South Africa (RISA) Risa Audio Visual Licensing

Related party balances

Loan accounts - Owing (to)/by related parties		
Recording Industry of South Africa (RISA)	-	(25 782)
POSA	55 715	-

Related party transactions

22. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	324 000	258 572
- in second to fifth year inclusive	1 558 624	-
	1 882 624	**258 572**

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of five years. No contingent rent is payable.

	2017	2016
	R	R

23. Contingencies

K. Lister vs SAMPRA: Mr Lister claims payment for 6 000 hours work that he has not been paid for. SAMPRA is disputing the claim of about R 8.2 million. The onus is on Mr Lister to prove he is entitled to the amount claimed. The matter has been referred to arbitration.

SAMPRA vs SABC: SAMPRA has demanded R22.4 million licence fees from SABC. SABC has made an arbitrary and unsubstantiated allocation of 75% of the 2014/2015 licence fees to IMPRA.

24. Directors' emoluments

Executive

2017

	Emoluments	Total
	803 115	803 115

* Directors emoluments were only paid for 8 months of the year.

2016

	Emoluments	Total
	1 982 811	1 982 811

25. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. SAMPRA's future operations are largely dependent on the company's regulatory accreditation status as an accredited Collection Society.

SAMPRA has been accredited to act as a Representative Collecting Society for five years commencing September 2014 in terms of Section 3(1)(c) of the Regulations on the Establishment of Collecting Societies in the Music Industry, 2006.

26. Events after the reporting period

The directors are not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or the financial statements, which significantly affect the financial position of the company or the results of its operations to the date of this report.

Detailed Statement of Profit or Loss

	Note(s)	2017 R	2016 R
Revenue			
Radio Broadcast Licence Fees		42 795 753	98 548 084
Communication to the Public Licence Fee		59 774 079	61 557 694
Interest received (trading)		-	216 866
	13	**102 569 832**	**160 322 644**
Other income			
Discount received		15 999	3 459
Rental income		959	-
Other income		4 597	-
Investment revenue	15	23 919 271	15 892 328
Gains on disposal of assets		-	18 000
Profit on exchange differences		-	438
		23 940 826	**15 914 225**
Expenses (Refer to page 24)		**(28 070 700)**	**(6 679 504)**
Operating profit	14	**98 439 958**	**169 557 365**
Finance costs	16	(602)	(991)
Distributable amount		**98 439 356**	**169 556 374**
Distribution	17	(97 504 978)	(169 556 374)
Amount retained		**934 378**	-
Taxation	18	(934 378)	-
Surplus / Retained		-	-

Detailed Statement of Profit or Loss

	Note(s)	2017 R	2016 R
Operating expenses			
Advertising		68 891	-
Auditor remuneration		294 100	311 604
Bad debts		4 035 322	(12 464 000)
Bank charges		36 493	31 725
Conference fees		106 946	13 956
Consulting and professional fees		228 907	101 876
Consumables		2 591	3 310
Courier charges		27 509	63 560
Depreciation and amortisation		732 004	626 567
Discount allowed		524 184	1 656 391
Distribution expenses		812 000	444 000
Employee costs		11 332 141	10 076 833
Entertainment		28 565	10 925
IT expenses		401 072	450 169
Insurance		56 111	47 816
Legal expenses		3 580 339	233 634
Loss on disposal of assets		16 611	-
Motor vehicle expenses		147 063	139 248
Non administration fees		2 201 878	2 132 256
Other expenses		293 051	-
Payroll administration		31 774	29 135
Penalties and interest		89 971	181 595
Placement fees		4 525	24 000
Printing and stationery		189 412	227 902
Rental expenses		750 600	706 414
Repairs and maintenance		13 563	28 714
SAMA event fees		543 450	622 616
Secretarial fees		115 534	37 338
Security		14 473	7 429
Software expenses		180 201	147 171
Staff welfare		52 420	47 260
Subscriptions		185 484	29 414
Telephone and fax		248 151	279 607
Training		17 519	-
Travel - local		72 664	28 504
Travel - overseas		374 331	124 479
Utilities		260 850	278 056
		28 070 700	**6 679 504**