ADVISORY · AUDIT · TAX · ACCOUNTING

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2023

Now, for tomorrow

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THE ZIMBABWE MUSIC RIGHTS ASSOCIATION

PRINCIPAL ACTIVITIES

The Zimbabwe Music Rights Association is a non-profit making organization. Its main business is that of collective administration of copyright. It has 4 branches throughout the country.

BOARD MEMBERS

Chairperson	Albert Nyathi
Deputy Chairperson	First Batani
Legal Advisor	Witness P. Zhangazha
Treasurer	Janet Manyowa
Information, media and publicity	Alexio Gwenzi
Relationship management & liason	Hon. Dingumuzi Phuti
Innovation and strategy	Mudiwa Hood
Events and planning	Hope Masike
Executive Director	Polisile Ncube-Chimhini

PRINCIPAL BANKERS

Steward Bank
Avondale Branch
Harare

ZB Bank
Avondale Branch
Harare

REGISTERED OFFICE

The Zimbabwe Music Rights Association
3 Aspen Flats
No. 80 Mendel Road
Avondale
Harare
Zimbabwe

AUDITORS

Bakertilly Chartered Accountants
Unit D & H Block 1 Celestial Park,
Borrowdale Road,
Borrowdale, Harare.
Zimbabwe

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION

INDEX TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

	Page
Management Responsibility Statement	3-4
Independent Auditors' Report	5-7
Statement of Financial Position	8
Statement of Income & Expenditure	9
Statement of Distribution	10
Statement of Changes in Reserves	11
Statement of Cash Flows	12
Notes to the Financial Statements	13-20

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION

MANAGEMENT RESPONSIBILITY AND APPROVAL OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

TO THE MEMBERS OF THE ZIMBABWE MUSIC RIGHTS ASSOCIATION

It is management's responsibility to ensure that the financial statements fairly represent the state of affairs of the Association. The external auditors are responsible for independently reviewing and reporting on the financial statements.

Management has assessed the ability of The Zimbabwe Music Rights Association to continue operating as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, management believe that under the current economic environment a continuous assessment of the ability of the Association to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

The financial statements set out in this report have been prepared by management in accordance with International Financial Reporting Standards (IFRSs). The statements are based on the appropriate accounting policies which were supported by reasonable and prudent judgments and estimates.

The Association's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on established written policies and procedures and all employees are required to maintain the highest ethical standards in ensuring the Association's practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Association's committee have been addressed and management confirms that the systems of accounting and internal controls are operating in a satisfactory manner.

In light of the current financial position, management is satisfied that The Zimbabwe Music Rights Association is a going concern and has continued to adopt the going concern basis in preparing the financial statements.

The external auditors are responsible for independently reviewing and reporting on the Association's financial statements. The financial statements have been audited by the Association's external auditors and their report is presented on pages 3 to 6.

The Association's financial statements, which are set out below on pages 7 to 20 were, in accordance with their responsibilities, approved by the Board Members on 11 OCTOBER 2024 and are signed on its behalf by:

(On behalf The Zimbabwe Music Rights Association)



.....**Date**...11/10/2024.....
Chairperson



.....**Date**...11/10/2024.....
Executive Director

bakertilly

Chartered Accountants
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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE ZIMBABWE MUSIC RIGHTS ASSOCIATION

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Report on the audit of the financial statements

We have audited the financial statements of The Zimbabwe Music Rights Association set out on pages 7 to 20 which comprise the statement of financial position December 31, 2023, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Zimbabwe Music Rights Association as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard (IFRS).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) 800/805. 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 Zimbabwe Music Rights Association in accordance with the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe and we have fulfilled our other ethical responsibilities under these ethical requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal control as management determines 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, management is responsible for assessing the Association'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 management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

OTHER INFORMATION

Management is responsible for the other information. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we 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.

