



- JOBURG THEATRE-
(SOC)LIMITED
Registration No: 2000/013032/07

the **JOBURG THEATRE**



2018/19 Integrated Report

(In terms of Section 121 of the
Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act, 2000)

JOBURG THEATRE (SOC) LIMITED

APPROVAL:

<p>_____</p> <p>Mr Solomon Mphakathi Chief Financial Officer</p> <p><i>S. Mphakathi</i> Signature</p>	<p>Date of approval: <u>28/11/2019</u></p>
<p><i>Xoliswa Nduneni</i> _____</p> <p>Ms Xoliswa Nduneni-Ngema Chief Executive Officer</p> <p>Signature</p>	<p>Date of approval: <u>28/11/2019</u></p>
<p>_____</p> <p>Mr Nkopane Maphiri Chairperson of the Board</p> <p><i>Nkopane Maphiri</i> Signature</p>	<p>Date of approval: <u>28/11/2019</u></p>
<p>_____</p> <p>Cllr Nonhlanhla Sifumba Member of the Mayoral Committee</p> <p>Signature</p>	<p>Date of approval: _____</p>

COMPANY INFORMATION:

Registration number	:	2000/013032/07
Registered Address	:	163 Civic Boulevard Braamfontein 2017
Postal Address	:	P O Box 31900 Braamfontein 2017
Telephone number	:	(011) 877-6800
Fax number	:	(011) 877-6812
Website	:	www.joburgcitytheatres.com
Bankers	:	Nedbank Limited Investec
Auditors	:	Auditor-General

VISION

A leading African artistic platform providing sustainable, development-oriented and diverse programming.

In support of the City of Joburg's Vision:

"A Joburg that works is a South Africa that works"

MISSION

To produce and present innovative and relevant indigenous and international entertainment programmes that promote multiculturalism, diversity and social cohesion.

In so doing, the company commits to:

- ***Conceptualise, manage, host and promote high quality performing arts and entertainment experiences and facilities;***
- ***Create opportunities for affordable access and use of theatres by all communities;***
- ***Provide opportunities for the youth, including the development of future arts practitioners and entrepreneurs;***
- ***Grow shareholder value by ensuring sound financial management and governance and growth in revenue; and***
- ***Work in partnership with others to maximise the impact of our programmes.***

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Abbreviations

Abbreviation/ Acronym	Explanation/ Description
AA	Affirmative Action
AFS	Annual Financial Statement
AGSA	Auditor-General of South Africa
AGM	Annual General Meeting
ARC	Audit and Risk Committee
BBBEE	Broad Based Black Economic Empowerment
BOARD	Board of Directors of Joburg City Theatres
CAPEX	Capital Expenditure
CATHSSETA	Culture Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLLR	Councillor
COJ	City of Johannesburg
DAC	Department of Arts and Culture
EAP	Employees Assistant Programme
EE	Employment Equity
EPWP	Expanded Public Works Programme
EXCO	Executive Management Committee
FY	Financial Year
GAC	Group Audit Committee
GDS	Growth and Development Strategy
GRI	Global Reporting Initiative
GRAP	Generally Recognised Accounting Practice
GRAS	Group Risk and Assurance Services
HR	Human Resources
IAC	Independent Audit Committee
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IIRC	International Integrated Reporting Council
JCT	Joburg City Theatres
KING IV	King Report on Corporate Governance for South Africa
KPA	Key Performance Area
KPI	Key Performance Indicator
MANCO	Management Committee
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
ME	Municipal Entity
MOI	Memorandum of Incorporation
MSA	Municipal Systems Act
MSCMR	Municipal Supply Chain Management Regulations
mSCOA	Municipal Standard Chart of Accounts
NED	Non-Executive Director
NPC	Non Profit Company
(PTY) LTD	Proprietary Limited
SALGA	South African Local Government Association
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SMART	Specific, Measurable, Attainable, Reliable and Timely
SOC	State Owned Company
REMSEC	Remuneration, Social and Ethics Committee
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
STAGES	Stages Restaurant
WSP	Workplace Skills Plan
YTD	Year to Date

ABOUT THIS REPORT

Joburg Theatre (SOC) Ltd, known as Joburg City Theatres (JCT), an independent municipal entity wholly owned by the City of Johannesburg ("COJ"), is pleased to present its Integrated Report for the period 1 July 2018 to 30 June 2019. JCT operates Joburg Theatre (Braamfontein), Roodepoort Theatre and Soweto Theatre.

Joburg Theatre is also home to Joburg Ballet, which is supported by an annual grant from JCT; as well as the Peoples Theatre Company – performing throughout the year to children between the ages of 3 and 13. Since 2017, the Joburg Philharmonic Orchestra is also supported through an annual grant from JCT.

While not its core mandate, over the period since 2013 the hospitality, catering and restaurant services provided by JCT have also matured and grown, contributing significantly to revenue generation and to the suite of services that JCT offers.

This report aligns with best practice in integrated reporting. It includes the principles of integrated reporting contained in the International Integrated Reporting Council Framework, published by the International Integrated Reporting Council (IIRC) in December 2013, and is guided by various codes and standards including the King IV Report on Corporate Governance for South Africa, and the accompanying Code on Corporate Governance for South Africa.

JCT has applied circular 63 of the Municipal Finance Management Act No. 56 of 2003 (MFMA), issued by the National Treasury in the preparation of the integrated report. The circular prescribes the content municipalities should cover in their annual reports. The 2018/19 integrated report provides all of the required data and tables.

To comply with local and international sustainable reporting best practice guidelines, the 2018/19 integrated report also takes into account financial, social and economic factors in reporting on JCT's operations. The guidelines applied include:

- Reporting requirements as per the Municipal Finance Management Act No. 56 of 2003, Circular 63
- The South African Statements of Generally Recognised Accounting Practice (GRAP)
- Section 46(1) of the Municipal Systems Act of 2000.
- International Integrated Reporting Council's Integrated Report Framework (IIRC IRF)
- King IV Report on Corporate Governance for South Africa
- National Treasury Guidelines and Regulations

Section 129 of the Local Government: Municipal Finance Management Act, no.53 of 2003 (MFMA) requires the Municipal Council to consider the Integrated Report of its municipality and to adopt an Oversight Report containing the Municipal Council's comments on each Integrated Report.

The purpose of the Integrated Report as highlighted in Section 121 of the MFMA is:

- to provide a record of the activities of the municipality during the financial year to which the report relates;
- to provide a report on performance against the budget of the municipality for that financial year; and
- to promote accountability to the local community for the decisions made throughout the year by the municipality.

Council is vested with the responsibility to oversee the performance of the municipality, as required by the Constitution, the MFMA and Municipal Systems Act (MSA).

JCT's outcomes are aligned with those set out in the City of Johannesburg's 2017/18–2020/21 Integrated Development Plan and the Joburg 2040 Growth and Development Strategy (GDS), the collective and shared vision for the future of Johannesburg.

Basis of preparation and presentation

The integrated report reflects a holistic account of all relevant and material financial and non-financial information, to enable stakeholders to evaluate the performance and impact of JCT's operations in implementing its mandate. To present a complete view of company's strategy and performance, taking into account both qualitative and quantitative matters that are material to the entity's operations and strategic objectives, which may influence the decision making by the entity and its stakeholders. The board of directors

supported by City of Johannesburg Metropolitan Municipality as the sole shareholder provides oversight over the activities of the entity.

Matters important to stakeholders are determined through extensive consultation with consideration of the concerns raised and feedback from stakeholders, taking into account the company's strategic objectives, assessment of risk and the way in which value chain operates. Material matters are those that are both of high concern to stakeholders and which could have a significant impact on JCT's ability to create value.

JCT continues to consider best reporting practice in the preparation of its integrated report, including the principles set out in the International Integrated Reporting Council's Framework and the guidelines of the Global Reporting Initiative (GRI). Integrated reporting remains a cornerstone of JCT's commitment to entrench global best practices in all operations. This report also complies with the disclosure requirements of the Generally Recognised Accounting Standards (GRAP) and the King IV Report on corporate governance for South Africa (King IV).

Summary of the organization's materiality determination process

JCT applies the principle of materiality to determine the nature, timing and extent of the disclosures in its integrated report. A matter is material if it is of such relevance and importance that it could substantially influence an assessment of the report and the entity's ability to create value in the short, medium and long term. Material issues are embedded into the company's processes in at least the following four ways that ensure efficiency and impact:

- **Strategy:** To feed into ongoing strategy development by highlighting rapidly emerging issues and enabling them to be factored into strategy development and possibly addressed as business opportunities, rather than ignored until they become business risks.
- **Performance:** To promote internal understanding of the link between environmental, social, governance issues and business performance. The materiality determination provides a link between issue experts and strategic and operational managers.
- **Stakeholder engagement:** To provide a framework to design stakeholder engagement strategies and a powerful tool to help identify opportunities for dialogue and collaboration.
- **Reporting:** To determine the scope of reporting and other communications so that they are more strategically aligned and useful to external stakeholders.

The main areas covered in this report in terms of both current and future issues are based on what the stakeholders said they need to know, the business focus areas, priorities and the actively managed risks confronted by the company.

JCT's approach to determining and prioritising the report content is an ongoing process throughout the year that considers internal and external factors which have and/or could have a substantive impact on the organisation's value creation activities and interaction.

The following internal and external criteria were used to identify material issues:

Process	Internal Criteria	External Criteria
IDENTIFICATION PRIORITISATION VALIDATION	City of Johannesburg Growth and Development Strategy (Joburg 2040 criteria and objectives)	Critical opportunities and challenges the entity is geared to respond to.
	National and Provincial outcomes of Government	Changes in the socio-economic developmental agenda and priorities of National and Provincial Government
	Enterprise Risk Management Process; including key risks impacting Entity's strategic and operational objectives and the associated mitigating activities	Factors which may impact the entity's reputation, thereby influencing its ability to promote sustainable growth
	Stakeholder expectations and feedback – from the shareholder, residents, theatre patrons, business community, Non-Governmental Organisations, National and Provincial Government, National Arts Council, theatre practitioners, other theatres	The provisions of various frameworks including: MFMA; Section 46(1) of the MSA; King IV; GRAP standards; Millennium Development Goals; BBBEE Code.

	and designated targeted groups.	
	The Entity's mission, vision and values.	
	The Entity's governance framework and policy environment.	

JCT has a structured strategic planning process through which the key determinants of value creation are identified, prioritised and targets set against them. These key determinants are the strategic focus areas that have a material impact on value creation for each of JCT's identified stakeholder groups. The strategic focus areas therefore form the overarching strategic framework and context for the material themes that are expanded on in the report.

Description of the reporting boundary

The integrated report covers the performance of JCT for the 2018/19 financial year in all geographic regions (Braamfontein, Roodepoort and Soweto including hospitality and catering operations) in which the entity operate. The consolidated data incorporates all the business units managed by JCT. There are no other entities over which the group has significant influence that it believes should be included in the report. Financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

The annual financial statements are prepared in accordance with Standards of GRAP. Any limitations will be disclosed in the relevant section.

Financial Reporting	Non-Financial Reporting
<p>This report includes reports of the independent auditors; the audit and risk committee; the directors' report; the annual financial statements and the corporate governance reports.</p> <p>The following frameworks adopted and applied include:</p> <ul style="list-style-type: none"> • Standards of GRAP • King IV • Companies Act No 71 of 2008 as amended (Companies Act) • The Municipal Finance Management Act No.56 of 2003 	<p>The boundary of the report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with key stakeholders that have a significant influence on the company's ability to create value.</p> <p>This report is intended to address the information requirements of long-term investors (the shareholder). It also present information relevant to other key stakeholders, including employees, clients, patrons, regulators and communities.</p>

Summary of the significant frameworks and legislation used to prepare the report

The integrated report for the period 1 July 2018 to 30 June 2019 is an integrated financial, social and economic report. JCT aligns to the local and international sustainability best reporting practices including the:

- Constitution of the Republic of South Africa (108 of 1996)
- Municipal Finance Management Act (56 of 2003)
- Standards of Generally Recognised Accounting Practice
- King IV Report on Corporate Governance for South Africa
- Discussion papers issued by the South African Integrated Reporting Committee and the International Integrated Reporting Council
- Global Reprting Initiative Framework
- Millennium Development Goals
- Joburg 2040 Growth and Development Strategy
- The City of Johannesburg's Integrated Development Plan
- Municipal Finance Management Act (56 of 2003)
- Municipal Structures Act (117 of 1998)
- Municipal Systems Act (32 of 2000)
- Preferential Procurement Policy Framework Act (5 of 2000) and related regulations 2017
- Broad-Based Black Economic Empowerment Act (53 of 2003)
- Promotion of Access to Information Act (2 of 2000)
- Promotion of Administrative Justice Act (3 of 2000)
- Protected Disclosures Act (26 of 2000)
- Prevention and Combating of Corrupt Activities Act (12 of 2004)

- Companies Act (71 of 2008)
- Competition Act (89 of 1998)
- Labour Relations Act (66 of 1995)
- Basic Conditions of Employment Act (75 of 1997)
- Employment Equity Act (55 of 1998)
- Skills Development Act (97 of 1998)
- Skills Development Levy Act (9 of 1999)
- Unemployment Insurance Act (63 of 2001)
- Unemployment Insurance Contributions Act (4 of 2002)
- Occupational Health and Safety Act (85 of 1993)
- The Compensation for Occupational Injuries and Diseases Act (130 of 1993)
- National Health Act (61 of 2003)
- Income Tax Act (58 of 1962)
- Value Added Tax (89 of 1991)

The report considers economic, environmental, social and technical performance and is also available online on entity's corporate website (<http://www.joburgcitytheatres.com>).

Codes and protocols

JCT applies the governance principles contained in King IV and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures. The directors and executives recognise that compliance is a source of rights and protection in accordance with King IV. Accordingly, the directors ensure continual monitoring of the regulatory environment in order to respond appropriately in the event of developments calling for JCT's response. Through this process, stakeholders can derive assurance that the entity is being ethically managed according to prudently determined risk parameters and in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King IV, forms part of the mandate of the Audit and Risk Committee. The entity has complied with King IV in all material respects during the year under review.

The directors have incorporated CoJ's Corporate Governance Protocol in its Board Charter, which inter alia regulates its relationship with CoJ as its sole shareholder and parent municipality in the interest of good corporate governance and good ethics. The Protocol is premised on the principles enunciated in King IV. JCT consolidated its position in respect of adherence to King IV. The entity practices are, in material instances, in line with the principles set out in King IV. Ongoing steps are however taken to align practices with the report's recommendations and the Board continually reviews progress to ensure that the entity continues to improve its corporate governance.

Assurance process for the integrated report

A combined framework integrates and coordinates all assurance activities, identifies all related providers, and ensures that actual assurance takes place and is reported within the entity's governance structures. JCT's combined assurance model recognises three lines of defence, namely review by management, internal and external assurance in order to optimise governance oversight, risk management and control.

The audit and risk committee and the board rely on combined assurance in forming their view of the adequacy of the entity's risk management and internal controls. The entity has applied a combined assurance approach in the preparation of this report.

The entity's Integrated Report for the 2018/19 financial year was assessed and rated to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

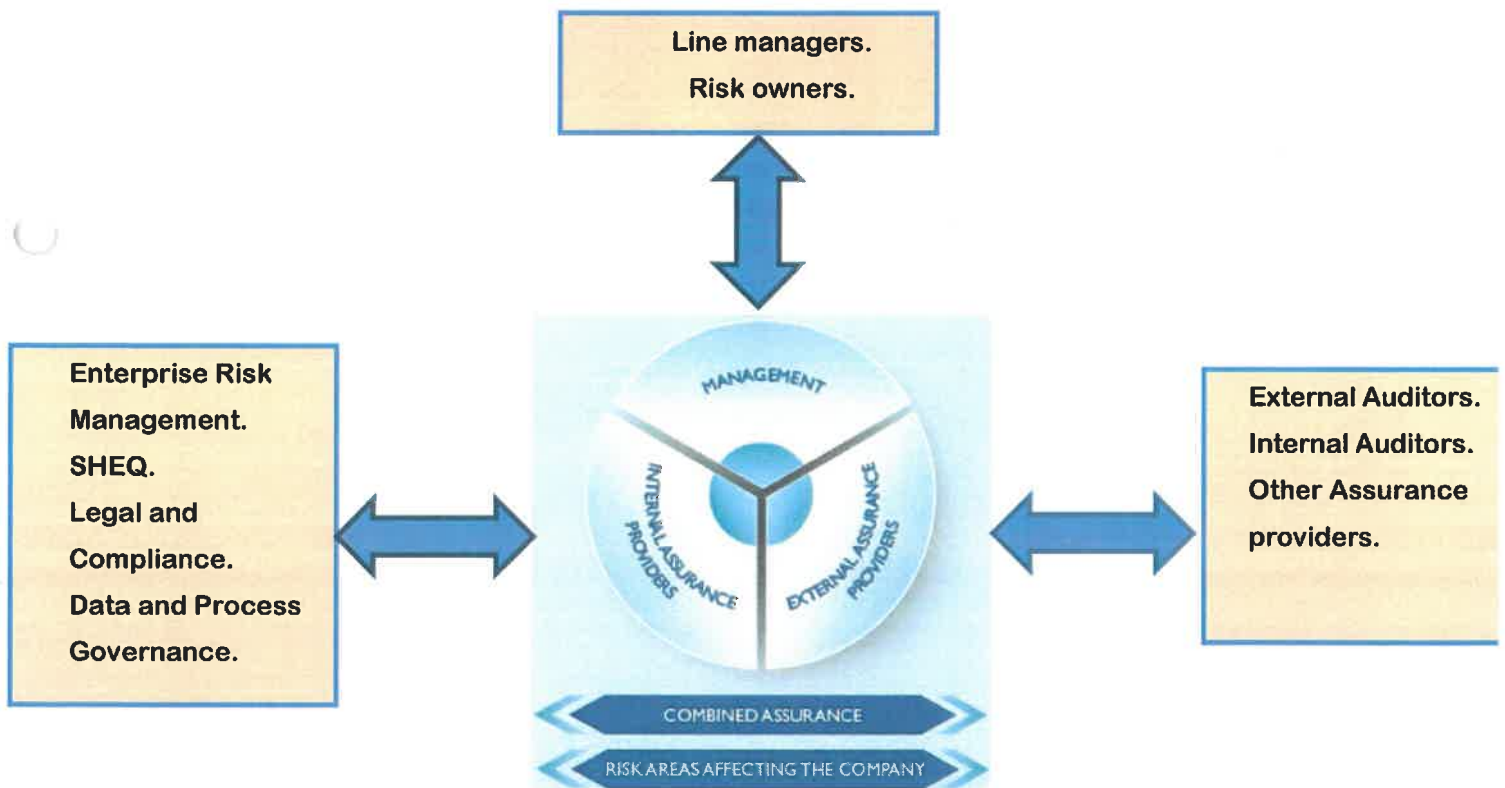
Integrated Reporting Framework
Ethical Leadership and Corporate Citizenship

MFMA: Circular 63 Annual reporting requirements
Member of the Mayoral Committee's Foreword - Statement and Executive Summary Report

Integrated Reporting Framework
Boards and Directors : <ul style="list-style-type: none"> - Board Independence; - Board reporting ; - Board's performance; - Board Committees; - Director's remuneration;
Audit and Risk Committees <ul style="list-style-type: none"> - Finance Competence; - Audit and Risk Committee performance;
The Governance of Risk
Compliance with Laws, Codes, Rules and Standards
Internal Audit <ul style="list-style-type: none"> - Internal Audit Function; - Internal Controls
Governing Stakeholders Relationships
Integrated Reporting Disclosure <ul style="list-style-type: none"> - Financial Disclosure; - Sustainability Disclosure.
Integrated Reporting Philosophy

MFMA: Circular 63 Annual reporting requirements
Governance: <ul style="list-style-type: none"> - Governance structures; - Intergovernmental relations ; - Public Accountability Participation; - Supply Chain Management, By-laws, oversight committees; - Risk management; - Anti-corruption and fraud; - Disclosure of financial interests; - Councilors and committee.
Service delivery performance
Organizational Development performance
Financial Performance
Auditor-General audit findings
Appendices; Annual Financial Statements

The entity will continue to refine its approach in future integrated reports to further align with international reporting standards and to promote consistency and accountability with respect to its role in creating and sustaining value for all citizens of Johannesburg.



Assurance Structure and Reporting Lines

Board

The board is responsible for the governance of risk by setting direction for how risk should be approached and addressed. The responsibility for overseeing that arrangements for assurance services and functions are effective is delegated to the audit and risk committee.

Audit and Risk Committee

The audit and risk committee is responsible for providing oversight with regards to combined assurance and will provide the board with a written assessment on the state of risk management. The audit and risk committee provides approval for the combined assurance scope and coverage plan, as well as monitor the assurance provided.

Risk Owner

The risk owners ensure that the first line of defense is effective.

Risk Champion

The risk champion coordinates the risk management activities within the entity.

Combined Assurance Champion

The purpose of the combined assurance champion is to implement and embed the combined assurance framework principles as approved by the audit and risk committee.

The combined assurance champion objectives are:

- To provide support to the Chief Financial Officer in discharging his duties and responsibilities with regards to implementing and embedding the combined assurance framework principles operationally as approved by the audit and risk committee;
- Determine the desired level of assurance required by the board through the audit and risk committee and monitor the implementation of controls in each risk area;
- Optimize the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the organization;
- Agree on the future assurance activity to ensure broad and efficient coverage across the identified risks;
- Review all assurance activities on a quarterly basis;
- Highlight and review the current areas of concern (emerging and/or existing risk) for management;
- Operationally manage challenges that the assurance activities may face during the implementation of their activities;
- Ensure coordination, reporting and communication to stakeholders; and
- Develop a common view of the business risk themes throughout the entity.


The following table represents a summary of the combined assurance roles and reporting lines across JCT:


First line of defence	Second line of defence	Third line of defence
Management of Risk (Risk Owner)	Management support and oversight	Independent assurance
Nature of assurance: Line management is accountable and responsible for the management of risk and performance. A key element of this activity is the extent of management reviews and the actions that follow. Management can establish a system of self-assessments/ audits to inform them on the adequacy of risk	Nature of assurance: Corporate functions provide support to line management in executing their duties. These include functions such as Human Resources, Finance, ICT, Governance and Compliance.	Nature of assurance: Internal audit, Certifications, Regulator reviews, External Audit, External surveys, Insurance.


