



**MUSICAL COPYRIGHT  
SOCIETY NIGERIA  
(LTD/GTE)**



**2022**

**ANNUAL MEETING/  
2021 ANNUAL REPORTS  
FOR THE YEAR ENDED 31ST DEC. 2021**

*...Connecting creativity with prosperity*



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## ORGANIZATION PROFILE AND RECENT HISTORY ▼

MCSN on incorporation in 1984 started out as a Nigerian corporate body administering, protecting and defending the proprietary rights of authors, composers, publishers, producers, directors and other rights' holders of a formidable range of repertoire of works (music, literary and audio-visuals) and those of its affiliate sister bodies, as assigned and exclusively licensed to it for the territory of the Federal Republic of Nigeria.

Changes in the governing laws of copyright, particularly from 1992 when the first amendment was made to the Copyright Decree 1988, require MCSN to begin to also adapt and conform to such changes. These changes especially on the part of MCSN did not come easy as the Society had to embark on a tortious political, legislative, administrative actions and litigation journeys to assert and defend its status up to the Supreme Court. The Supreme Court judgments in Appeal SC.366/2008: Musical Copyright Society of Nigeria Ltd/Gte vs. Adeokin Records Co. & Anor., reported in (2008) 15 NWLR (Pt.1643) 550 and Appeal SC. 425: Musical Copyright Society of Nigeria Ltd/Gte vs. Compact Discs Technologies Limited &Ors., reported in (2019) 4 NWLR (Pt.1661) 1 are the key historical and precedential references in MCSN's evolution and journey.

MCSN today has the Nigerian Copyright Commission's (NCC's) statutory approval and licence to operate as a Collective Management Organisation (CMO) for musical works and sound recordings in the Federal Republic of Nigeria in line with Section 39 of the Copyright Act 2004.

MCSN from inception has very close and cordial working relationship with virtually all similar organisations across the world through the signing of reciprocal representation agreements with sister organisations in various countries of the world, which legally and contractually transfer their copyright interests within the territory of the Federal Republic of Nigeria to it.

MCSN started out as an off-shoot and successor-in-title of the Performing Right Society Limited of the United Kingdom (PRS) and Mechanical-Copyright Protection Society of the United Kingdom (MCPS). Both organisations in collaboration with notable Nigerian authors and composers such as the Late Moses Adeolu-Akinsanya (Baba Eto), the Late Barrister Fatai Oladale Giwa, the Late Pa Ojoge Daniel, the Late Chief I. K. Dairo, MBE and the Late Teddy Ibiama,



## ORGANIZATION PROFILE AND RECENT HISTORY ▼

to mention just a few, were the core sponsors, promoters and part of the incorporated members of MCSN with which the Society was incorporated following the approval of its Memorandum and Articles of Association by the Honourable Attorney General of the Federation and Minister of Justice of the Federal Republic of Nigeria on 24 July 1984. As the years went by, MCSN began to sign direct reciprocal representation agreements with sister societies across the world. Such organisations include but not limited to Irish Music Rights Organisation of Ireland (IMRO), Authors' Licensing Collecting Society of the United Kingdom (ALCS), Directors' and Producers' Rights Society of the United Kingdom (DPRS) now DIRECTORS, Broadcast Music Inc. of the United States of America (BMI), American Mechanical Rights Association Inc. (AMRA), SODRAC of Canada, South African Music Rights Organisation (SAMRO), South African Recording Rights Association Limited (SARRAL) now defunct, Music Copyright Society of Kenya (MCSK), Zimbabwe Music Rights Association (ZIMRA), Copyright Society of Tanzania (COSOTA), Uganda Performing Rights Society (UPRS), Composers and Authors' Society of Hong Kong (CASH), to mention just a few. The list continues to grow by the day.

MCSN continues to remain a member of the International Confederation of Societies of Authors and Composers (CISAC).

Over the years, MCSN has built a formidable capacity with which it is able to defend, enforce and manage the huge rights and protect the massive repertoire, which it has acquired from its formation. MCSN is perhaps the only single organisation in Nigeria that has instituted not less than 50 copyright infringement cases from which it has received not less than 20 favourable court decisions and some are being amicably resolved out-of-court, while some other ones are subsisting in various courts.

This Annual Report is published to inform MCSN's members and affiliated bodies about MCSN's activities in the last one year.



## CORPORATE INFORMATION ▼

### **DIRECTORS:**

Dr. Adeniyi Adegeye Sunday (King Sunny Ade) MFR - President  
Orits Williki - Chairman  
Mayo Ayilaran - Director General / CEO  
Charles E. Oputa  
Princess Mojisola FayemiBalogun  
Pastor Winston Kola Olulana  
Zeb Ejiro OON  
Mathias Obahiagbon  
Victor Okhai  
Chief Joseph Asamu Elegbede  
Tunde Kuboye  
Actor Segun Alile  
Emmanuel Oguguah  
Ope Banwo  
Yinka Davies  
Kenny Ogungbe  
Dr. Tee Mac O. Iseli MFR  
D. A. Awosika SAN  
Sunny Neji  
Asha "Gangali" Fapohunda  
Mathew Ohio  
Mathew Ojo (NCC Representative)

### **SECRETARY**

Adewale Adesokan SAN (Adesokan & Co)

### **BANKERS:**

Union Bank Nigeria Plc.  
First Bank of Nigeria Plc.  
Eco Bank Plc  
United Bank for Africa Plc  
Zenith Bank Plc

### **REGISTERED OFFICE :**

6, Olaribiro Street,  
Off Allen Avenue, Ikeja, Lagos

### **AUDITORS:**

Messrs. Abikoye Olumide & Co  
(Chartered Accountants)

## BOARD OF DIRECTORS ▼



King Sunny Ade

Orits Williki

Mayo Ayilaran

Charles Oputa



Princess Mojisola Fayemi

Pastor Winston Kola Olulana

Zeb Ejiro OON

Mathias Obahiagbon

Victor Okhai



Chief Joseph Asamu Elegbede

Tunde Kuboye

Prince Segun Alile

Emmanuel Oguguah

Dr. Ope Banwo



Yinka Davies

Kenny Ogungbe

Dr. Tee Mac  
Omatshola Iseli (MFR)

D. A. Awosika SAN  
(Legal Services/Regulatory)

Adewale Adesokan SAN  
(Company Secretary)



Asha Gangali

Matthew Ohio

Sunny Neji

Matthew Ojo-NCC

## NOTICE OF MEMBERS ANNUAL GENERAL MEETING 2022

NOTICE IS HEREBY GIVEN THAT the 2022 Annual General Meeting of the Members of the Musical Copyright Society Nigeria Limited by Guarantee, MCSN, whose names appear on the register of the Society as at 31 December 2021, shall hold on Wednesday, 29<sup>th</sup> June 2022 at 11.00 a.m. before noon at the Lagos Television (LTV) Event's Hall 2, Lateef Jakande Road, Agidingbi Lagos, for the following purposes:

1. To receive and consider the Chairman's Report of events and developments as at 31<sup>st</sup> December 2021.
2. To receive and approve the Directors' Report for the year ended 31 December 2021.
3. To receive and approve the Financial Report for the year ended 31 December 2021.
4. To elect Directors to the Board (General Council) of the Society as follows:
  - a. To elect the following Members as Directors in accordance with Article 35 (a) (i) of the Society's Articles of Association:
    - i. Orits Williki (Retiring but returning on the recommendation of the Board as Ex-officio)
    - ii. Dr. Tee Mac Omatshola Iseli, MFR
    - iii. Kenny Ogungbe
    - iv. Actor Segun Alile
    - v. Mrs. Mojisola Fayemi
    - vi. Myke Pam Mbala
    - vii. Pastor Kola Olulana
  - b. To ratify the nominations of the following representing groups/association and special interests as Directors in accordance with Article 35 (a) (v) of the Society's Articles of Association:
    - i. Sunny Neji
    - ii. Asha Fapohunda
    - iii. Matthew Ohio
    - iv. Victor Okhai
    - v. Matthias Obahiagbon
5. To conduct any other business that can be conducted in an Annual General Meeting of Members.

By the Order of the General Council (Board) of the Society



Adewale Adesokan SAN  
Company Secretary

Dated in Lagos this 17<sup>th</sup> May 2022



# PROXY FORM

MUSICAL COPYRIGHT SOCIETY NIGERIA (LTD/GTE) RC64047  
2022 ANNUAL GENERAL MEETING to be held at Hall 2, Lagos Television, Agidingbi Road Ikeja, Lagos on June 29, 2022 at 11:00a.m

I/We.....being a member/members of MCSN hereby appoint\*.....or failing him, Mr. Mayo Ayilaran, or failing him, Mr. Orits Williki, as my/our proxy to attend and vote for me/us and on my/our behalf at the annual General Meeting of the company to be held on June 29, 2022 and at any adjournment thereof.

Dated this.....day of .....

Signature of Member.....

Name of Member.....

### ADMISSION CARD

The 2022 Annual General Meeting of Musical Copyright Society Nigeria (Ltd/Gte) will hold at Hall 2, Lagos Television, Agidingbi Road, Ikeja, Lagos on Wednesday, June 29, 2022 at 11:00a.m

Name of Member (in BLOCK LETTERS)  
.....

Member's IPI No.....

### IMPORTANT

1. Before posting the above form of proxy, please tear off this part and retain it. A person attending the Annual General Meeting of the company or his proxy should produce this card to secure admission to the meeting.
2. A member of the company is entitled to attend and vote at the annual General Meeting of the company. He is also entitled to appoint a proxy to attend and vote instead of him, and in this case, the above card may be used to appoint a proxy.
3. In line with the current practice, the names of two (2) of the directors of the company have been entered on the form of proxy to ensure that someone will be at the meeting to act as your proxy. You may however wish to insert in the blank space on the form (marked"\*) the name of any person, whether a member of the company or not, who will attend the meeting and vote on your behalf instead of one (1) of the Directors named.
4. The above form of proxy, when completed, must be deposited at the office of the society, No 6, Olaribiro Street, Off Allen Avenue, Ikeja, Lagos, not less than forty-eight (48) hours before the time fixed for the meeting
5. It is a requirement of the law under the Stamp Duties Act, Cap. S8, Laws of the Federation of Nigeria, 2004, that any instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of shareholders must bear a stamp duty of fifty (50) kobo.
6. If the form of proxy is executed by a company, it should be sealed under its common seal or under the hand and seal of its attorney.

Signature of the person attending.....



# PRESIDENT'S STATEMENT

THE PRESIDENT'S WELCOME ADDRESS TO THE 2022 MEMBERS' ANNUAL GENERAL MEETING OF THE MUSICAL COPYRIGHT SOCIETY NIGERIA LIMITED BY GUARANTEE, MCSN.

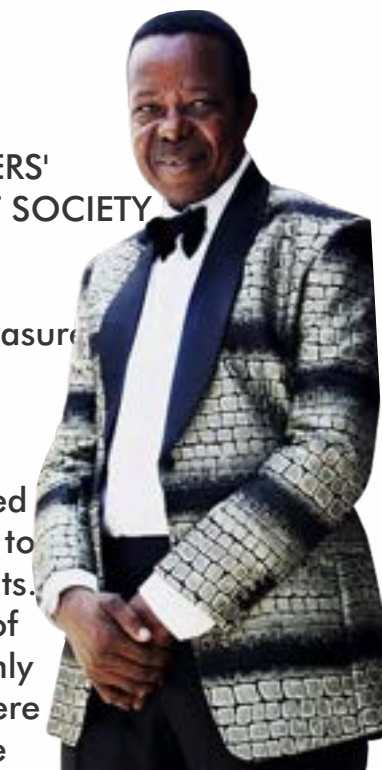
My dear Colleagues and music creators, it is with a great pleasure and heart full of gratitude that I welcome you to the 2022 Members' Annual General Meeting.

In my remarks to the 2021 Annual General Meeting, I assured you that our Society shall move to higher heights in its quest to better defend, enforce, administer and manage our copyrights. The results of activities as would be presented by the Board of Directors and Management of the Society would most certainly prove that the assurances given at the last AGM were not mere rhetoric but that the Society is actually doing well and we are delivering on our assurances.

I want to thank the Board of Directors, starting from our Chairman, Orits Williki, for the great job being done in the Society and working in harmony with our Management. The Management, under the leadership of our Director General and Chief Executive, Mr. Mayo Ayilaran, deserve our collective appreciation for their undiluted focus, determination and resolve to ensure that our Society continues to deliver the dividends of copyright to us all. Distributions of royalties have resumed and this has been increasing in volume and all areas of our expectation are being attended to.

On my return to a leadership position as the President of our great Society, I am pleased to attest to the fact that great achievements are being recorded, though our operatives, particularly our Chief Executive, are publicity shy. However, from now henceforth we would be blowing our trumpets and telling our stories for the public, particularly the Government, to know that we are a very important sector of Nigeria's economy.

Talking about Government and economy; now that the 2023 general elections are approaching and electioneering activities are in top gear, I would admonish you, my dear colleagues, not to fold your arms and sit idle in this season. We should all play our role by first, registering and getting our voter's cards as this is our power to elect the government that we deserve to work for us. We should equally, as far as



## PRESIDENT'S STATEMENT Cont'd

possible, engage in the choice of our people who would serve in various capacities from Local Government, State Assemblies, Governors, National Assembly to the Presidency. We should engage our elected and appointed officials at all levels and at every opportunity to do something good and visible for our sector. Once we are able to do most of the foregoing, our sector and individual lives would most certainly take a turn for the better. This should be one of the ways to connecting our creativity to prosperity.

As we shall be electing directors into our Board for a term of three years, I would advise that we do this in love, trust and harmony, while we support the recommendations of our current Board.

On this note, I welcome you all to this year's Annual General Meeting and wish us a very successful deliberation.

Thank you.



Dr. Sunday Adeniyi Adegeye  
(King Sunny Ade), MFR  
President.

## CHAIRMAN'S STATEMENT

### CHAIRMAN'S ADDRESS TO THE MEMBERS' ANNUAL GENERAL MEETING OF THE MUSICAL COPYRIGHT SOCIETY OF NIGERIA, ON WEDNESDAY, 29TH DAY OF JUNE 2022.



My Dear Colleagues and Associates,

It is my pleasure to welcome you to this Annual General Meeting and to give some details of our activities in the twelve months up to December 31, 2021.

### **COMPANY'S REPORT**

From the results presented by our Board of Directors, it is clear that our company is gradually and fast recovering from the effect of Covid – 19 pandemic and getting on track for steady growth. Though we fell short of the projections of the Society for the year 2021, in terms of regular or normal collections but the success recorded on the legal front greatly compensated for the short fall.

### **IMPORTANT DEVELOPMENTS**

I must touch on one or two of the areas of the Company's operation, which gives me confidence and joy and which should also be a thing of pride to most of our members.

You will recall that in my address to the Annual General Meeting of 2021, I mentioned the court victory which our Society recorded in its struggle against Multichoice Nigeria Limited and the attempt being made at a resolution of the matter. I am happy to inform you that our Society has finally settled with Multichoice Nigeria Limited which agreed to pay the sum of Two Billion, Five Hundred Million Naira (N2,500,000,000.00) only, for the settlement of the Court judgment and additional Two Hundred and Fifty Million (N250,000,000.00) to cover its copyright liabilities to MCSN from January 1, 2012 to December 31, 2020 and to settle the suit against the sister company to Multichoice in MCSN vs. Details Nigeria Limited. The issues have been fully resolved and Multichoice Nigeria Limited has fully made the payments to MCSN.

We are strengthening our operations to extend to other regions and states of the country, as we continue to appoint effective consultants and agencies across the country to conduct our licensing operations. The requirements to effectively do this in terms of human and financial resources are quite huge but in the face of the

## CHAIRMAN'S STATEMENT Cont'd

current economic challenges our Management and staff have put on their thinking caps to efficiently and effectively deploy the lean resources available to this special of need.

### ELECTION OF DIRECTORS

As stated in my address to the last Annual General Meeting most of our elected Directors have served their terms and shall be retiring at the end of this AGM. The Society has within the last three months published and sent out to all members the general guidelines for election and nomination forms for nominating qualified members for election. As at the close of nominations, the Management reported the number of members who have been duly nominated for election at this meeting. The names are published in the Notice of the Annual General Meeting and the Board has recommended that the candidates be elected and, or ratified for the continued stability, progress and growth of our Society.

Meanwhile, I would like to take this golden opportunity to sincerely thank all our retiring Directors who worked tirelessly for several years to bring our Society to its current status. I appeal that they all should continue to serve and support the Society in whatever capacity they find themselves at the end of this meeting.

### CONCLUSION

Our Society has definitely opened a new chapter and has begun a journey to linking our creativity to prosperity. All hands should therefore be on deck for the exciting days ahead.

My address would not be completed if I failed to acknowledge and sincerely thank the Nigerian Copyright Commission (NCC), particularly the Director General, Dr. John Asein, for the Commission's support and encouragement to our Society. We know and believe that the Commission would do more in the coming years, as this is crucial to the overall development of the creative industry, particularly the copyright sector of our nation's economy.

Thank you and God Bless.



Orits Williki  
Chairman.

## DIRECTOR GENERAL'S COMMENT

Director General's (CEO's) comments at the 2022 Annual General Meeting of the Members of the Musical Copyright Society Nigeria Ltd/Gte (MCSN).



We are happy to be holding the 2022 Annual General Meeting earlier than when we used to hold AGMs and in line with the decision of members at the 2021 Annual General Meeting which directed that either an Extra-Ordinary General Meeting be held for the purpose of election of Directors before the end of March 2022 or the 2022 Annual General Meeting be held within the first half of 2022.

Today's Annual General Meeting, which is the execution of the members' decision serves a dual purpose of bringing the Society fully in line with the need to report its activities in the previous years to the General Assembly early enough in the new year and file all statutory reports within regulatory deadlines. We sincerely thank members for this great decision and support.

As would be seen in our various reports, particularly in the President's comments, the Chairman's address and the Board of Directors' report vis-à-vis the report of the Auditors, the Society is making good progress as projected and has achieved greatly in its set goals. Some of these are touched upon herein below.

### LEGAL ADVANCEMENT

The Society had a final breakthrough in its legal challenge against Multichoice Nigeria Limited. It would be recalled that it was reported that the Court of Appeal affirmed the judgment of the Federal High Court which awarded damages of about Five Billion, Nine Hundred and Fifty Million (N5,950,000,000.00) only, in favour of our Society. We also reported to you at the last Annual General Meeting that Multichoice and our Society are exploring options to amicably resolve the issue. We are happy to formally report to the Annual General Meeting that the issue has been resolved with Multichoice Nigeria Limited paying to our organisation the sum of Two Billion, Seven Hundred and Fifty Million Naira (N2,750,000,000.00) in settlement of the judgment debt, securing licence for the use of musical works and sound recordings for subsequent years up to 2020 and amicably settling another case which the Society was litigating against a sister organisation of Multichoice in MCSN vs. Details Nigeria Limited.

With the resolution of this case, appeals and cross-appeals with motions filed at the Supreme Court have automatically terminated. Another great precedent has thus been set in matters of infringement cases and award of damages in copyright

## DIRECTOR GENERAL'S COMMENT Cont'd

matters.

The Society's other cases with infringers are ongoing before various courts. Our Lawyers, great thanks to them, are working hard to bring the cases into quick determination and devising means of making this happen. We must of course mention that the heavy backlog of cases created by the Covid – 19 pandemic in 2020 up to 2021 are the root causes of the apparent delay in the conclusion of the cases.

### DISTRIBUTIONS

As indicated in our report to the last Annual General Meeting, we resumed distributions of royalties to our members and affiliates in the course of 2021. One of the interesting things about the exercise is that what we have done so far dates back to 2006, which underscores our belief as expressed to members in the course of our struggles that whatever money they think they have lost in the past, would be recouped and paid to them. This is exactly what we are doing and our members are already benefitting from this.

One challenge which we are however facing is that the addresses of many of our members have changed over the years and they have not updated their new addresses in their records with us. This has made it very difficult for us to contact such members and to get their bank details for remittances. We therefore once again request every member to update their records with the Society, particularly their bank details and current addresses.

We are also facing challenges of procuring foreign exchange from the Central Bank of Nigeria to enable us to transfer the shares of our foreign affiliates to them. As we all know, we would be breaching the law and financial regulations, should we go to the parallel market to source foreign exchange for this purpose. We shall however in the course of 2022 officially engage the Central Bank of Nigeria to open the window for copyright and other intellectual property rights transactions to qualify for official foreign exchange transactions. We are confident that this would be positively considered as copyright and intellectual property are recognized subjects of International Trade.

To further ease the means and channels of communications with our members regarding the foregoing issues we ask and encourage all our members to open and

## DIRECTOR GENERAL'S COMMENT Cont'd

supply us with their email and WhatsApp addresses and telephone numbers as our communications would no longer heavily rely on papers. With the modern technologies it would be easier for members to easily and frequently communicate with the society.

### TECHNOLOGICAL IMPROVEMENT

We continue to improve on our technological advancement for the efficient administration and management of your works in our repertoire. Members are advised to always notify to us and register all their existing and new works for inclusion in our local and international databases. Members are losing quite a lot of remuneration by failing to promptly and adequately document their works as appropriate. As a matter of fact, we have recently discovered instances where some members' works were credited to or shared with people and interests with whom such members have no relationship of any sort.

### COOPERATION AND COLLABORATION WITH OTHER BODIES

Our relationship with other groups, organisations and associations are going smoothly and we are exploring more opportunities of working more closely with relevant organisations and associations for the ultimate benefits of our members and the advancement of our creative industry.

### RELATIONSHIP WITH REGULATORY AGENCY

The Society continues to enjoy very good and healthy relationship with our regulator, the Nigerian Copyright Commission (NCC), whose officials have continued to encourage and support MCSN's efforts in many areas and regions of the country.

I express my profound gratitude to the Commission, particularly the Director General, Dr. John Asein, who has kept us in the loop and keeping us up to speed of key developments in the nation's copyright sector.

### APPRECIATION

I must thank the Board of Directors who stood solidly behind the Management in all of its activities and for their individual and collective encouragements at every twist and turn. As the Society is moving to new and higher level, we urge our Directors to continue to be united and supportive of the Management with a view to making the



## DIRECTOR GENERAL'S COMMENT Cont'd

Society more formidable.

The President of the Society, King Sunny Ade, has continued to deploy positive influence for the benefit of the Society, as I deeply thank him, I must say that we can't have enough of this influence.

We deeply appreciate and thank MCSN's team of lawyers who has continued to render countless services to the Society. Mention must be made of Mr. Adewale Adesokan, SAN, who is serving as our Company Secretary and defending our interests in other fronts; Mr. Dada Awosika, SAN, who is in charge of our Regulatory and Inter-Governmental Relations and handling major cases, two of which earned our Society favourable Supreme Court judgments; Dr. Ope Banwo, who is serving on the Board; Mr. Norrison I. Quakers, SAN, who has been supportive of and defending certain of our cases in court and of cause Mr. Olumide Ekiola, who represented the Society in the Society's case against Multichoice Nigeria Limited among other causes. These Gentlemen are greatly valued.

### CONCLUSION

The goals set for and the expectation placed on the Society remain formidable but we remain undaunted and certain that with the kind of commitment with which we surmounted the challenges that faced the Society in the past, we would be able to fully accomplish our set goals in record time.

We appeal to every member of the Society, no matter their position or location that they should strive to protect and advance the interests of the Society. It must be your duty to at all times work for the Society, speak well of the Society, rally round your Management and Board of Directors; at the end, whatever we considered lost would be fully regained.

Above all, I give all the glory to God Almighty who remains with us in our journey so far and I am firm in my belief that He will take us to glorious accomplishments.

Thank you and God Bless.



Mayowa Ayilaran  
 Director General/Chief Executive.

## DIRECTOR'S REPORT

The directors have the pleasure of presenting the financial statements of the society for the year ended 31st December, 2021

### 1. PRINCIPAL ACTIVITIES

The society administered during the year under review, the performing and mechanical rights (copyright) in musical and related audiovisual works assigned to it by its members and other assignors and operated as an exclusive licensee of affiliated organizations.

### 2. RESULTS

The summary of the Society's operational performance for the year ended 31st December, 2021 is as presented below:

	31 / 12 / 2021	31 / 12 / 2020
	N	N
	'000	'000
Licensing / Royalty Income	<u>1,854,961</u>	<u>25,161</u>
Net Distributable Surplus / (Deficit)	<u>1,552,945</u>	<u>(22,793)</u>
<b>ADD:</b>		
Distributable Income / (Deficit) b/f	<u>(453,131)</u>	<u>(430,325)</u>
	<u>1,099,814</u>	<u>(453,118)</u>
<b>LESS:</b>		
Adjustment	993	(13)
Non-Distributable Income	<u>(22,578)</u>	
Distributions during the year	<u>(16,299)</u>	-
Distributable Income / (Deficit) c/f	<u>1,061,930</u>	<u>(453,131)</u>

### 3. EMPLOYMENT AND EMPLOYEES

#### a) Employment of disabled persons

The recruitment policy of the society does not discriminate against disabled persons. Considerations are given to applications made by such people with adequate attention however, given to their abilities.

#### b) Training and Development

Furthermore, the society's strength and success lie in her human resources. Hence, great emphasis is placed on ensuring that our employees at all levels in the organization are well trained and developed to enhance performance.

### 4. AUDITORS

The Auditors, Messrs, Abikoye Olumide & Co will continue in office in accordance with section 357 (2) of the Companies and Allied Matters Act, 1990

BY ORDER OF THE BOARD



SECRETARY  
 LAGOS, NIGERIA



# AUDITOR'S REPORT



## TO THE MEMBERS OF MUSICAL COPYRIGHT SOCIETY NIGERIA LIMITED / GTE

We have audited the financial statements of MUSICAL COPYRIGHT SOCIETY NIGERIA LIMITED / GTE ("the society") which comprise the statements of financial position as at 31st December, 2021, the income statement, statement of changes in members fund, cash flow statement for the year ended 31st December, 2021 and the statement of accounting policies set out in the financial statements.

### Respective Responsibilities of the Directors and Auditors

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011 and the International Financial Reporting Standards. Furthermore, the directors are responsible for such internal control as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to form an independent opinion, based on our audit, on the statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with auditing standards. An audit includes, examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the society's circumstances, and are consistently applied and adequately disclosed.

We planned and performed our audit to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statement and assessed whether the society's books have been properly kept.

### Opinion

In our opinion, financial statements present fairly, in all material respects, the financial position of MUSICAL COPYRIGHT SOCIETY NIGERIA LIMITED / GTE as at 31st December, 2021, and the financial performance and cash flows for the years ended 31st December 2021 in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011, and the International Financial Reporting Standards.

J. O. Abikoye  
(FRC//ICAN/00000019256)  
For: Abikoye Olumide & Co  
(Chartered Accountants)  
Lagos, Nigeria



DATED: 6th May 2022

□ 17, Idoluwo Street, Off Docemo Street, Lagos State □ 10, Akure Road, Adewole Estate, Ilorin, Kwara State,  
□ Plot 201, Durumi Oladipo Diya Way, Opposite Games Village, By Concordia Apartment, Abuja.  
[www.doubleedgeabikoye.com](http://www.doubleedgeabikoye.com) email: [chartered@doubleedgeabikoye.com](mailto:chartered@doubleedgeabikoye.com), [doublesource@gmail.com](mailto:doublesource@gmail.com)  
Tel. 08037136855, 07030883359 09051596970, 08023296217



## MUSICAL COPYRIGHT SOCIETY NIGERIA LIMITED / GTE STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2021

ASSETS EMPLOYED	NOTES	12/31/2020	
		N	N
<b>NON CURRENT ASSETS</b>			
Property, Plant & Equipment	4	3,173,400	1,109,700
<b>TOTAL NON-CURRENT ASSET</b>		<b>3,173,400</b>	1,109,700
<b>CURRENT ASSETS</b>			
<b>TOTAL ASSETS</b>	5	<b>1,221,811,200</b>	1,687,411
		<b>1,224,984,600</b>	2,797,111
<b>MEMBERS FUND AND LIABILITIES</b>			
ACCUMULATED FUND	6	61,964,933	39,386,974
RETAINED SURPLUS / (DEFICIT)	7	1,061,930,158	1,123,895,091 (453,131,477)
<b>ATTRIBUTABLE TO MEMBERS</b>		<b>1,123,895,091</b>	(413,744,504)
NON-CURRENT LIABILITY	8	0	0
CURRENT LIABILITIES	9	101,089,509	416,541,615
<b>TOTAL LIABILITIES</b>		<b>101,089,509</b>	416,541,615
<b>TOTAL MEMBERS FUND AND LIABILITIES</b>		<b>1,224,984,600</b>	2,797,111

) DIRECTORS

The accompanying notes form an integral part of these Accounts

**MUSICAL COPYRIGHT SOCIETY NIGERIA LIMITED / GTE**  
**STATEMENT OF INCOME & EXPENDITURE**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

	NOTE	N	31/12/2020 N
LICENSING / ROYALTY INCOME	11	1,854,960,572	25,161,141
<b>LESS:</b>			
ADMINISTRATIVE AND OTHER OVERHEAD	13	(324,592,721)	(47,953,625)
SURPLUS / (DEFICIT) BEFORE APPROPRIATION		1,530,367,851	(22,792,484)
PROVISION FOR TAX		-	-
RETAINED SUPPLUS / (DEFICIT)		1,530,367,851	(22,792,484)
<b>OTHER COMPREHENSIVE INCOME:</b>			
INCOME FROM OTHER SOURCES (Non-distributable)	10	22,577,959	353,593
		1,552,945,811	(22,438,891)
<b>APPROPRIATION:</b>			
DISTRIBUTIONS DURING THE YEAR	12	(16,298,928)	-
		<u>1,536,646,883</u>	<u>(22,438,891)</u>

The accompanying notes form an integral part of these Accounts

**MUSICAL COPYRIGHT SOCIETY NIGERIA LIMITED / GTE**  
**STATEMENT OF CHANGES IN MEMBERS' FUND**  
**FOR THE YEAR ENDED 31ST DECEMBER 2021**

	Members fund N	Retained Earning N	TOTAL N
BALANCE AS AT 1ST JANUARY 2020	39,033,381	(430,325,869)	(391,292,488)
<b>ADD:</b>			
RESERVE & NET DISTRIBUTABLE SURPLUS / (DEFICIT) FOR THE YEAR	-	(22,792,484)	(22,792,484)
OTHER COMPREHENSIVE INCOME	-	340,468	340,468
PRIOR YEAR ADJUSTMENT	0	-	-
<b>BALANCE AS AT 31ST DECEMBER 2020</b>	<u>39,033,381</u>	<u>(452,777,885)</u>	<u>(413,744,504)</u>
BALANCE AS AT 1ST JANUARY 2021	39,033,381	(452,777,885)	(413,744,504)
<b>ADD:</b>			
NET INCOME FOR THE YEAR ADJUSTMENT / OTHER COMPREHENSIVE INCOME		1,530,367,851	1,530,367,851
		23,570,671	23,570,671
DISTRIBUTION	0	(16,298,928)	(16,298,928)
<b>BALANCE AS AT 31ST DECEMBER 2021</b>	<u>39,033,381</u>	<u>1,084,861,710</u>	<u>1,123,895,091</u>

The accompanying notes form an integral part of these Accounts



**MUSICAL COPYRIGHT SOCIETY NIGERIA LIMITED / GTE**

**STATEMENT OF CASH FLOW**

**FOR THE YEAR ENDED 31ST DECEMBER 2021**

	31/12/2020		
<b>Cash flow from Operating Activities</b>			
Net Profit / ( Loss) for the Year	1,530,367,851		(22,792,484)
<b>Adjustment for items not involving cash movement:</b>			
Depreciation	500,300		411,000
Operating Revenue before Working Capital	1,530,868,151		(22,381,484)
(Increase)/decrease in other current Assets	(1,023,464,771)		13,126
(Increase)/decrease in Trade / Sundry Creditors	(315,452,106)	(1,338,916,877)	22,643,589
<b>Funds generated from operations</b>	<b>191,951,275</b>		<b>275,231</b>
<b>Cash from other sources:</b>			
Members Fund / Non Distributable income	22,577,959	353,593	353,593
<b>Net Cash from Operating Activities</b>	<b>214,529,234</b>		<b>628,823</b>
<b>Cash from Investing Activities:</b>			
Distributed Royalty / Loss on Investment	(15,306,216)	(13,125)	
Fixed Assets	(2,564,000)	(287,000)	(300,125)
	196,659,018		328,698
Cash / Bank Balances at the beginning of the year	1,546,974		1,218,275
Cash / Bank Balances at the end of the year	198,205,992		1,546,974

The accompanying notes form an integral part of these Accounts



**NOTES TO THE ACCOUNTS**

**1. Corporate Information**

The society was incorporated in Nigeria as a society limited by guarantee in 1984. Its registered office address is at 6, Olaribiro Street, Off Allen Avenue, Ikeja, Lagos State.

The society administered during the year under review, the performing and mechanical rights (copyright) in musical and related audiovisual works as owners and assignee.

**2. Basis of preparation.**

**Statement of compliance with IFRSs**

These financial statements have been prepared in accordance with, and comply with, international Financial Reporting Standards (IFRS) and International Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these financial statements.

**3. Significant Accounting Policies**

The principal accounting policies employed in the preparation of these accounts are as follows:

**A) Basis of measurement**

The financial statements have been prepared under the historical cost basis except for Property, Plant and Equipment which are measured at fair values.

Adopted Accounting policies have been applied consistently to all period presented in the financial statements.

**B) Functional and Presentation Currency**

The financial statements are presented in the Nigeria Naira (₦), which is the country's functional currency in which the society operates.

**C) Royalty Income**

Revenue from royalty and other activities represents cash received during the year.

**D) Foreign Currency Transactions**

Transactions in foreign currencies are recorded in Naira at the exchange rate ruling at the date of transactions.

**E) Property, plant and equipment**

Items of property, plant, and equipment are stated at fair value less depreciation.

Depreciation is computed using the straight line method based on the estimated useful lives of the items of property, plant, and equipment, taking into account the estimated residual value.

The estimated useful lives of property, plant and equipment are

Motor Vehicle	20%
Office Equipment	10%
Furniture & Fittings	20%
Renovation & Partitioning	10%
Plant & Generator	10%

**F) Trade receivables**

Trade receivables are carried at original invoice amount less any allowance for doubtful debts. Allowances are made where there is evidence of a risk of nonpayment, taking into account ageing, previous experience and general economic conditions.

**G) Trade payables**

Trade payables are held at invoice cost by suppliers / contractors.

**H) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and balance with banks.

**I) Fair Value exemption**

The Society adopted the option of fair value exemption in the valuation of its Property, Plant and Equipment. Furthermore, items of assets, which had been fully depreciated in the account, but still in use, were reported at their fair value.

**J) Related Party Transaction**

There was no related party transaction during the year under review.

**H) Company's indebtedness**

Note 9, Sundry Creditors, include provisions for gratuity, Allowances and debt owe to employees.

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2021**

4. PROPERTY, PLANT & EQUIPMENT	COST:		DEPRECIATION:		NET BOOK VALUE	
	Balance b/f	Addition / Revaluation during the year	Balance b/f	Charged for the year	As at 31/12/2021	As at 31/12/2020
MOTOR VEHICLES	2,850,000	0	2,849,000	0	1,000	1,000
PLANT & GENERATOR	2,250,000	0	1,800,000	225,000	225,000	450,000
FURN. & FITTINGS	1,870,000	119,000	1,858,000	14,000	117,000	12,000
OFFICE EQUIPMENT	1,860,000	2,445,000	1,213,300	261,300	2,830,400	646,700
<b>TOTAL</b>	<b>8,830,000</b>	<b>2,564,000</b>	<b>7,720,300</b>	<b>500,300</b>	<b>3,173,400</b>	<b>1,109,700</b>
		<b>11,394,000</b>		<b>9,220,600</b>		
						31/12/2020
						<b>N</b>
						1,546,974
						-
						140,438
						<b>1,687,411</b>



**NOTES TO THE ACCOUNTS FOR THE  
YEAR ENDED 31ST DECEMBER 2021**

**NOTES**

**6. ACCUMULATED FUND**

	N	31/12/2020 N
Balance blf	39,386,974	39,033,381
Adjustments	0	-
Transactions during the year	<u>22,577,959</u>	<u>353,593</u>
	<b><u>61,964,933</u></b>	<b><u>39,386,974</u></b>

**7. SURPLUS / (DEFICIT) ACCOUNT**

Surplus / (Deficit) b/f	<b>(453,131,477)</b>	(430,325,868)
Adjustment / Loss on Investment value	<b>992,712</b>	(13,125)
Non-Distributable income	<b>(22,577,959)</b>	
Surplus / (Deficit) for the Year	<b><u>1,536,646,883</u></b>	<u>(22,792,484)</u>
	<b><u>1,061,930,158</u></b>	<b><u>(453,131,477)</u></b>

**8. NON CURRENT LIABILITIES  
(DIRECTORS ACCOUNT)**

Balance b/f	0	0
Addition / (Withdrawal ) during the year	<u>0</u>	<u>0</u>
	<b><u>0</u></b>	<b><u>0</u></b>

**9. CURRENT LIABILITIES**

Trade Creditors	0	4,967,670
Prior Year Adjustment	0	0
Sundry Creditors	<u>101,089,509</u>	<u>411,573,945</u>
	<b><u>101,089,509</u></b>	<b><u>416,541,615</u></b>

**10. NON - DISTRIBUTABLE / OTHER INCOME**

Foreign Exchange difference	<b>(790,180)</b>	37,343
Admin. / Set up fee	<b>1,951,139</b>	316,250
Investment Income	<u>21,417,000</u>	0
	<b><u>22,577,959</u></b>	<b><u>353,593</u></b>

**11. LICENSING / ROYALTY INCOME**

<b>A) LOCAL</b>		
Mechanical	<b>618,307,840</b>	8,387,047
Performing Right	<u>1,236,615,681</u>	<u>16,774,094</u>
	<b><u>1,854,923,521</u></b>	<b><u>25,161,141</u></b>
<b>B) FOREIGN</b>		
	<b><u>37,051</u></b>	<u>0</u>
	<b><u>1,854,960,572</u></b>	<b><u>25,161,141</u></b>

**12. DISTRIBUTIONS DURING THE YEAR**

Local	<b>16,298,928</b>	0
Foreign	<u>0</u>	<u>0</u>
	<b><u>16,298,928</u></b>	<b><u>0</u></b>



**NOTES TO THE ACCOUNTS FOR THE  
YEAR ENDED 31ST DECEMBER 2021**

**13. OPERATING EXPENSES**

	N	31/12/2020 N
Salaries & Wages	<b>34,325,106</b>	31,536,727
Transport & Traveling (Local & Foreign)	<b>2,880,220</b>	967,690
Audit & Professional Fees	<b>205,000</b>	150,000
Repair & Maintenance	<b>3,471,475</b>	2,085,750
Stamps & Postages	<b>716,170</b>	718,720
Printing & Stationeries	<b>1,214,330</b>	538,380
Meetings, Press Conferences & PR	<b>7,730,160</b>	146,900
Vehicle & Plant Running Expenses	<b>1,179,300</b>	1,309,000
Commission on Licensing	<b>1,362,270</b>	283,968
Bank Charges	<b>1,924,781</b>	89,716
Licencing & Monitoring Expenses	<b>373,073</b>	175,184
Power & Electricity	<b>1,790,600</b>	1,161,684
Business Promotion & Publicity	<b>13,212,747</b>	2,348,115
Registration & Provision for Subscription	<b>3,158,805</b>	392,380
Medical & Staff Welfare	<b>972,040</b>	679,870
Legal & Professional Fees	<b>186,655,000</b>	2,080,000
Directors' Sitting & Other Allowances	<b>2,964,000</b>	0
General Expenses	<b>755,795</b>	229,690
Rent & Rates	<b>2,000,000</b>	2,000,000
Gift & Donation	<b>41,500</b>	200,000
Information & Communication Technology	<b>1,003,497</b>	0
Enforcement expenses	<b>27,200,000</b>	0
Special Compensation & Awards	<b>18,850,000</b>	0
Cultural & Social Funds	<b>10,000,000</b>	0
Filing, Processing & Court Expenses	<b>85,000</b>	438,000
Newspapers & Periodical	<b>21,550</b>	10,850
Depreciation	<b><u>500,300</u></b>	<u>411,000</u>
	<b><u>324,592,721</u></b>	<b><u>47,953,625</u></b>

## DISTRIBUTION RULES

### Introduction to MCSN's Distribution Principle:

Just like any other ordinary business organisation, MCSN pays royalties (dividends) to its members and rights holders at least once in a year. This is what is called distributions. This may occur as frequently as distributable incomes are available and may be categorised as specific and general distributions, depending on the source and volume of available income vis-a-vis details or data of exploitation of works resulting in the income to be distributed. The distribution principles relates to royalties paid for the exploitation of music and sound recordings of MCSN members and affiliates in performing and mechanical rights.

This policy document explains how MCSN works out the royalties and schedule when they'll be paid. It's not just about the technologies and methods we use, but also the principles we use for guidance.

Fairness, accuracy, cost effectiveness and transparency are all very important for our members and affiliates. However, sometimes these principles are at odds. This policy document sets out how we strike a balance.

MCSN pays royalties to members and rights holders in a separate set of distributions throughout the year called specific distribution. These are for mechanical rights and specific exploitation, which are detailed separately as specific distribution.

This document cannot cover every aspect of the distribution process. Members should contact our membership department by email at [info@mcsnnigeria.org](mailto:info@mcsnnigeria.org) or [info.mcsnnigeria@gmail.com](mailto:info.mcsnnigeria@gmail.com) for more information.

### General Distribution Principle/Rules:

1. Our general distribution principle is found in the MCSN Memo & Articles of Association, specifically Article 46 - 48 of the MEMAT which we refer to as 'Allocation of Moneys'.
2. The guiding principles for allocation of monies are that the costs of collection vis-à-vis that of distribution are fully charged against what has been collected with a view to driving down the costs as the Society advances to optimum level in its operations. This is so because the Society does not receive any grant or subvention for its operations. It relies solely on collection income realized from the exploitation of its repertoire.

## DISTRIBUTION RULES

3. Secondly, the distribution policy or principle of the Society is also guided by the regulatory limit of 30% which the Society could charge for its administration costs under the CMO Regulations of 2007.

4. The rules and principles are equally based on the understanding that a fledging society such as MCSN, which is just emerging from serious regulatory challenges and encumbrances which lasted for nearly ten years or more could not immediately operate at a level which its costs would equal or less than 30% of collection income. The following rules are however put in place to guide the Society into attaining the required level in good time depending on the type of distribution and volume of income involved:

- a. Every collection is subject to 30% deduction for administration costs.
- b. 10% is further deducted for social fund.
- c. 60% goes into distribution fund.
- d. Any amount expended for administration purposes above the allocated 30% is treated as loan from either the social fund or distribution fund or both.
- e. Such borrowings are rolled over till when the administration costs break even to start refunding the funds as appropriate for disbursement or as may be determined by the Board, subject to the approval of the Annual or Extra-Ordinary General Meeting of members.
- f. Where the cost of carrying out a distribution is higher than the amount available for distribution, the amount is rolled over to when it would be profitably higher than the cost of distribution. However, those affected by such distribution shall duly be notified with the amount due to them but which is being held on account by the Society.

3. The Society's Memorandum and Articles of Association places the directive responsibility of distribution on the MCSN's Board (General Council) as follows:

- i. Article 46 - 48 holds the MCSN Board of Directors responsible for determining the specific methods used to allocate and distribute MCSN revenue as royalties. The MCSN Board delegates this responsibility to the Distribution Committee, a sub-committee of the MCSN Board subject to the General Accounting Policies and Standards in force as approved by the Board. This committee decides how to distribute the income we collect to our members and members of affiliated societies, subject to sources and volume of the income available for distribution.
- ii. The committee's intent and purpose is to achieve a fair, accurate, transparent and cost-effective distribution.

## DISTRIBUTION RULES

- iii. The Board aims for all aspects of distribution rules and processes to be transparent and easily understood. Cost allocations should be clear, without any unknown or hidden cross-subsidies.
- iv. MCSN generally needs and relies on the usage data (program returns) to identify the licensed music and sound recordings being used and the rights-holders to pay. In some cases the people using music (known as 'licensees') are unable to provide complete usage data or supply it in a format we can process. We can use a variety of data collection methods in these situations.
- v. MCSN recognizes that some methods, like music recognition technology companies and electronic fingerprinting techniques, can be very accurate yet also very expensive. It might be costly in terms of collecting or processing the data. This is why we consider principles like cost effectiveness as well as accuracy.
- vi. In some situations achieving 100% data accuracy for each individual performance might cost more than the revenue being collected - meaning there would be nothing left for royalties. Instead, we can use cost effective methods of data collection and analysis to provide statistically representative information about music use.
- vii. MCSN's Distribution Committee ensures a balance between our principles to provide the greatest value for all our members and rights-holders. Royalties for members of affiliated societies are calculated on precisely the same basis as those for MCSN members.

### Distribution Principle Review and decision-making processes:

1. The MCSN Board is responsible for formulating and implementing specific distribution principle.
2. The Board is required to:
  - a) ensure this policy is fair, accurate, transparent and cost effective;
  - b) put in place a system to ensure that data supporting royalty allocation is, and continues to be, based on statistically reliable sources. These sources must fairly represent the performing right usage of musical works and sound recordings in the Nigeria.
3. MCSN distribution principles are subject to regular review. MCSN management works closely with the Distribution Committee so that principles in need of review are subject to thorough and timely examination to meet an ever changing and current International Standard.
4. Many factors could lead to a review and in relation to priority, including:

## DISTRIBUTION RULES

- a) a change in licence terms, which affects how royalties would be distributed under a certain principle/Rule
  - b) a change in data availability, processing or cost, which affects how royalties would be distributed on a certain section
  - c) member dissatisfaction with current principle/Rule
  - d) a new way that licensed music is being used
  - e) a change of legislation
  - f) value of distributions governed by the principle/Rule
  - g) the potential benefit of a review, such as increased accuracy or cost efficiency
  - h) potential risks of not reviewing current policy, such as the absence of a distribution principle/Rule for a new revenue stream
5. During a review, MCSN management works closely with the Distribution Committee to determine a means of distribution that is considered as fair, accurate, cost effective, clear and straightforward as possible.
  6. MCSN management undertakes extensive analysis to understand the potential impacts of any proposed principle change on member and rights-holder earnings.
  7. Consult with rights-holders if they are likely to be materially affected by any change in the rule or implementation.





## EVENTS PHOTOGRAPHY

### MCSN 2021 AGM



## EVENTS PHOTOGRAPHY



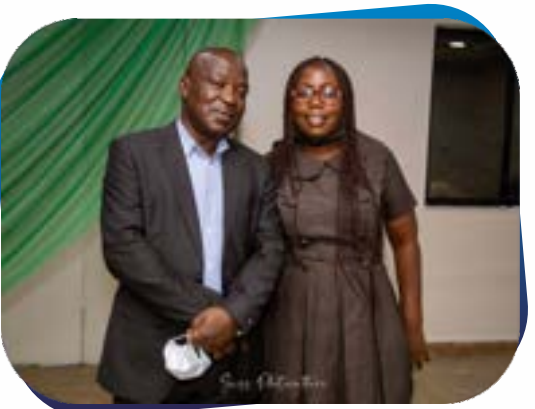
## EVENTS PHOTOGRAPHY



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