Baker Tilly Chartered Accountants (Zimbabwe)
Partner: Courage Matsa
PAAB Practice Certificate Number: 0607
Celestial Office Park, Unit D & H Block 1,
Borrowdale Road, Borrowdale
Harare

Date: 11 October 2024

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION
AUDITED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Notes	2023 $
Non-current assets		
Property, plant & equipment	6	199,096
		199,096
Current assets		
Accounts receivable	7	1,518,893
Short-term investments		50,000
Cash & cash equivalents	8	184,326
		1,753,219
Total assets		**1,952,314**
RESERVES & LIABILITIES		
Reserves		
Accumulated Funds		14,133
Revaluation reserve		299,050
General reserve		255,083
		568,266
Current liabilities		
Accounts payable	9	1,319,536
Creditors	10	64,512
		1,384,048
Total reserves & liabilities		**1,952,314**



.....**Date**...11/10/2024.....
Chairperson



.....**Date**...11/10/2024.....
Executive Director

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION
AUDITED STATEMENT OF INCOME & EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 $
Income		**2,183,571**
Income - royalties	11	2,150,427
Other income	12	33,144
less: Expenditure		**864,035**
Administrative expenses	13	267,258
Occupational costs	14	4,324
Staff costs	15	547,934
Other expenses	16	44,520
Surplus for the year		**1,319,536**

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION
AUDITED STATEMENT OF DISTRIBUTION
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023 $
Distribution of excess income over expenditure		
Surplus of income over expenditure		1,319,536
Trust Fund		(131,954)
		1,187,582
General Royalties		**890,686**
International		89,069
Foreign distribution		17,486
Local		784,131
AGM expenses	(2,349)	
Burial assistance	(10,283)	
Gratuities	(500)	
	(13,133)	**890,686**
Broadcasting Royalties		**296,896**
International		29,690
Local		267,206
ZBC	99,642	
Star FM	144,339	
ZiFM	9,572	
Diamond FM	20,264	
Capitalk FM	7,051	
Nyami Nyami FM	3,400	
Hevoi FM	7,528	
98.4 FM	7,528	
Fairtalk Com	6,951	
3Ktv	16,567	
ZTN	4,271	
Ya FM	6,142	
Pachikomo	1,958	
GZU	4,805	
		296,896
Distribution		
2023 International		118,759
2023 Foreign		17,486
2023 Local		1,051,337
2023 Trust Funds		131,954
		1,319,536

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION
STATEMENT OF CHANGES IN RESERVES
FOR THE YEAR ENDED 31 DECEMBER 2023

	Accumulated funds $	Revaluation reserve $	General reserve $	Total $
Balance as at 01 January	**14,133**	**299,050**	**255,083**	**568,266**
Revaluation surplus	-	-	-	-
Surplus for the year	1,690,173	-	-	1,690,173
Distribution reserve	(1,690,173)	-	-	(1,690,173)
Balance as at 31 Decemb	**14,133**	**299,050**	**255,083**	**568,266**
Revaluation surplus	-	-	-	-
Surplus for the year	1,319,536	-	-	1,319,536
Distribution reserve	(1,319,536)	-	-	(1,319,536)
Balance as at 31 Decemb	**14,133**	**299,050**	**255,083**	**568,266**

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 $	2022 $
Cash flows from operating activities			
Surplus for the year		1,319,536	1,690,173
Adjust for:			
Depreciation	6	24,883	32,700
Exchange Gain		84,221	133,074
Interest Received		(21,834)	(17,059)
Operating surplus before working capital changes		**1,406,807**	**1,838,888**
(Increase)/ Decrease in accounts receivable		870,653	2,534
(Increase)/ Decrease in accounts payable		(888,355)	163,295
Cash generated from operations		**1,389,104**	**2,004,717**
Interest received		21,834	18,925
Net cash from operating activities		**1,410,938**	**2,023,642**
Cash flows used in investing activities			
Acquisition of property, plant & equipment	6	(31,357)	(67,086)
Increase/ (Decrease) in investments		24,467	(42,091)
Transfer to Distribution reserve		(1,319,536)	(1,914,312)
Net cash used in investing activities		**(1,326,426)**	**(2,023,489)**
Net increase in cash and cash equivalents		**84,511**	**152**
Cash and cash equivalents as at 01 January		99,815	99,663
Cash and cash equivalents as at 31 December		**184,326**	**99,815**
Reconciliation of movements during the year			
Cash at bank	8	184,326	99,815
Cash and cash equivalents as at 31 December		**184,326**	**99,815**

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

1.1 Nature of business

The Zimbabwe Music Rights Association is a non-profit making organization. Its main business is collective administration of copyright.

1.2 Currency

The functional currency of the association is the Zimbabwe Gold (ZiG) which is the local currency. Management decide to use the United States Dollar (US$) as the reporting currency for the year ending 31 December 2023 onwards to ease decision making using the financial statements.

2. ACCOUNTING POLICIES

The principal accounting policies set out below have been consistently followed in all material respects. These financial statements have been prepared in conformity with International Financial Reporting Standards (IFRSs),

2.1 Property, Plant and Equipment

Property, Plant and Equipment are depreciated on a straight line basis over their estimated remaining useful lives, which are as follows

Buildings	2.5%
Computer Equipment	30%
Furniture & Fittings	10%
Motor Vehicles	20%

2.2 Other Currencies

Amounts payable and receivable in other currencies are translated to Zimbabwean Ledger dollars (ZWL$) at the rate of exchange ruling at the statement of financial position date. Transactions during the year are translated at the rates then ruling. Exchange gains or losses on translation are taken to the income statement.

2.3 Income

Income represents amounts received from grants, donations, membership fees and royalties. Income is on a cash basis except for royalties which are on an accruals basis.

2.4 Taxation

The organization is exempt from paying corporate tax in terms of the Third Schedule of Income Tax Act [Chapter 23:06]. It only remits income taxes deducted from employees which are Pay As You Earn (PAYE) and AIDS levy.

2.5 Financial instruments

2.5.1 Recognition Financial assets and financial liabilities are recognized in the organization's statement of financial position when the organization becomes a party to the contractual provisions of the financial instrument.

2.5.2 Measurement

Financial instruments are initially measured at cost, including transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

2.5.3 Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. Appropriate allowances for irrecoverable amounts are recognized in the income statement where there is objective evidence that the asset is impaired.

2.5.4 Trade payables

Trade payables are initially measured at cost and subsequently at amortized cost, using the effective interest rate method.

2.6 Provisions

Provisions are recognised when the organization has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.7 Accounting estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities. The estimates, including those related to provision for bad debts, inventory obsolescence, investments, goodwill, property, plant and equipment and contingent liabilities are reviewed on an on-going basis. We based our estimates on historical experience and other factors that are considered to be relevant.

2.8 Post employment benefits

2.8.1 National Social Security Authority Scheme

This scheme was promulgated under the National Social Security Authority Act of 1989. The organization's obligations under the scheme are limited to contributions legislated from time to time. The organization's contributions to the fund are charged to the income statement and all relate to current service costs.

3. TREASURY AND FINANCIAL RISK MANAGEMENT

The main risks arising from the organization's financial instruments are currency risk, interest rate risk, market risk, credit risk and liquidity and cash flow risk.

3.1 Currency risk

This is the risk that the organization is exposed to unfavorable exchange rate movements on mismatched spot or forward positions in a foreign currency deal. The organization incurs foreign currency risk when it undertakes transactions in foreign currencies. However, exposure to foreign currency risk is managed by insuring that foreign currency denominated assets are retained to set off against foreign currency denominated liabilities.

3.2 Interest rate risk

This is the risk arising from the adverse movement in the value of future interest receipts or commitments resulting from movements in interest rates. The organization finances its operations through accumulated funds.

3.3 Market risk

The principal amounts of all monetary assets and liabilities are fixed and not subject to market related value adjustments.

3.4 Credit risk

This is the risk that counter-parties to a deal or loan will default. The organization's cash resources are principally deposited with financial institutions which are considered reputable. Adequate provision is made against any trade and other receivables considered doubtful.

3.5 Liquidity and cash flow risk

This is the risk of insufficient liquid funds being available to cover commitments. The cash resources available to the organization will enable the organization to meet its short term liquidity and cash flow requirements.

4. SUBSEQUENT EVENTS

On the 5th of April 2024, the Government of Zimbabwe introduced a new currency, Zimbabwe Gold Notes and Coins (ZiG) to replace the ZWL. On that date, the Reserve Bank of Zimbabwe (RBZ) pegged the exchange rate of 1 ZiG =ZWL 2,498.72 to be used for conversion of ZWL assets and liabilities. Though this will have an impact on ZWL balances which were held by the Pension Fund as at the effective date, this is a non-adjusting event for the FY2023 financials.

ZIMBABWE MUSIC RIGHTS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

6 **Property, plant & equipment**

	Buildings $	Computer equipment $	Furniture & fittings $	Motor vehicles $	Total $
31 DECEMBER, 2022					
Carrying amount 31/12/2022	**174,580**	**25,702**	**4,128**	**58,299**	**262,709**
Gross carrying amount	181,725	37,903	4,426	61,441	285,495
Accumulated depreciation	(7,145)	(12,201)	(298)	(3,142)	(22,786)
31 DECEMBER, 2022					
Carrying amount 31/12/2023	**118,100**	**21,087**	**7,600**	**45,835**	**192,622**
Cost	121,000	33,059	10,182	57,300	221,541
Accumulated depreciation	(2,900)	(11,972)	(2,582)	(11,465)	(28,919)
Additions	15,316	7,393	8,648	-	31,357
Depreciation for the year	(2,900)	(9,306)	(1,217)	(11,460)	(24,883)
Carrying amount 31/12/2023	**130,516**	**19,174**	**15,031**	**34,375**	**199,096**
Gross carrying amount	136,316	40,452	18,830	57,300	252,898
Accumulated depreciation	(5,800)	(21,278)	(3,799)	(22,925)	(53,802)

	2023 $
7 Accounts receivable	
General 2021	66,836
General 2022	199,913
General	1,130,518
ZBC	27,543
Star FM	32,428
Diamond FM	3,385
Capitalk FM	864
Nyaminyami FM	639
ZiFM	435
Hevoi FM	9,617
98.4 FM	9,093
Fairtalk Comm	5,130
3Ktv	7,839
ZTN	4,725
Ya FM- 2022-2023	5,599
GZU	4,596
UNIFUN	1,200
Medical Aid Prepaid	3,498
Nyaradzo Funeral Prepaid	628
ZB Government tax refund 2022	137
ZB Government tax refund 2023	4,270
	1,518,893

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023 $
8	**Cash & cash equivalents**	
	ZB Bank	18,853
	ZB Nostro	31,392
	ZB Bank supplementary	3,891
	Steward Bank	16,263
	Eco Cash Merchant ZWL	8
	Eco Cash Merchant Usd	814
	Petty cash ZWL	9,514
	Petty cash Usd	98,573
	Nyaradzo Members Funeral Fund	5,000
	Moonlight Members Funeral Fund	18
		184,326
9	**Accounts payable**	
	Distribution to members	1,187,582
	Trust Fund	131,954
		1,319,536
10	**Creditors**	
	Accounting and Audit Fees	1,040
	Non society members and Undistributable	2,496
	Undistributed foreign royalties- Capasso	3,162
	Undistributed foreign royalties- Unifun	8,749
	D33 Royalties	4
	D34 Royalties	4
	D35 Royalties	26
	D36 A Royalties	275
	D36 B Royalties	50
	D37 A Royalties	541
	D37 B Royalties	554
	D38 A Royalties	28,321
	D38 B Royalties	19,290
		64,512

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023 $
11	**Income - royalties**	
	General	1,955,178
	Broadcasters	177,763
	Foreign Societies- Capasso n Unifun	17,486
		2,150,427
12	**Other income**	
	Commercial Usage of IP	5,450
	Membership fees	5,060
	Rental income	800
	Foreign Societies- Capasso n Unifun	-
	Interest received	21,834
		33,144

THE ZIMBABWE MUSIC RIGHTS ASSOCIATION
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023 $
13	**Administrative expenses**	
	Licensing	36,944
	Car expenditure account	21,736
	Bank charges	13,816
	Gvt Tax	18,638
	Audit and Accounting fees	12,627
	Insurance premium	4,565
	Teas & cleaning	9,971
	Advertising	458
	Printing & stationery	11,094
	Travel and Accomodation	11,803
	Legal Fees	7,560
	Subscriptions	1,528
	Interest on Loan	3,854
	Entertainment	1,497
	Fuel & transport	40,732
	Training - workshop	29,952
	Marketing & Public Relations	19,397
	Postage, telephone & telefax	1,743
	I T expenses	19,344
		267,258
14	**Occupational costs**	
	Electricity, rent & rates	4,324
		4,324
15	**Staff costs**	
	NSSA & pension fund contribution	82,102
	Salaries & allowances	420,953
	Medical aid contributions	44,879
		547,934
16	**Other expenses**	
	Depreciation	24,883
	Directors' fees	17,378
	Distressed members relief fund	-
	Maintenance	2,259
		44,520

About Baker Tilly
Baker Tilly is a client focused comapny offering various services including Corporate Advisory, Auditing, Taxation, Accounting to mention just a few. Need help for your business? You're in the right place.



Contact us
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Baker Tilly Chartered Accountants trading as Baker Tilly is a member of the