First line of defence	Second line of defence	Third line of defence
Management of Risk (Risk Owner)	Management support and oversight	Independent assurance
management activities.		
Reporting Lines: Executive Management Committees and Operational Committees providing direction, guidance and oversight over the focus areas.	Reporting Lines: Executive Committee (Exco), Regulatory Forums, Board oversight committees.	Reporting Lines: Shareholder, Regulators, Exco, Board and Board oversight committees.
Assurance Provided: Management assurance as evidenced through the management review meetings and forums. Reporting on the results of self-assessments. Special projects that assess the operating effectiveness/efficiencies – that can be internally sourced. The assurance is reported to line management. Assurance around controls policies processes.	Assurance Provided: Reports and actions to Exco and Board oversight committees. Reports and actions to regulators and external agencies. Risk profiles / reports with action plans and due dates linked to KPI's.	Assurance Provided: Reports to Exco, Board and Board oversight committees, and shareholder. Special project reports with action plans and due dates that assess the operating effectiveness/efficiencies.

Board responsibility and approval

The Board, assisted by the Audit and Risk Committee and the Remuneration, Social and Ethics Committee, is ultimately responsible for the integrity and completeness of the integrated report and any supplementary information. The Board has applied its collective mind to the preparation and presentation of the integrated report and has concluded that it is presented in accordance with the International Framework. The Board approved the 2018/19 integrated report, together with the annual financial statements and supplementary information, taking into consideration the completeness of the material items it deals with and the reliability of information presented, in line with the combined assurance process followed.


 Mr Mpho Maphiri
 Chairperson
 Board of Directors


 Mr Masixole Mrwebi
 Chairperson
 Audit and Risk Committee


 Ms Mpho Lecoge
 Chairperson
 Remuneration, Social and Ethics Committee

CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE



JCT has carefully considered the principles and objectives of integrated reporting. JCT's objective is to apply best practice, in so far that it supports its interpretation of the sustainability of its strategy and operations which include giving our stakeholders a view into the workings of the organisation. It does not seek to tick all the boxes but rather provide the shareholder, stakeholders and patrons with relevant information to take an informed view on the quality of leadership's strategic thinking, execution of strategy and utilisation of operating platforms, financial resources and risk capacity. The approach is fundamentally designed to present substance over form.

JCT's aim is to provide leadership and strategic management in accordance with legislation, regulations and policies as well as to ensure that there are appropriate support services for its operations to ensure the effective and efficient functioning of the entity. The entity consists of three core departments:

- Governance
- Financial and Administration
- Programming and Marketing

This integrated report covers JCT's governance, financial, social responsibility, and broader economic and overall sustainability performance information for the financial period 01 July 2018 to 30 June 2019. The report provides a perspective of past and current performance, while giving insight into future prospects and strategies with a comprehensive summary that includes operations at Joburg, Roodepoort and Soweto Theatres including hospitality and catering.

The report also covers:

- Comparative information
- Performance information
- Sustainability report
- Operational reports

Section 1: Foreword by Member of the Mayoral Committee



It is always a great joy to report back on the performance activities of Joburg City Theatres, as the entity continues the pursuit of excellence in the fields of performing arts culture and social upliftment. JCT remains true to its mandate in the management and promotion of high-quality performing arts and entertainment facilities; providing supportive hospitality infrastructure and services; enabling Joburg residents to access and benefit from quality arts and culture facilities and experiences; acceleration of youth development through enhancing the teaching and learning experience of learners; community development programmes that stimulate an interest in the arts as a viable career path and the provision of opportunities for future arts practitioners and entrepreneurs.

JCT is part of the Social and Human Development cluster and it is located under the department of community development. It is primarily tasked to support the City's Growth and Development Strategy Outcomes 2 and 5, aimed at a future that presents significantly improved human and social development realities in the City;

and to ensure an integrated approach to providing a comprehensive and effective service to all citizens of the City. The entity also contributes significantly to Outcome 1, in terms of ensuring the role of the arts and creative industries in supporting a growing, diverse and competitive economy that creates jobs.

The imperatives as defined in the Growth and Development Strategy, Integrated Development Plan, the City of Johannesburg Priority programmes and the JCT's 2018/19 Business Plan, set the tone and path within which JCT operates and executes service delivery. The report is divided into sections that cover all operational functions of the company in line with its strategic objectives.

JCT continues to reflect efforts to meet the expectations of the Shareholder which is determined by the service delivery objectives in the company scorecard. The entity achieved 94% of the company's key performance indicators and 100% on its capital expenditure budget. The positive results attained in the year under review are a testimony to the hard work and commitment of management and staff of JCT.

To advance the focus on youth development and empowerment, JCT continues to be in the forefront of creating a large pool of arts practitioners and professionals through its youth development programmes. These programmes seek to remove barriers to youth unemployment and to overcome physical isolation, obstacles, obstructions and prejudices.

As we look forward into 2019-20 Joburg City Theatres will continue to maintain a strong network of local and international connections in commercial entertainment and theatre business; address the risk of sustained "subsidised" competition from casino based theatres for rights, production partnerships and audiences through the development and communication of JCT's value proposition; develop partnerships for touring opportunities for productions in SA and beyond and keep the brand alive – top of mind awareness by audiences and consumers.

The shareholder would like to extend its gratitude to the board of directors led by Mr Nkopane Maphiri for the strategic leadership and oversight of the entity as well as the CEO, Ms Xoliswa Nduneni-Ngema with her team, for driving the operational excellence at JCT.

Cllr Nonhlanhla Sifumba
Member of the Mayoral Committee
Community Development

Section 2: Chairperson's Foreword



It is with great honour and pride to present JCT's Integrated Report of 2018/19. This report outlines an account of service delivery programmes and financial performance of the entity.

"If our theatres are going to continue to meet the needs of artists and audiences today and in the future, all three pillars of sustainable development – environmental, social and economic – must be on the agenda, informing decision and policy making at every level. As the recession continues to bite and cuts to public spending begin to take effect, the industry's discussion around sustainability must become wider ranging than ever before."

This topic was addressed by speakers and delegates at the Theatres Trust conference in 2012.

During an extended period of economic challenges the country is experiencing, new challenges constantly arise for a theatre operating company such as ours. Despite increased and more comprehensive marketing campaigns conducted by JCT, paid attendances have declined proportionately to the reduced amount of leisure-time spend available to Joburg residents.

Theatre is something magical that provides an extraordinary experience and often feels more real since the audience shares the same space as the actors and allow us to escape for a time being. Live theatre helps to promote social discourse, dialogue and potential social change as well as education and literacy. Year-on-year we are privileged to be afforded the opportunity of giving the communities of the City of Johannesburg this amazing experience – it is service delivery that we provide with pride and dignity.

The strategic priorities of the City, as the shareholder, drive strategic plans of the company and significant attention is given to ensure that these priorities are implemented in the form of measurable targets and deliverables. The company continues to align to the GDS Outcomes, Priority Implementation Plans with more focus on "*Diphetogo*" set by the City which is determined by the service delivery objectives in the company scorecard.

Given this context, it is important that JCT, as an institution that provides an artistic platform, continues to both deepen its efforts as well as innovative and inclusive programme for diverse communities of the City and supports social cohesion and an urban culture based on inclusivity and tolerance. The relationship between the City and the company is governed under the prescripts of a Service Delivery Agreement. Against this backdrop, the Board of Directors executed oversight, interventions and guidance of the entity during the period under review in accordance with the approved 2018/19 Business Plan.

JCT will continue to devote increased resource and policy support to improve quality, particularly in disciplines and sectors that have the potential to make a contribution to improving our development status, expanding economic growth, and changing the quality of life of individuals and communities. I am proud of the competence and excellence that exist in our sector.

Organisational Review

During 2018-19 JCT displayed progress in achieving 94% against its set service delivery objectives which are linked to the City's Growth and Development Strategy, Integrated Development Plans, Service Delivery Implementation Plans and Priority Implementation Plans as listed below:

- Increased self-generated revenue - *a city at work building the economy.*
- Expenditure management - cost containment – *a city at work building the economy.*
- Promotion and % procurement spend on SMME - *a city at work building the economy.*
- Increased literacy, skills and lifelong learning amongst Joburg citizens - *a city at work building better communities.*
- Youth development - develop future audiences, practitioners and entrepreneurial skills - *a city at work building better communities.*
- Maximise accessibility and usage of the theatre facilities by Johannesburg citizens - *a City at work building better communities.*
- Increased accessibility - making theatregoing practical for Johannesburg citizens - *a city at work building better communities.*

The positive outcome is the result of current leadership which is ably led by the CEO and supported by a committed and dedicated team that are always driven to achieve the company's goals. Together with management, the board considered the strategic challenges facing the company and steps are continuously taken to manage risks. JCT remains committed to achieving strong financial and operational results, ensuring good corporate governance and transparent compliance to legislation while delivering on the **mandate, vision and mission** of the company.

Governance Review

The board, in accordance with King IV, steers and set direction of the organisation, approves policy and planning, oversees and monitors management and provides accountability on organisational performance.

The board considered the revised Service Delivery Agreement between the City and JCT and incorporated suggestions on how the definition of the JCT's mandate and service delivery key performance areas for the entity.

The entity's board was reconstituted on the 17th of April 2019 at the company's Annual General Meeting (AGM). The board is delighted to welcome new board members, Mr Masixole Mrwebi, Ms Hazel Thembelihle Nyewula and Ms Khwathelani Tshikovhi as well as independent audit committee member, Mr Grandeur Hove.

Outlook

In November to December 2018, the board and management team convened to review the performance of the organisation and plot a way forward into the future; culminating in the development of a 5-Year Strategic Plan. In its planning, both successes and challenges experienced in delivery against the strategic intent over its 14 years of operation were considered; and reflected extensively on its alignment to national, provincial and stakeholder priorities, as reflected in the key regulations and policy documents described in the plan.

The strategic plan, will inform the annual business plans for JCT to reflect its intent to grow shareholder value and serve the diverse communities of the City by promoting multiculturalism, diversity and social cohesion.

The strategic focus areas of the approved strategic plan are:

- 1) **To commercialise the transformed content – to ensure the shows are profitable; and**
- 2) **To internationalise JCT's profile - by showcasing the transformed content;**

without foregoing the entity's core mandate which is **"to continue to procure and/or produce transformed content in transformed spaces"**

Management will develop a programme of action that is clearly divided between shorter-term quick wins and longer-term priority programmes and interventions. The quick wins, aligned to the longer-term imperatives, should be aimed at ensuring implementation of the strategic plan.

On behalf of the board, I would like to thank the Executive Mayor for his vision in leading this amazing and exciting City, Member of the Mayoral Committee for Community Development, Cllr Nonhlanhla Sifumba, for her strategic leadership representing the shareholder, the City Manager for guidance and continuous support and all stakeholders for their ongoing engagement and support. I also wish to express my appreciation to JCT employees, the executive team for their collective contribution to the company's performance and the board as well as independent audit committee members for effectively executing oversight roles and strategic guidance in order to manage the sustainability and governance of the company.



Mr Nkopane Maphiri
Board Chairperson

Section 3: Chief Executive Officer's Report



Firstly I would like to take this opportunity to express my gratitude to the shareholder and the board of directors for the confidence bestowed in me that I am once again entrusted with the responsibility to lead JCT.

The integrated report for 2018/19 financial year has been prepared by management and approved by the board in terms of circular 63 of the MFMA, the International Integrated Reporting Council Framework, the Memorandum of Incorporation, the amended Shareholder Agreement as well as the King IV principles of good governance to which JCT subscribes. This report is the board's tool of accountability to the shareholder, the citizens of Joburg and JCT's stakeholders.

Performance Achievements

JCT set a total of 18 key performance indicators in the approved business plan for the current financial year (2018/19). The performance was recorded as follows:

- Of the 18 targets due for reporting in the period under review, a total of 17 targets were achieved, translating to 94% target achievement.
- One KPI (on financial sustainability) was not achieved due to the economic climate. However, JCT has put plans in place to rectify this in the next reporting period.

Audit Outcomes

The entity has sustained a clean audit opinion

AUDIT OPINION TRENDS FOR THE LAST 6 YEARS						
FY	2019	2018	2017	2016	2015	2014
Type of opinion	Clean	Clean	Clean	Clean	Clean	Clean

The winners of the 15th annual Naledi Theatre Awards were announced on the Mandela Stage at the Joburg Theatre on 20 May 2019. These awards are an affirmation of the exceptional skills and world-class talents that exist in South Africa. **The biggest winner of the night was the musical *The Color Purple*, which collected seven awards.** This is a very special occasion for Joburg City Theatres and for the City of Joburg itself. The all-South African creative team and cast of *The Color Purple* will be flying the flag for Joburg when they take this glorious production internationally in 2020.

Joburg City Theatres was nominated for 23 Awards in collaboration with renowned producers, *Lara Foot for Tshelang, the third testament & Bernard Jay* for both *The Color Purple & Snow White Pantomime*. The nominations received also included recognition for Akhona Bozo – Senior Sound Technician at Joburg Theatre who has been with the company for 13 years.

Best Production of a Musical:

The Color Purple - Produced by Joburg Theatre and Bernard Jay, Written by Marsha Norman, Brenda Russell, Allee Willis and Stephen Bray, and Directed by Janice Honeyman;

Best Musical Director:

Rowan Bakker for The Color Purple;

Best Director of a Musical/Revue:

Janice Honeyman for The Color Purple;

Best Supporting/Featured Performance by a Female in a Musical:

Lelo Ramasimong as "Shug Avery" for The Color Purple;

Best Supporting/Featured Performance by a Male in a Musical:

Yamikani Mahaka-Phiri as "Harpo" for The Color Purple;

Best Lead Performance in a Musical (Female):

Didintle Khunou as "Celle" for The Color Purple;

Best Original Choreography in a Play/ Musical:

Oscar Buthelezi for The Color Purple;

Best Director of a Play:

Lara Foot for Tshelang: The Third Testament;



The Color Purple

Service Delivery and Core Business

I am particularly pleased that, during the period under review, we made real progress towards achieving the JCT vision for the 2018/19 financial year, while continuing to expand our range of innovative products and services. The company delivered satisfactory corporate performance during the period under review, under strained financial resources.

JCT maintained a varied blend of programming through rentals, co-productions and in-house productions. Roodepoort Theatre leads the way as far as rentals go; the theatre has maintained a healthy list of loyal programme producers who mainly provide youth and family oriented programmes. The mobile theatre truck is used to reach communities that are unable to come to the theatre. Soweto Theatre also maintains a strong list of rental clients, but it is through music and theatre co-productions that the theatre is making its mark.

JCT had over one hundred and fifty (150) shows that took place in its different theatre spaces and attracted two hundred and seventy one thousand and two hundred and ninety nine (271 299) patrons for the full financial year. These were different shows ranging from in-house productions, co-productions with other external producers, and externally produced shows that rented the facilities. Below are the highlights of productions that took place during the year under review.

As part of JCT's continued 'Legacy Programme' and the nationwide centenary celebrations of Nelson Mandela's posthumous 100th birthday: Joburg Theatre brought together four living South African musical legends; **Jonas Gwangwa, Abigail Khubeka, Siphon 'Hotsticks' Mabuse,** and the late **Dorothy Masuka** together with the nation's foremost youth vocal ensemble, the **Mzansi Youth Choir** for a 3 night only concert to honour and celebrate, in song, the late great global icon, Madiba. The concert, aptly named *Legends Celebrating Madiba*, was an audience success.





Sadly Dorothy Masuka “Mam D”, who originates from Zimbabwe and made her home in South Africa, passed away on February 23, 2019 at her home in Johannesburg. This was her last performance at Joburg Theatre and we are happy that we were able to celebrate her before her passing.

A memorial service of the late jazz legendary singer Dorothy Masuka was held at the Joburg Theatre on Friday, March 1 2019. The icon was celebrated through music as we all reminisced on all the memories she left us with.



Dorothy Masuka memorial service

Roodepoort Theatre leased the venue to community groups, schools and other amateur and professional groups. This is a significant and secure revenue stream for the theatre and relationships with these organisations are being protected. As such, most of the tenants have booked the theatre for 2020. The theatre hosted prestigious events and community productions such as the Jozi Youth Dance, the Val Whyte Bursary, the annual National Talent Africa, Performing Arts National Festival, the art revival and various events.



JCT took 2017 Soweto Theatre produced musical, **Gone Native**, to the **National Arts Main Festival**, in Makhanda. This provided opportunity for JCT to establish a presence at the festival. The festival is South Africa's premier Arts festival and it attracts national and international audiences and producers.

The first **Schools Network Festival** was launched at the Soweto Theatre in September 2018, with the isiZulu Setwork **Ubhuku Lwamanqe**. There was also a participatory element to the festival where six local schools worked with theatre facilitators to dramatize, and perform, curriculum prescribed short stories. Also, as part of the festival, in partnership with the Gauteng Department of Education, was the presentation of the play **Mama I Want the Black That You Are**, which raises awareness of issues around albinism.

The festival took place in the Red, Blue and Yellow theatres at Soweto. The Red and Blue theatres curated productions based on the subjects and curriculum being covered by schools in the catchment area and in the Yellow theatre was a social awareness production that was targeted at schools.



Mandela Day Centenary Celebration was an event hosted by Soweto Theatre in collaboration with Sawubona Music Jams celebrating the 100yrs of Tata Mandela's birthday with music. Bands performed were: SUNXA; Rock Ruler and Jam gang; and many more others. The objective of the day's activities was to show love and honor the life's work of Nelson Mandela to change the world for the better.

The Color Purple returned to The Mandela stage at Joburg Theatre in August due to public demand after a successful season in February 2018 featuring an all-Star South African cast. There was no doubt about audience's appreciation of what they were encountering on stage - its musical heaven. This is not just the story of a poor, pregnant 14-year-old with nobody to talk to but her sister and God. It is an inspiring family saga that tells the unforgettable story of a woman who – through love – finds the strength to triumph over adversity and discover her unique voice in the world. Set to a joyous score featuring jazz, ragtime, gospel and blues, it's a story of hope: a testament to the healing power of love and a celebration of life.

The Color Purple will be back at Joburg Theatre for its 'Bon Voyage' season in April 2020 before touring Europe and Asia. The all-South African creative team and cast will be flying the flag for Joburg when they take this glorious production internationally in 2020. The requests from our patrons for a return season on The Mandela stage following the two sold-out seasons in 2018 have been so numerous that we are delighted to present this uplifting and empowering musical once again as a 'bon voyage' treat before it travels.

The **pantomimes** have become Joburg Theatre's culture and a celebration of the Christmas season for the people of Johannesburg. This annual tradition now runs for over 70 performances each year and is attended by over 50,000 patrons, including seventeen daytime shows for school learners. Our partnerships with both the creative and the marketing partners have proven to be a winning formula over the years. 'The Fairest Panto in All The Land', **Snow White**, ran on The Nelson Mandela Theatre stage from October 31st to December 23rd 2018 with great reviews.

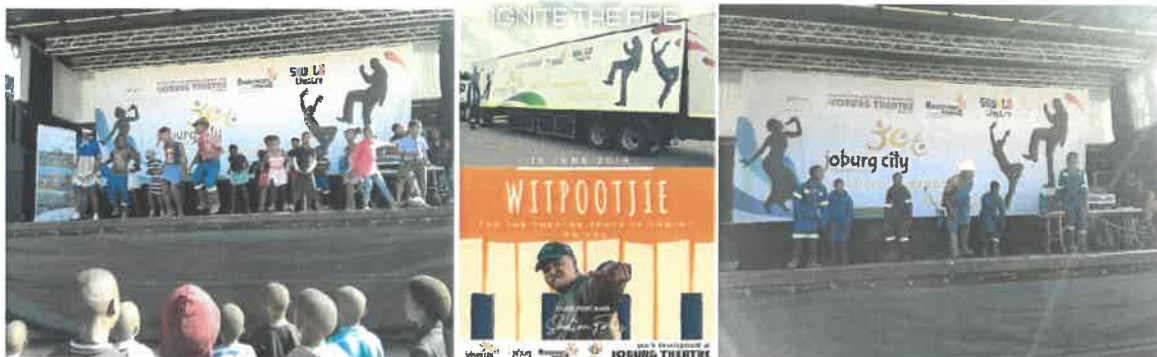
A total of eighteen festive season pantomime productions have been presented at Joburg Theatre between 2000 and 2018, written and directed by Janice Honeyman with Bernard Jay as Executive Producer. These pantomimes have achieved a gross ticketing income of R150,347m and R17,107m in profits, with 1,404 performances and a total attendance of 1,164,217 audiences. Tickets for the 2019 pantomime **Jack and The Beanstalk** went on sale from October 31st 2018 and over 10,000 tickets have already been sold.

For the first time, Soweto Theatre launched **Holiday Fun Fest** during the winter school break. The programme is designed to deliver edutainment that will keep young minds stimulated and active – and out of their parent's hair. Kids were entertained at Soweto Theatres' Holiday Fun Fest from theatre productions such as Zethe and Rat Race; to pantsula, ballet and contemporary dance classes; to arts and crafts workshops that include puppetry making, music and mime. Every day was jam packed with excitement and new discoveries in a safe and secure environment, where parents could drop off their 'bundles of joy' then go on with their business for the day.



The Youth and Community development department is mandated to provide structured and professional opportunities to aspirant artists and new audiences for in-depth development of the artistic skills. JCT's youth development programmes in the art sphere cater for 400 youths attending programmes in drama and music. The focus is acceleration of youth development through programmes that stimulate an interest in the arts as a viable career path and provide opportunities for future arts practitioners and entrepreneurs. Community and Youth development programmes promote economic development that reduces unemployment, inequality, poverty and increase work opportunities.

JCT as part of youth and community development conducts outreach programmes that entails collaborations with communities within the City of Joburg regions, utilizing the theatre truck to enable access for showcasing theatre work in communities.





The Soweto Theatre Music Tutorial Programme in partnership with Structuring Society through Music presented the Soweto Theatre Junior Orchestra year end concert. After three years of outreach work creating awareness about the Music Tutorial Programme in over 40 schools in Soweto and surrounding areas, the Soweto Theatre Junior Orchestra is finally in full effect.

The Orchestra has had the following highlights so far since its inception;

- featured on Gabi Motuba’s performance for her new album launch of Tefiti Goddess of Creation
- Mandla Mlangeni’s (Standard Bank Young Artist of the Year 2018/19) Tune Recreation Committee performance on the band’s “Cape to Cairo” tour
- Performing in concert with the Kalamazoo Junior Symphony Orchestra (USA).

Since 2013 the hospitality, catering and restaurant services provided by Joburg City Theatres have also matured and grown, contributing significantly to revenue generation and to the suite of services that Joburg City Theatres offers.

The department provides food and beverage services and hospitality venues which include:

- One Stages restaurant within all three theatres;
- Stages restaurant, canteen and bar in the metro centre;
- Two restaurants in the JHB Zoo;
- Five official hospitality venues in the Joburg Theatre;
- One official hospitality venue in the Roodepoort Theatre;
- Two hospitality venues in the Soweto Theatre.

The Metro centre canteen was officially opened in July 2019 to many smiling faces which included the Executive Mayor, MMCs, City Manager and City officials.

Financial Performance

JCT’s comprehensive financial report is covered in the CFO’s report (Chapter 1 section 4). This report includes performance on revenue, expenditure, capex and ratios.

Human Capital Management

JCT’s overall objective as set out in its human resources management policies is to ensure that the company’s employment practices and remuneration policies motivate and retain talented employees and create an attractive environment for all employees. We are also committed to appointing a fair representation of employees in terms of race and gender in order to comply with the employment equity plan.

The representation of females remains a challenge for the theatre, however to balance the employment equity targets, JCT gives preference to designated groups including women and persons with disabilities when opportunities arise. These targets will be achieved by way of replacing employees who leave the organization due to natural attrition and reasons related to staff turnover. We will also identify training which is aimed at addressing the imbalances within the organisation –train individual in order to create a pool of suitably qualified employees from the targeted group and give them an opportunity for growth in line with the EE targets.

JCT is operating at **93%** occupancy rate against an approved structure of **171** positions.

Internal Management Changes

During the period under review the following changes occurred:

- The position of the Executive Producer remained vacant;
- CFO was appointed Acting CEO from 1 July to 31 October 2018;
- CEO was reappointed on 1 November 2018, the initial contract for CEO ended on 30 June 2018;
- Community Development Manager position was vacant from 15 February 2019.

Joburg City Theatres mourned the passing of Nondumiso Sithole, who was the Community and Youth Development Manager for Joburg Theatre. She passed away on Friday, 15 February 2019.

Nondumiso had over 9 years' experience in the performing arts sector including working as a freelance arts administrator and was a catalyst and advocate for youth development in the industry. She truthfully described herself as being helpful by nature and passion driven with the ability to see the world a little bit differently and able to get buy-in from her associates.

Prior to joining Joburg Theatre in December 2015, she served as Marketing Manager at Roodepoort Theatre in 2014. As the Community and Youth Development Manager she managed school programmes, Youth Festivals and Education programmes aimed at development of the performing arts.

Joburg City Theatres send heartfelt condolences to her family and friends. **#RIPNondumiso**

Risk Management

A risk assessment process for the 2018/19 financial year was conducted to identify strategic and operational risks of the entity and corresponding mitigation actions.

The risks were monitored in terms of the entity's combined assurance framework as reported under risk management and internal controls (Chapter 2 section 4).

Oversight over the governance and management of risk is carried out by the audit and risk committee which is a sub-committee of the Board of Directors. The audit and risk committee meets on a quarterly basis (or as regularly as may be agreed between the Board and the Committee) and operates in accordance with an approved terms of reference.

Conclusion

JCT continues to provide diverse and quality programming to the citizens of Johannesburg. As the new national and provincial administrations take hold, JCT will continue to show the crucial role that arts have to play to shape and mould society towards the broader national vision. As the only municipality running its own theatres, the City of Joburg is spearheading the invaluable notion that it is through the arts that the minds of the citizens are expanded and inspired.

The board and management remain committed to achieving strong financial and operational results, ensuring good corporate governance and transparent compliance to legislation while delivering on the mission of the company. It takes a collective to achieve, embrace and deliver on JTC's purpose. Provoking exciting reactions through the great theatre experiences that celebrate and question humanity is a good reason for us to come to work with glee and smiley in our eye.

Xoliswa Nduneni-Ngema
Chief Executive Officer
Joburg Theatre (SOC) Ltd

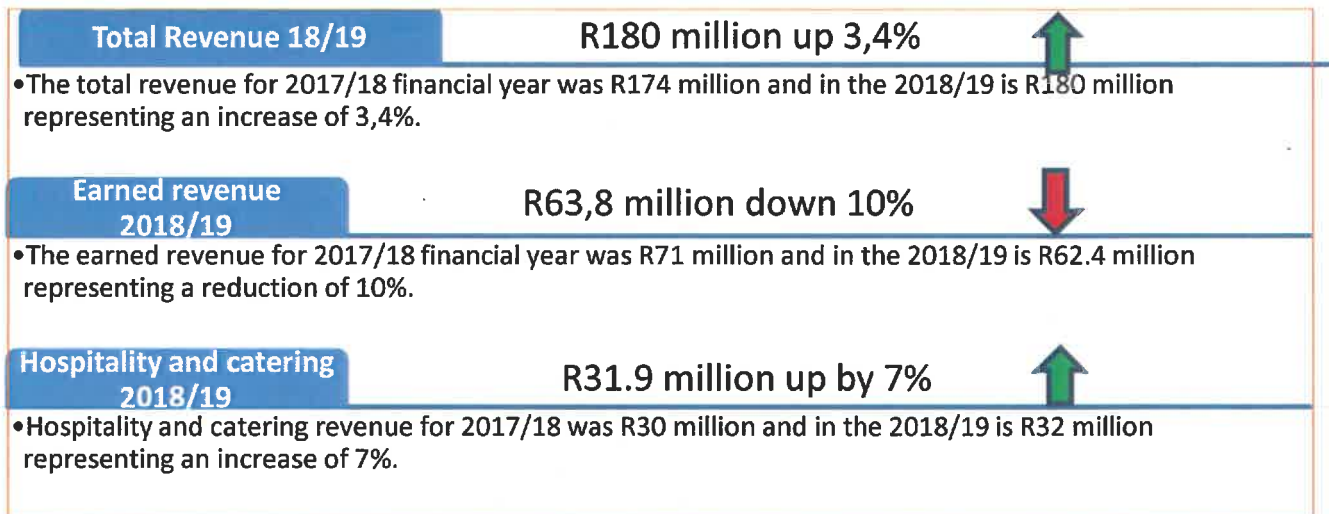
Section 4: Chief Financial Officer's Report

Joburg City Theatres Financial Highlights



Revenue

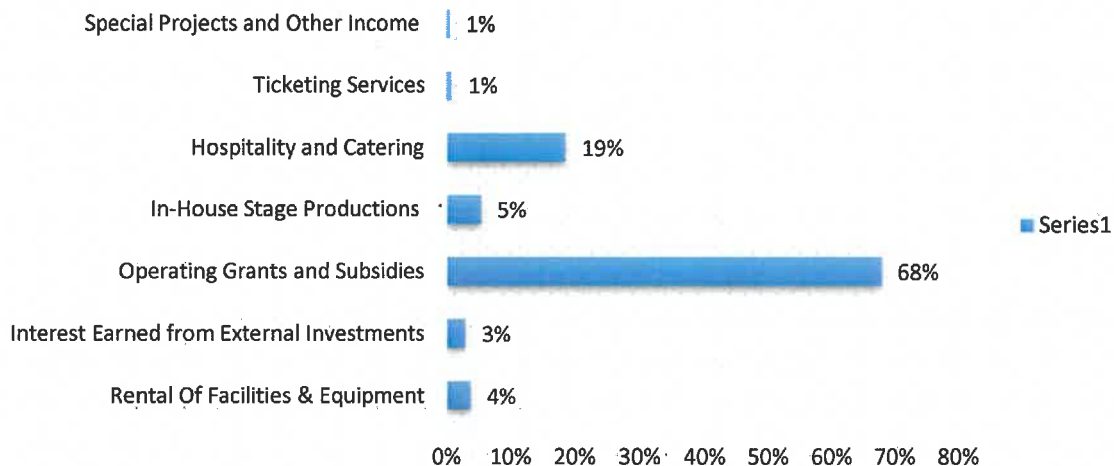
It gives me great pleasure and it is my singular honour to give JCT's financial highlights. The theatre business continues to be challenged by stiff competition from the other theatres around and other forms of entertainment particularly with advancing technology in the digital age, while financially the consumers of our products and services remain squeezed by the lower disposable income. These challenges require innovative ways to remain in business and run sustainable operations. The economy has seen a contraction of 3.2% in GDP in the first quarter of this year and unemployment rising to 27.6%. JCT's performance is therefore not immune from the effects of these macro-economic factors, more so that the operations of the entity are in entertainment which is viewed as a luxury in the context of a struggling economy. Notwithstanding the aforementioned economic challenges the entity has shown resilience and relatively maintained satisfactory revenue performance.




Reduction on earned revenue primarily results from a shortfall in in-house productions, rentals of facilities and equipment, arts alive budget cut from R10 million to R8.7 million, and the DAC has not sponsored the Africa month celebrations in the current year.

Graph below is a summary of main revenue items:

Revenue contribution by line item



Line items	Full Year Actual R'000	Full Year Budget R'000	Full Year Variance %	Performance
Rental of facilities & equipment	6 612	8 025	-18%	●
Interest earned from external investments	5 033	5 301	-5%	●
Operating Grants and Subsidies	116 447	116 447	0%	●
Arts Alive	8 700	8 000	9%	●
In-House Stage Productions	9 283	14 297	-35%	●
Hospitality and Catering	31 903	37,654	-15%	●
Other revenue	2 311	11 185	-79%	●
Total Revenue	180 289	200 909	-10%	●

	In-house productions shortfall - unrealistic budget	<ul style="list-style-type: none"> • R5 million • 24% 	Hospitality and catering budget adjusted by R5.8m (28%), operations started in the month of June 2019
	Rentals of facilities and equipment shortfall - included is the R1.3m for Amphitheatre	<ul style="list-style-type: none"> • R1.4 million • 7% 	
	Management fees and special projects -Unrealistic budget	<ul style="list-style-type: none"> • R8.9 million • 43% 	

Explanation of Variances

- ✓ **Rental of facilities and equipment-** This line item is 18% below the yearly target and some of the factors contributing to this performance is that the operations of the Amphitheatre at Soweto Theatre has not started and the target has been increased by revenue anticipated to be generated from this venue (Amphitheatre). The Joburg Property Company SOC Ltd has committed to hand it over to the Joburg City Theatres in the 1st quarter of 2019/20 financial year. Further to this some of the split deal productions did not perform as well as expected.
- ✓ **Interest on investments-** The achievement is just below the target by 4% year on year.
- ✓ **In-house productions-** All the shows that were planned for the period did not do as well as expected. Almost all these shows had great reviews and were quality productions however they did not attract as many ticket buyers as expected. The unfavourable is attributable to the lower disposable income and difficult economic conditions.
- ✓ **Hospitality and Catering-** The revenue from this business is lower than budget by 15% below the yearly target. This shortfall is attributable to the Metro Centre canteen which has only started operating towards the end of June 2019 which is the last month of the financial year.
- ✓ **Ticketing Services-** There is a causal relationship between rental of facilities and equipment and ticketing services. The effect of the cause is positive correlation.
- ✓ **Special projects and other income-** This line item is below budget by 79% below the target. There were not a lot of special projects that took place during the financial year.
- ✓ **Revenue by region:** 76% of total revenue generated is from Joburg Theatre. Other theatres mainly contribute on rentals and hospitality and catering. The Zoo contributes about 16% of the total hospitality and catering revenue. See table below:

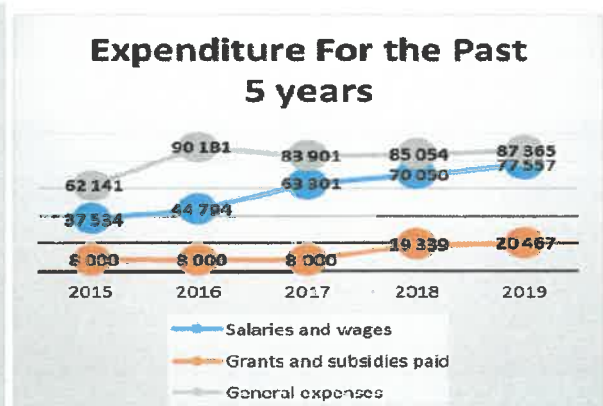
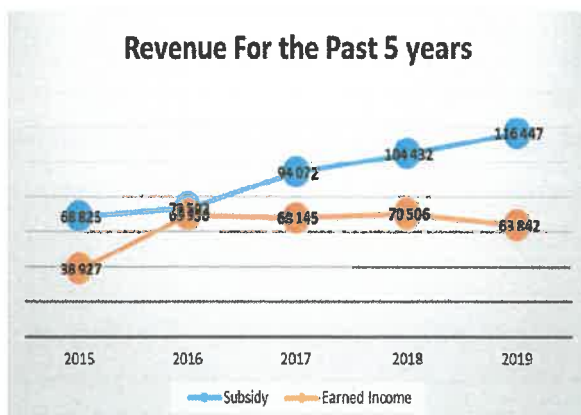
Sub Account Name	Joburg Theatre R'000	Roodepoort Theatre R'000	Soweto Theatre R'000	Joburg Zoo R'000	Metro Centre R'000	Total Qtr. 4 R'000
Rental Of Facilities & Equipment	3 888	1 144	1 581	-	-	6 613
Interest Earned from External Investments	5,034	-	-	-	-	5,034
Operating Grants and Subsidies	89,537	8,828	18,081	-	-	116,447
In-House Stage Productions	9 168	-	115	-	-	9 283
Hospitality and Catering Services	18 693	2,865	2,585	5 320	2,440	31 903
Ticketing Services	1 002	127	193	-	-	1 322
Arts Alive	8,700	-	-	-	-	8,700
Special Projects and Other Income	831	13	143	-	-	987
Total	136 853	12 977	22 698	5 320	2 440	180 289

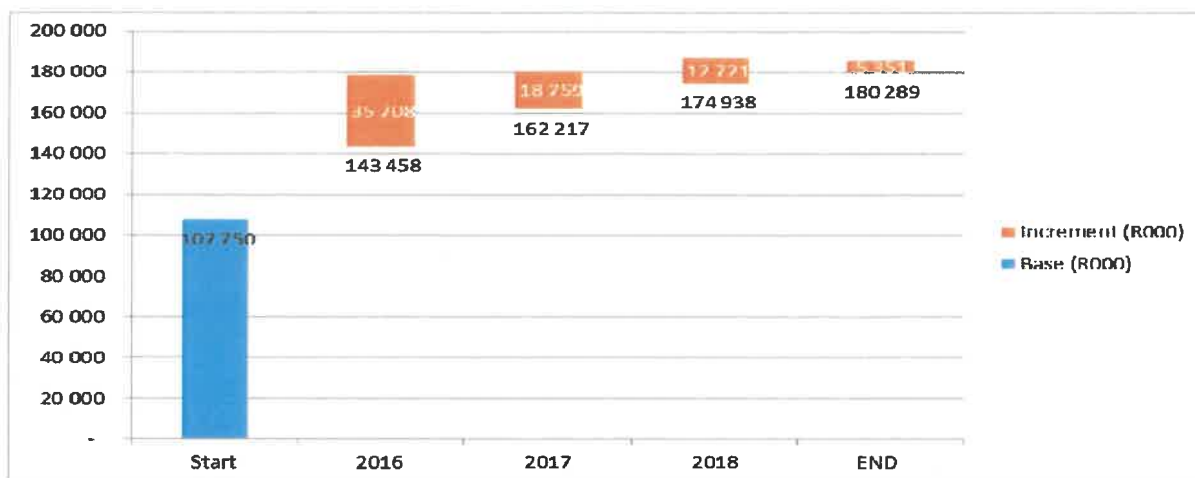
- ✓ **Revenue for the past 5 years** – the revenue for the entity has been increasing for the past 5 years from R100m to R180m which translate to an average increase of 16% per annum. The increase is above inflation rate year on year which indicates a good performance and market growth.

Consolidated Revenue JCT					
Actuals R'000					
Revenue category	2019	2018	2017	2016	2015
Subsidy	116 447	104 432	94 072	73 502	68 823
Earned Income	63 842	70 506	68 145	69 956	38 927
	180 289	174 938	162 217	143 458	107 750

Consolidated Expenditure JCT					
Actuals R'000					
Expenditure category	2019	2018	2017	2016	2015
Salaries and wages	77 557	70 050	63 301	44 794	37 534
Grants and subsidies paid	20 467	19 339	8 000	8 000	8 000
General expenses	87 365	85 054	83 901	90 181	62 141
	185 389	174 443	155 202	142 976	107 675

Surplus for the period	-5 100	495	7 015	482	75
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Expenditure

JCT continues to employ its utmost financial discipline when it comes to expenditure management. Total Expenditure for the 2018/19 is 8% below budget primarily because several line items on the expenditure recorded savings with the exception of Joburg Ballet & Orchestra and insurance. The table below depicts expenditure performance against target for the full year:

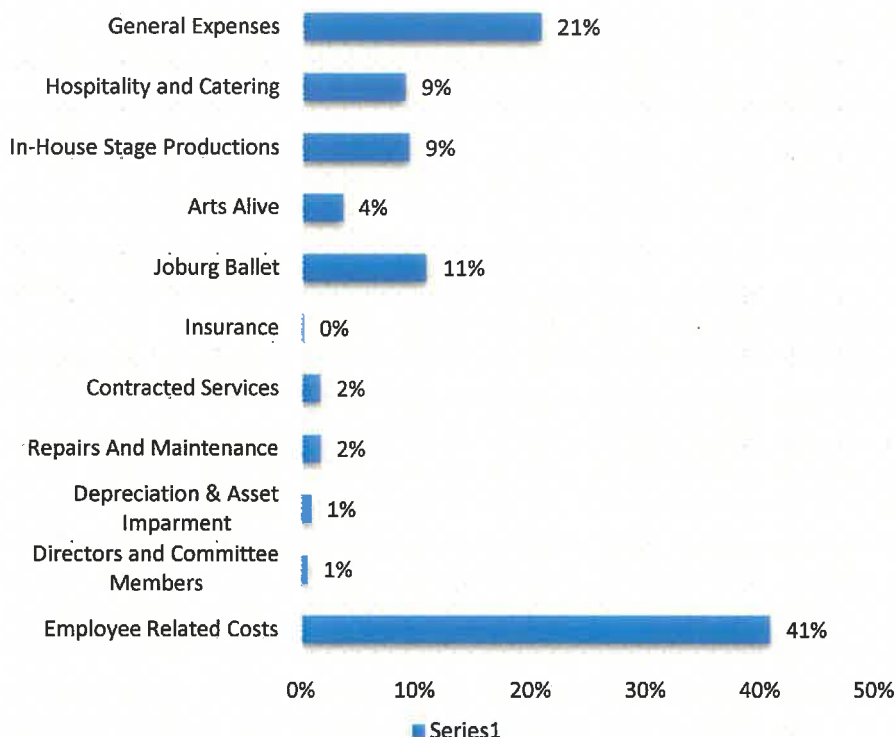
Line items	Full Year Actual R'000	Full Year Budget R'000	Full Year Variance %	Performance
Employee Related Costs	76 157	79 561	4%	●
Directors and Committee Members	1 090	1 713	36%	●
Depreciation & Asset Impairment	1 641	2 646	38%	●
Repairs And Maintenance	2 469	3 177	22%	●
Contracted Services	3 323	4 318	23%	●
Insurance	399	389	-2%	●
Joburg Ballet & Orchestra	20 467	19 587	-4%	●
General Expenses	81 781	89 518	9,6%	●
Debt Impairment	46	0	-100	●
Total Expenditure	187 373	200 909	7,5%	●

Explanation of adverse Variances

- ✓ **Joburg Ballet and Orchestra** - The unfavourable variance on this line item is attributable to the interest paid to both Joburg Ballet and Orchestra.
- ✓ **Insurance** – The adverse variance on insurance premium is 9% in the quarter under review and 2% on a year to date which is minor variance in both rand and percentage terms.

The bar chart below depicts the expenditure contribution for 2018/19 Financial year:

Expenditure by category



The entity will continue to forge a good relationship between revenue generation and expenditure patterns by employing prudent financial discipline on expenditure management.

Trading Surplus/Deficit

JCT recorded a trading deficit of R5 100 029 for the year against the budgeted breakeven point.

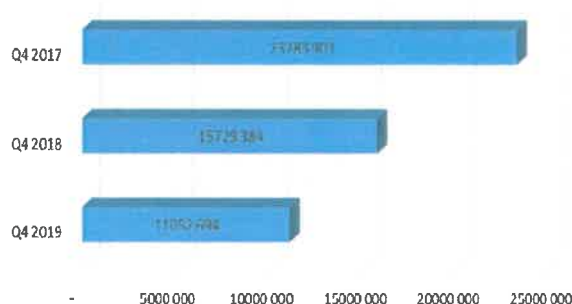
Statement of Financial Position 2018/19 Financial Year

Cash and cash equivalents down by 30% year on year. Current ratio for the entity is down by 25% year on year from 1.68:1 to 1.26:1 still above the City's norm of 1:1, while the solvency ratio has improved by 9% at 1.99:1 from the 1.84:1 same period last year which is lower than a norm of 2:1, however this does not pose a challenge for the entity as the asset base does not grow because a lot of asset improvements are funded by the shareholder. Current assets have gone down by 39% year on year while current liabilities gone down by 23%. Total assets gone down by 23% year on year while total liabilities also gone down by 28% year on year.

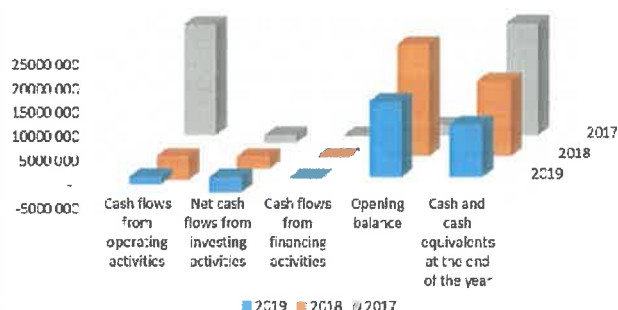
Cash flow results for 2018/19 Financial Year

	2019	2018	2017
Cash flows from operating activities	- 1 514 617	- 4 891 272	22 982 080
Net cash flows from investing activities	- 3 162 075	- 2 663 247	- 1 588 971
Cash flows from financing activities	-	-	- 175 304
Opening balance	15 729 386	23 283 903	2 066 098
Cash and cash equivalents at the end of the year	11 052 694	15 729 384	23 283 903

Cash Balances



Cashflow analysis



Statement on Compliance

During the financial year under review, the instance of irregular expenditure related to the continuation of spending on the Avis contract for fleet belonging to the City of Joburg. The amount spent totaled R902 942 for the year.

There were no unauthorised expenditure for the period under review, for irregular expenditure refer to the Supply Chain Management (Chapter 5, Section 6) and the instances reported in the current financial year on fruitless and wasteful expenditure were penalty and interest from SARS, interest on Eskom account and travelling costs for a patron for a cancelled show. These expenditures amounted to R48 859 (SARS), R679.77 (Eskom account) and R4, 379.34 (travel costs). Both the Eskom account and travel costs were fully recovered.

There were also no payments paid to suppliers over 30 days from receipt of an invoice during the period under review. The entity has achieved an unqualified audit opinion with no findings for the last 5 years.

In conclusion

I wish to thank the MMCs for the political leadership and oversight, the Board particularly the Audit and Risk Committee for its stewardship over the financial management, internal controls and risk management, the EXCO for the support and guidance over the last nine months, the whole management team and staff at Joburg City Theatres for their sterling contribution in the first 12 Months of the year.



Solomon Mphakathi
Chief Financial Officer
Joburg Theatre (SOC) Ltd

Section 5: Corporate Profile / Overview of the entity

Introduction

The Mandate, Vision and Mission of JCT as presented in this report is aligned to the approved Business Plan for 2018/19.

The primary mandate of Joburg City Theatres is:

To provide a high quality live entertainment and artistic platform through the integrated management of the theatre venues and an innovative and inclusive programme, which serves the diverse communities of the City of Joburg and supports social cohesion and an urban culture based on inclusivity and tolerance.

In support of this primary mandate, the core business of Joburg City Theatres is:

- ***To provide high quality, well-managed and accessible theatre and live entertainment venues, and proactively work to develop new audiences and markets;***
- ***To identify, commission and produce locally relevant productions and experiences; and support youth development, including the development of future arts practitioners and entrepreneurs; and***
- ***To offer quality support and services that enable the acquisition and hosting of professional productions and experiences that are relevant to diverse audiences.***

Corporate Profile / Overview of the entity

Joburg Theatre (SOC) Ltd, is an independent municipal entity wholly owned by the City of Johannesburg ("COJ") and operates the Joburg Theatre (Braamfontein), Roodepoort Theatre and Soweto Theatre, with the aim to operate as an internationally recognised centre of excellence in the provision of professional theatre entertainment to the citizens of Johannesburg, and focussed on the delivery of the following key products and services:

- The management and promotion of high quality performing arts and entertainment facilities and their supportive hospitality infrastructure and services - to enable Joburg residents to access and benefit from quality arts and culture facilities and experiences;
- The hosting and showcasing of revenue-generating local and international productions that have a positive impact on the financial sustainability, whilst also exposing Joburger's to globally recognised world class entertainment;
- The hosting of quality performing arts and entertainment productions that are attractive to both traditional and regular theatre goers but also to new and diverse audiences;
- The promotion and development of local content and local markets through programmes that advance social cohesion and support the transformation of society;
- The in-house and/or co-production and staging of arts and entertainment productions in collaboration with local arts practitioners, entrepreneurs and enterprises;
- The acceleration of youth development through programmes that stimulate an interest in the arts as a viable career path and provide opportunities for future arts practitioners and entrepreneurs;
- To conceptualise, create, produce, market and disseminate content both through own facilities and by taking shows to communities;
- To generate revenue over and above the subsidy received from the city through the effective delivery of the above services.

The company was corporatised by the CoJ in July 2000 as The Johannesburg Civic Theatre (Pty) Ltd, from the then Johannesburg Civic Theatre Association, a Section 21 Company; and was re-branded in 2009 as Joburg Theatre.

Roodepoort City Theatre NPC t/a Joburg Promusica was founded in 1980 to operate as a 328 seater auditorium and an 80 seater box theatre. The name of the theatre was later changed to the Promusica Theatre. In 2012, Promusica was tasked with the launch of the new Soweto Theatre in Jabulani, Soweto.

Soweto Theatre is the cultural heartbeat of Jabulani Soweto; it is more than a theatre – it is a multipurpose performing arts centre, used for theatre productions, music productions, dance productions and choir singing. It

also hosts festivals, conferences, meetings and community gatherings. Dedicated to the arts, it is here that the community is able to find expression.

In 2011 the CoJ embarked on a high level Institutional Review in order to enhance efficiencies, cost effectiveness and sustainable service delivery.

The CoJ resolved that Joburg Theatre (SOC) Ltd and Roodepoort City Theatre NPC t/a Joburg Promusica be integrated into a single theatre management company; and further institutionalise the operation of the newly established Soweto Theatre under the same structure. The integrated theatre management company – now called **Joburg City Theatres** – is mandated to render the functions and services that, until 31 December 2012, were rendered by the three theatres. The effective date for the integration was 1 January 2013.

Joburg Theatre (SOC) Ltd's Board of directors is mandated to deal with all matters relating to the Roodepoort City Theatre (NPC) (Registration number: 1981/005017/08) in terms of the transfer agreement signed on 27 November 2013. The City of Johannesburg resolved that the company name be changed from Joburg Theatre (SOC) Ltd to Joburg City Theatres (SOC) Ltd. The process of company name change is in progress and envisaged to be finalised in the 2018/19 financial year.

The Board provides strategic direction, leadership and oversight so as to enhance shareholder value and ensure the entity's long-term sustainability, development and growth. In fulfilling its responsibilities, the Board is supported by the Chief Executive Officer and the executive management team, in implementing the approved Strategic Plan and policies.

The entity derives its mandate from the Service Delivery Agreement with the City of Johannesburg. From this mandate the priority goals are guided by the City's Integrated Development Plan, City's priorities and the Growth and Development Strategy 2040 outcomes.

In line with good corporate governance practices and the legislative requirements of the MFMA; the Board is required to develop a corporate strategic plan for the organisation, which will cover a five-year period. Once this plan is developed, focus must then shift to the development of an aligned business plan for the organisation; which will reflect the operational level targets and responsibilities for the achievement of rolling annual milestones in the strategic plan.

In this light and to meet its legislated obligation, the entity embarked on its corporate planning process. A process which was necessarily iterative in nature and focussed on critically examining the goals, objectives and performance metrics, to ensure that they are specific, measurable, achievable, realistic and time bound – in accordance with "SMART" principles. Focus was placed on the consistency, integrity and accuracy of data provided by the operating divisions through the process.

The entity has annual turnover of approximately R180 million and a staff complement of 171 permanent / fixed term employees and 160 temporary employees.

Joburg Theatre (SOC) Ltd subscribes to the Batho Pele ("People First") principles and encourages all its employees to be polite, open and transparent and to deliver good service to its patrons. The board has signed a shareholder compact with the shareholder to regulate the relationship between the City as the shareholder of the company and the board of directors of the company as the accounting authority of the company.

- **Consultation**

JCT's values define a citizen-oriented approach for producing and delivering its services in line with the service delivery improvement priorities of the CoJ. Patrons and citizens are consulted about the level and quality of services they receive from JCT through regular surveys. These assist in ensuring that customer satisfaction is monitored and enhanced.

- **Service Standards**

Key performance measures and indicators are set to monitor deliverables of core services and to build JCT's reputation and market share as a recognised professional theatre experience.

- **Access**

It is JCT's strategic objective to ensure increased accessibility by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact.

- **Courtesy**

JCT's patrons are treated with courtesy and consideration by ensuring that all shows commence within 15 minutes of scheduled time.

- **Information**

The theatres' websites and notice boards are kept up to date to ensure that patrons and stakeholders are provided full and accurate information about the services they are entitled to receive.

- **Openness and transparency**

JCT's business plan, quarterly reports, mid-year report and annual integrated report are published on the websites and available to the public on request. These reports provide information on how the entity is run, shareholder and board information, management information and financial and non-financial information.

- **Redress**

JCT provides opportunities for increased positive social contact and accessibility of theatre through management of the three City theatres and strives to maximise accessibility and usage of theatre facilities by the City of Johannesburg citizens.

JCT's service delivery focus includes acceleration of youth development through programmes that stimulate an interest in the arts as a viable career path and provide opportunities for future arts practitioners and entrepreneurs.

- **Value for money**

JCT generates revenue over and above the subsidy received from the shareholder through the effective delivery of services, sound financial management, financial control and cost efficiency across value-chain.

Political Governance and Accountability

JCT is accountable to the Department of Community Development and the Member of the Mayoral Committee for Community Development, who exercises political oversight and to whom JCT submits compliance reports in respect of its performance scorecard. JCT relies on the Department of Community Development for direction on its contractual obligations contained in the service delivery agreement, and on the Member of the Mayoral Committee for its political mandate and oversight.

The Group Governance unit provides corporate governance and related support, including financial sustainability and compliance reporting and review.

The Council's Portfolio Committee (Section 79) on Community Development provides political oversight of JCT's activities and functions. JCT also falls under the Human and Social Development Mayoral Cluster Committee, which ensures that the work of the other departments and entities mandated with is integrated have the mandate to promote the social development and upliftment of its residents. The cluster drives one of the advance pro-poor development that provides meaningful redress.

The JCT's management is accountable for strategic and operational matters to the Board of Directors, which controls and maintains a fiduciary relationship with the company.

Section 6: Strategic Objectives

As part of the Social and Human Development Cluster and located under the Department of Community Development with the MMC as Executive Authority, Joburg City Theatres is primarily tasked to support all the **GDS Outcomes**, aimed at a future that presents significantly improved human and social development realities. It relates to issues of social cohesion and inclusivity and improved quality of life, supported by the establishment of development-driven resilience, and particularly resonates with the work of Joburg City Theatres.

GDS Outcomes 3 and 4 form the primary tenet of Joburg City Theatres' strategic intent.

JCT's contribution in the cluster is ***"targeting deprived spaces and communities through Arts and Culture Programming"***.

The legislated five-year IDP process assists in translating the Growth and Development Strategy's - Joburg 2040 - long-term impacts and outcomes into measureable and achievable targets. In the CoJ's case, these are framed within the context of the Mayoral Flagship Programmes, located within five-year IDPs that contain cluster-specific priorities and plans.

The company's strategic objectives include:

1. Provision of opportunities for the youth, including future arts practitioners and entrepreneurs.
2. High quality performing arts and entertainment experiences and facilities
3. Affordable access to and use of theatres by communities.
4. Good governance, financial sustainability and sound management.
5. Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT.

The 2018/19 performance information of JCT flows from a direct line-of-sight to the above strategic objectives and result areas / IDP Programmes.

The outputs by JCT through the arts programming included:

- Increased Accessibility - exploring the increased funding opportunities from other spheres of government and the public sector in order to make theatregoing practical for disadvantaged communities
- Youth development and partnerships - Developing future audience, practitioners and entrepreneurial skills.
- Increased literacy, skills and lifelong learning amongst all citizens.
- Increased earned revenue
- Maximise accessibility and usage of theatre facilities by the City of Johannesburg citizens.

Outputs, linked to the SDBIP, IDP and GDS:

- Increase self generated revenue - a city at work building the economy.
- Expenditure management - cost containment – a city at work building the economy.
- Promotion and % procurement spend on SMME's - a city at work building the economy.
- Increase literacy, skills and lifelong learning amongst Joburg citizens - a city at work building better communities.
- Youth development - develop future audiences, practitioners and entrepreneurial skills - a city at work building better communities.
- Maximise accessibility and usage of the theatre facilities by Johannesburg citizens - a city at work building better communities.
- Increase accessibility - explore the increased funding opportunities from other spheres of government and the private sector in order to make theatregoing practical for disadvantaged communities - a city at work building better communities.

Outcomes

- Commissioning of quality productions aligned to the vision and mission of JCT.
- Increased numbers of learners attending theatres annually developing new audiences for the future.
- Empowered learners and teachers.
- Improved perception of the role of JCT in Youth development.
- Engagement with communities bringing new audiences into contact with JCT venues.
- Structured opportunities for in-depth development of the talents and skills of young people opening up future opportunities for future employment.
- Foundation laid through pilots for three year relationships and co-productions, widening the participation of local producing partners engaged with JCT.
- Improved operational efficiency, optimization of resources and performance
- Increased positive social contact and accessibility of theatre through management of the three theatres
- Increased SMME support through procurement
- Support and optimize opportunities to promote creative industry
- Increased number of emerging young producers and artists

JCT contributes directly and indirectly to the CoJ's achievement of its objectives and priorities, by making available the theatres' facilities and resources throughout the year for departments and entities to explain and promote such priorities. The achievements captured in this report are aligned to the strategic priorities of the City of Johannesburg which drives the strategic direction of the company ensuring that these priorities are implemented in the form of measurable targets and deliverables.

JCT upheld its vision statement: ***"A leading African artistic platform providing sustainable, development-oriented and diverse programming."***

The Board and Management remain committed to achieving strong financial and operational results, ensuring good corporate governance and transparent compliance to legislation while delivering on the **mission** of the company:

To produce and present innovative and relevant indigenous and international entertainment programmes that promote multiculturalism, diversity and social cohesion.

We commit to:

- *Conceptualise, manage, host and promote high quality performing arts and entertainment experiences and facilities;*
- *Create opportunities for affordable access and use of theatres by all communities;*
- *Provide opportunities for the youth, including the development of future arts practitioners and entrepreneurs;*
- *Grow shareholder value by ensuring sound financial management and governance and growth in revenue; and*
- *Work in partnership with others to maximise the impact of our programmes.*

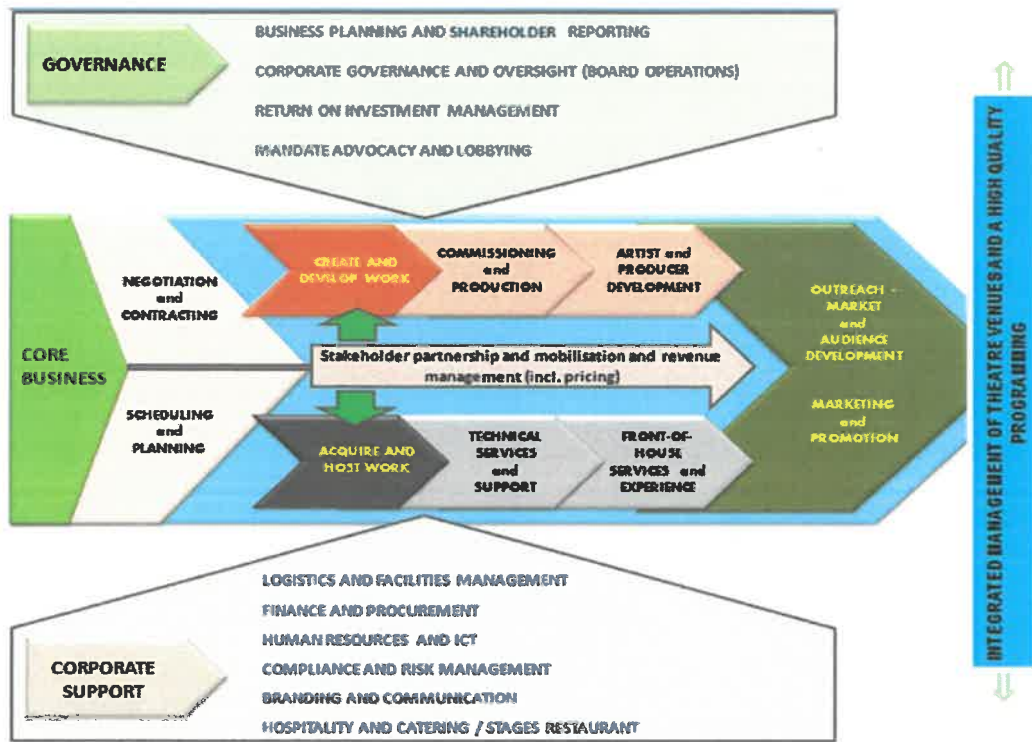
The Six Capitals

JCT's vision and mission has been aligned to the value chain as we consider strategy, risk, governance, performance and sustainability to be inseparable.

The IR framework provides a principle based approach through which JCT describes how the key components of the value chain (or business model) are applied to create and sustain value for JCT's stakeholders. This report utilises the framework concept of "the six capitals".

Business Model

JCT's business model delivers a comprehensive approach to Value Creation in the short, medium and long term.





JCT's value creation is entrenched in the CORE BUSINESS section (the spine) in order to achieve its short, medium and long term objectives. The support structures being GOVERNANCE and CORPORATE SUPPORT are the main drivers of the value creation within the company to assist in aligning all resources towards the achievement of current and future goals.



JCT is constituted by three operating business units with a further two units that are supported via grant, as follows:



The board and EXCO craft, approve and monitor the implementation of the strategy and business plan; set objectives, review key risks, evaluate performance (targets and outcomes of planned interventions) on a quarterly basis through the quarterly reports (short term), annually through the integrated report (medium term) and against the five year IDP linked to the term of office through the term of office report.

Key resources are explained in detail on the 6 Capitals below

<p>• JCT's 6 Capitals</p>	 <p>FINANCIAL CAPITAL</p>	 <p>INTELLECTUAL CAPITAL</p>
<p>• Description Capitals</p>	<p>The pool of funds that is:</p> <ul style="list-style-type: none"> • A mix of internally generated revenue and a grant from the shareholder. 	<p>Intellectual capital Organisational, knowledge-based intangibles, including:</p> <ul style="list-style-type: none"> • software, rights, and licences • "organisational capital" such as tacit knowledge, systems, procedures, values and protocols • intangibles associated with JCT's unique way of doing business, its brand and developed reputation.

<p>• JCT's 6 Capitals</p>	 <p>MANUFACTURED CAPITAL</p>	 <p>HUMAN CAPITAL</p>
<p>• Description Capitals</p>	<p>Citywide geographic footprint of operations and locations to serve Joburg residents.</p> <ul style="list-style-type: none"> • JCT's unique and diverse range of artistic programmes • 	<p>Human capital People's competencies, capabilities and experience, and their motivations to innovate.</p> <ul style="list-style-type: none"> • A skilled, diverse and motivated workforce with a high performance culture and ethical values. • ability to understand, develop and implement an organisation's strategy

<p>• JCT's 6 Capitals</p>	 <p>NATURAL CAPITAL</p>	 <p>SOCIAL AND RELATIONSHIP CAPITAL</p>
<p>• Description Capitals</p>	<p>Natural capital resources we, directly and indirectly via our stakeholders, depend on such:</p> <ul style="list-style-type: none"> • Water • Parks • Electricity • Gas and other natural assets 	<p>Social and relationship capital</p> <ul style="list-style-type: none"> • Strong relationships with the shareholder, suppliers, customers and communities.

JCT's Short, Medium and Long Term Strategic Goals

The Strategic Plan informs the aligned Annual Business Plans for JCT, reflects its intent to grow shareholder value and serve the diverse communities of the City of Joburg by promoting multiculturalism, diversity and social cohesion.

This intent will be achieved as Joburg City Theatres pursues its focus to commission and produce innovative and relevant local and indigenous productions; and to offer quality support and services that enable the acquisition and hosting of professional productions and experiences that are relevant to diverse audiences in Johannesburg.

In turn, and informed by the integrated operating model, each of the five strategic goals is then unpacked into strategic objectives. Where the goals describe the result (impact) that Joburg City Theatres seeks to achieve, the strategic objectives describe the “outcomes” to be achieved by 31 June 2024 for each goal.

The following key considerations require management intervention in the period 2019/20–2023/24:

SHORT TO MEDIUM-TERM PRIORITIES: Informing the 2019/20 Business Plan as the First Year of Strategy	
Strengthen governance and compliance.	<ul style="list-style-type: none"> ▪ Undertake an organisational structure review ▪ Identify the model and KPI's to be tracked from a Social and Ethics perspective - conduct an annual assessment on Ethics, similar to assessment done on risk environment; ▪ Continuous integration of Diphetogo, 88 Indicators, City Manager Indicators and Service Standards into Annual Business Plan scorecard.
Strengthen the operations and commercial viability of the theatres.	<ul style="list-style-type: none"> ▪ Balance commissioning/hosting ratio across all three theatres; ▪ Commercialise the transformed content – ensure all shows staged have the ability to be profitable; ▪ Set up hospitality and catering operations within other City entities that will yield necessary financial results, ▪ Learning from international trends, musicals, operas, ballets, drama and various festivals, and theming the offering according to significant events and days, ▪ Licence and merchandise successful productions and music.
Strengthen community outreach and developing talent and youth.	<ul style="list-style-type: none"> ▪ More utilisation of the Mobile Truck to access or reach audiences that are not traditional theatre goers; ▪ Position arts alongside sport in schools for development of future audiences.
Strengthen stakeholder management and collaboration.	<ul style="list-style-type: none"> ▪ Revisiting and engaging with service providers who do business with COJ to market Joburg City Theatres and CSI opportunities to them (consider a formal breakfast event?); ▪ Monitor the value of equivalent/reciprocal benefit realised from partnerships;
Enhance human capital management and performance management.	<ul style="list-style-type: none"> ▪ Leverage and exploit the capability and strengths of producers among Joburg City Theatres staff; ