

RiSA Audio Visual Licensing Non Profit Company
(Registration number 2000/021434/08)
Annual Financial Statements
for the year ended 31 December 2020



SMITH SAVAGE

RISA Audio Visual Licensing Non Profit Company

(Registration number: 2000/021434/08)

Annual Financial Statements for the year ended 31 December 2020

General Information

| | |
|--|--|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | Licensing and Distributions |
| Directors | NP Sibisi (Chief Executive Officer) A Mafokate A Mohamed B Mgcamu B Mlambo F Dolley J Farber L Mlangeni MAK Khathi N Darroch RA Cowling SRJ Watson SS Dlamini TC Fraser |
| Registered office | 152 Bram Fischer Drive Randburg 2125 |
| Business address | 152 Bram Fischer Drive Randburg 2125 |
| Auditors | Smith Savage Chartered Accountants (S.A.) Registered Auditors |
| Company registration number | 2000/021434/08 |
| Level of assurance | These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008, as amended. |
| Preparer | The annual financial statements were independently compiled by: Excell Accounting Services Marthinus Vorster |

RiSA Audio Visual Licensing Non Profit Company

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RiSA Audio Visual Licensing Non Profit Company

(Registration number: 2000/021434/08)

Annual Financial Statements for the year ended 31 December 2020

Directors' Responsibilities and Approval

The directors are required by the Companies Act, 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard 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 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.

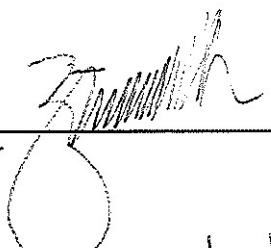
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial 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 to 31 December 2021 and, 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.

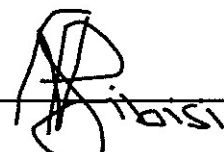
The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 8 to 20, which have been prepared on the going concern basis, were approved by the board of directors and were signed on its behalf by:

Approval of annual financial statements



Director



Director

Date: 20/08/2021

Independent Auditor's Report

To the members of RiSA Audio Visual Licensing Non Profit Company

Opinion

We have audited the annual financial statements of RiSA Audio Visual Licensing Non Profit Company (the company) set out on pages 8 to 20, which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of RiSA Audio Visual Licensing Non Profit Company as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act, 71 of 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual 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 Auditor's Responsibilities for the Audit of the Annual 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 (Part 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 information included in the document titled "RiSA Audio Visual Licensing Non Profit Company annual financial statements for the year ended 31 December 2020", which includes the Directors' Report as required by the Companies Act, 71 of 2008, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act, 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 the directors.
- 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 annual 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 annual financial statements, including the disclosures, and whether the annual 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.



Smith Savage
Shevonne Slabbert
Partner
Chartered Accountants (SA)
Registered Auditor

Date: 20 August 2021

RiSA Audio Visual Licensing Non Profit Company

(Registration number: 2000/021434/08)

Annual Financial Statements for the year ended 31 December 2020

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of RiSA Audio Visual Licensing Non Profit Company for the year ended 31 December 2020.

1. Nature of business

RiSA Audio Visual Licensing Non Profit Company was incorporated in South Africa with interests in the Non-profit industry. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small to Medium-sized Entities and the requirements of the Companies Act, 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Directors

The directors in office at the date of this report are as follows:

| Directors | Appointment / resignation date |
|------------------|---|
|------------------|---|

NP Sibisi (Chief Executive Officer)

Re-appointed during the year:

A Mafokate
A Mohamed
SRJ Watson
SS Dlamini
F Dolley
MAK Khathi
RA Cowling
TC Fraser

Newly appointed during the year:

| | |
|------------|------------|
| B Mgcamu | 2020/09/10 |
| B Mlambo | 2020/09/10 |
| L Mlangeni | 2020/09/10 |
| N Darroch | 2020/09/10 |

Resigned during the year:

| | |
|--------------------|------------|
| N Sanderson-Kasner | 2020/09/10 |
| MT Nzimande | 2020/09/10 |
| J Farber | 2020/09/10 |
| S Nkambule | 2020/09/10 |

4. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

6. Special resolutions

No special resolutions, the nature of which might be significant to the members in their appreciation of the state of affairs of the company were made by the company during the period covered by this report.

RiSA Audio Visual Licensing Non Profit Company

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Annual Financial Statements for the year ended 31 December 2020

Directors' Report

7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

8. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

9. Auditors

Smith Savage continued in office as auditors for the company for 2020.

10. Secretary

The company's appointed secretary for the year was W Secretariat Services Proprietary Limited (Company Registration number : 2018/630420/07.

The business address is Unit 239 Bougainvilla Estate, Schubert street, Melodie, Hartbeesport, North West.

11. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

RiSA Audio Visual Licensing Non Profit Company

(Registration number: 2000/021434/08)

Annual Financial Statements for the year ended 31 December 2020

Statement of Financial Position as at 31 December 2020

| | Note(s) | 2020 R | 2019 R |
|-------------------------------------|---------|-------------------|-------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 461,569 | 352,124 |
| Deferred tax | 3 | 499,879 | 225,772 |
| | | 961,448 | 577,896 |
| Current Assets | | | |
| Trade and other receivables | 4 | 5,912,197 | 10,806,690 |
| Cash and cash equivalents | 5 | 66,623,167 | 64,161,055 |
| | | 72,535,364 | 74,967,745 |
| Total Assets | | 73,496,812 | 75,545,641 |
| Equity and Liabilities | | | |
| Equity | | | |
| Retained income | | 4,179,263 | 3,455,226 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 6 | 69,056,300 | 72,090,415 |
| Current tax payable | 7 | 261,249 | - |
| | | 69,317,549 | 72,090,415 |
| Total Equity and Liabilities | | 73,496,812 | 75,545,641 |

RiSA Audio Visual Licensing Non Profit Company

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Annual Financial Statements for the year ended 31 December 2020

Statement of Comprehensive Income

| | Note(s) | 2020 R | 2019 R |
|--------------------------------|---------|----------------|--------------------|
| Revenue | 8 | 22,339,600 | 22,523,946 |
| Other income | 9 | 5,365,230 | 6,366,929 |
| Operating expenses | | (27,524,537) | (30,212,128) |
| Operating surplus | 10 | 180,293 | (1,321,253) |
| Investment revenue | 11 | 2,653,793 | 3,471,518 |
| Finance costs | 12 | (2,122,907) | (2,777,419) |
| Surplus before taxation | | 711,179 | (627,154) |
| Taxation | 13 | 12,858 | (39,942) |
| Surplus for the year | | 724,037 | (667,096) |

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Annual Financial Statements for the year ended 31 December 2020

Statement of Changes in Equity

| | Retained income R | Total equity R |
|------------------------------------|-------------------------|-------------------|
| Balance at 01 January 2019 | 4,122,322 | 4,122,322 |
| Loss for the year | (667,096) | (667,096) |
| Balance at 01 January 2020 | 3,455,226 | 3,455,226 |
| Profit for the year | 724,037 | 724,037 |
| Balance at 31 December 2020 | 4,179,263 | 4,179,263 |

Note(s)

RiSA Audio Visual Licensing Non Profit Company

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Annual Financial Statements for the year ended 31 December 2020

Statement of Cash Flows

| | Note(s) | 2020 R | 2019 R |
|---|---------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 15 | 2,294,886 | 12,044,855 |
| Interest income | | 2,653,793 | 3,471,518 |
| Finance costs | | (2,122,907) | (2,777,419) |
| Tax paid | 16 | - | (46,926) |
| Net cash from operating activities | | 2,825,772 | 12,692,028 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 2 | (376,026) | (464,507) |
| Proceeds on disposal of property, plant and equipment | 2 | 12,366 | - |
| Net cash from investing activities | | (363,660) | (464,507) |
| Total cash movement for the year | | 2,462,112 | 12,227,521 |
| Cash at the beginning of the year | | 64,161,055 | 51,933,534 |
| Total cash at end of the year | 5 | 66,623,167 | 64,161,055 |

RiSA Audio Visual Licensing Non Profit Company

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Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act, 71 of 2008. The annual financial statements have been prepared on the historical cost basis, 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.

1.1 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for rental to others or for administrative purposes; and are expected to be used during more than one period.

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

Cost 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.

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

| Item | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Furniture and fixtures | Straight line | 3 years |
| Office equipment | Straight line | 3 years |
| Computer equipment | Straight line | 3 years |
| Computer software | Straight line | 2 years |

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

RiSA Audio Visual Licensing Non Profit Company

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Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1.2 Financial instruments (continued)

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as an instrument measured at cost, are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

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Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.5 Impairment of assets

The company assesses at each reporting date whether there is any indication that assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or deficit.

1.6 Provisions and contingencies

Provisions are recognised when:

- the company has an obligation at the reporting 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.

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

1.7 Revenue

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 can be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

RISA Audio Visual Licensing Non Profit Company

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Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1.7 Revenue (continued)

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

1.8 Borrowing costs

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

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Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

| | 2020 R | 2019 R |
|--|-----------|-----------|
|--|-----------|-----------|

2. Property, plant and equipment

| | 2020 | | | 2019 | | |
|------------------------|------------------------|-----------------------------|----------------|------------------------|-----------------------------|----------------|
| | Cost or revaluation | Accumulated depreciation | Carrying value | Cost or revaluation | Accumulated depreciation | Carrying value |
| Furniture and fixtures | 436,347 | (272,555) | 163,792 | 436,347 | (127,106) | 309,241 |
| Office equipment | 25,010 | (16,052) | 8,958 | 37,376 | (8,365) | 29,011 |
| IT equipment | 110,037 | (50,954) | 59,083 | 53,770 | (39,898) | 13,872 |
| Computer software | 298,036 | (68,300) | 229,736 | - | - | - |
| Total | 869,430 | (407,861) | 461,569 | 527,493 | (175,369) | 352,124 |

Reconciliation of property, plant and equipment - 2020

| | Opening balance | Additions | Disposals | Depreciation | Closing balance |
|------------------------|--------------------|----------------|-----------------|------------------|--------------------|
| Furniture and fixtures | 309,241 | - | - | (145,449) | 163,792 |
| Office equipment | 29,011 | - | (12,366) | (7,687) | 8,958 |
| IT equipment | 13,872 | 77,991 | - | (32,780) | 59,083 |
| Computer software | - | 298,035 | - | (68,299) | 229,736 |
| | 352,124 | 376,026 | (12,366) | (254,215) | 461,569 |

Reconciliation of property, plant and equipment - 2019

| | Opening balance | Additions | Depreciation | Closing balance |
|------------------------|--------------------|----------------|------------------|--------------------|
| Furniture and fixtures | - | 436,347 | (127,106) | 309,241 |
| Office equipment | 16,913 | 17,215 | (5,117) | 29,011 |
| IT equipment | 24,190 | 10,945 | (21,263) | 13,872 |
| | 41,103 | 464,507 | (153,486) | 352,124 |

3. Deferred tax

Deferred tax

| | | |
|--------------|---------|---------|
| Deferred tax | 499,879 | 225,772 |
|--------------|---------|---------|

Deferred tax asset

Reconciliation of deferred tax asset \ (liability)

| | | |
|---|----------------|----------------|
| At beginning of year | 225,772 | 262,214 |
| Taxable / (deductible) temporary difference movement on prepayment | (1,577) | (716) |
| Taxable / (deductible) temporary difference movement on provision for royalty expense | 2,108 | 4,304 |
| Taxable / (deductible) temporary difference on accrued income | (2,635) | (5,380) |
| Taxable / (deductible) temporary difference on property, plant and equipment | 40,726 | 16,920 |
| Taxable / (deductible) temporary difference on provisions | 255,848 | (51,570) |
| Other | (20,363) | - |
| | 499,879 | 225,772 |

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Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

| | 2020 R | 2019 R |
|---|-------------------|-------------------|
| 4. Trade and other receivables | | |
| Trade receivables | 5,357,108 | 10,434,315 |
| Net deposits | (32,245) | (104,358) |
| Prepayments | 25,460 | 19,828 |
| VAT | 95,556 | - |
| Accrued license fee income | 466,318 | 456,905 |
| | 5,912,197 | 10,806,690 |
| 5. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Bank balances | 66,623,167 | 64,161,055 |
| 6. Trade and other payables | | |
| Trade payables | 665,459 | 1,901,927 |
| VAT payable to SARS | - | 447,230 |
| License fees available for distribution | 58,508,031 | 62,854,602 |
| Interest available for distribution to members | 7,795,800 | 5,672,893 |
| Accrued leave pay | 200,765 | 194,744 |
| Accrued bonus | 1,000,000 | 247,454 |
| Accrued expenses | 513,191 | 406,041 |
| Provision for royalties payable on accrued royalty income | 373,054 | 365,524 |
| | 69,056,300 | 72,090,415 |
| 7. Current tax payable / receivable | | |
| Current tax payable / receivable is in respect of the South African normal income tax payable to / receivable from the South African Revenue Service. | | |
| 8. Revenue | | |
| Broadcast licence fee income | 19,907,994 | 19,098,558 |
| Jukebox license fees | 795,285 | 1,974,377 |
| Instore license fees | 1,635,908 | 1,422,836 |
| Accrued broadcast licence fees | 466,318 | 465,905 |
| Prior year accrued broadcast licence fees reversed | (465,905) | (437,690) |
| | 22,339,600 | 22,523,986 |
| 9. Other income | | |
| Recoveries - RiSA and SAMAs | 5,046,245 | 6,166,946 |
| Civil settlement income | 318,985 | 115,028 |
| Sundry income | - | 84,955 |
| | 5,365,230 | 6,366,929 |

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Notes to the Annual Financial Statements

| | 2020 R | 2019 R |
|--|------------------|------------------|
| 10. Operating surplus | | |
| Operating surplus for the year is stated after accounting for the following: | | |
| Operating lease charges | | |
| Premises | | |
| • Contractual amounts | 300,523 | 241,450 |
| Equipment | | |
| • Contractual amounts | 188,290 | 200,064 |
| | 488,813 | 441,514 |
| Administration fees paid | 115,202 | 254,366 |
| License distribution expense | 17,698,592 | 17,992,480 |
| Depreciation on property, plant and equipment | 254,215 | 153,486 |
| Employee costs | 6,746,344 | 6,892,472 |
| 11. Investment revenue | | |
| Interest revenue | | |
| Bank | 2,653,793 | 3,471,518 |
| 12. Finance costs | | |
| Late payment of tax | - | 204 |
| Members | 2,122,907 | 2,777,215 |
| | 2,122,907 | 2,777,419 |
| 13. Taxation | | |
| Major components of the tax (income) expense | | |
| Current taxation | | |
| South African normal tax - year | 261,249 | - |
| South African normal tax - prior period (over) under provision | - | 3,500 |
| | 261,249 | 3,500 |
| Deferred taxation | | |
| South African deferred tax - current year | (274,107) | 36,442 |
| | (12,858) | 39,942 |
| Reconciliation of the tax expense | | |
| Reconciliation between accounting surplus and tax expense. | | |
| Accounting surplus | 711,179 | (627,154) |
| Tax at the applicable tax rate of 28% (2019: 28%) | 199,130 | (175,603) |
| Tax effect of adjustments on taxable income | | |
| Non deductible expenses - SARS interest | - | 57 |
| Tax losses carried forward / (utilised) | (211,988) | 211,988 |
| Prior year tax recognised in current year - Additional tax | - | 3,500 |
| | (12,858) | 39,942 |

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Notes to the Annual Financial Statements

| | 2020 R | 2019 R |
|---|------------------|-------------------|
| 14. Auditor's remuneration | | |
| Fees | 103,950 | 99,000 |
| Non-audit fees | 8,970 | 17,600 |
| | 112,920 | 116,600 |
| 15. Cash generated from operations | | |
| Surplus before taxation | 711,179 | (627,154) |
| Adjustments for: | | |
| Depreciation and amortisation | 254,215 | 153,486 |
| Interest received | (2,653,793) | (3,471,518) |
| Finance costs | 2,122,907 | 2,777,419 |
| Changes in working capital: | | |
| Trade and other receivables | 4,894,493 | (1,575,657) |
| Trade and other payables | (3,034,115) | 14,788,279 |
| | 2,294,886 | 12,044,855 |
| 16. Tax paid | | |
| Balance at beginning of the year | - | (43,426) |
| Current tax for the year recognised in surplus or deficit | (261,249) | (3,500) |
| Balance at end of the year | 261,249 | - |
| | - | (46,926) |
| 17. Commitments | | |
| Operating leases – as lessee (expense) | | |
| Minimum lease payments due | | |
| - within one year | 392,809 | 364,612 |
| - in second to fifth year inclusive | 66,286 | 459,095 |
| | 459,095 | 823,707 |

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

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| | 2020 R | 2019 R |
|---|-----------|---|
| 18. Related parties | | |
| Relationships | | |
| Entities with similar members or directors | | The Recording Industry of South Africa Non Profit Company |
| Related party balances and transactions | | |
| Related party balances | | |
| Amounts included in Trade receivable (Trade Payable) regarding related parties | | |
| The Recording Industry of South Africa Non Profit Company | - | (40,229) |
| The Recording Industry of South Africa Non Profit Company | 315,764 | 1,991,102 |
| Related party transactions | | |
| Administration fees paid to related parties | | |
| The Recording Industry of South Africa Non Profit Company | 115,202 | 254,366 |
| Other income (Expense recoveries) | | |
| The Recording Industry of South Africa Non Profit Company | 5,046,245 | 6,166,946 |

19. Directors' remuneration

Emoluments paid to the directors or any individuals holding a prescribed office during the year:

Executive

2020

| | Remuneration and benefits | Total |
|-------------------------------------|------------------------------|-----------|
| NP Sibisi (Chief Executive Officer) | 1,446,022 | 1,446,022 |

2019

| | Remuneration and benefits | Total |
|-------------------------------------|------------------------------|-----------|
| NP Sibisi (Chief Executive Officer) | 1,490,092 | 1,490,092 |

Remuneration and benefits includes a basic salary component as well as the company's contributions towards a travel allowance, medical aid, provident fund contribution, bonus paid and commissions received and receivable.

20. Comparative figures

Comparative figures are consistent with that of prior year.

21. 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.

22. Events after the reporting period

The annual financial statements were authorised for issue by the board of directors of the company.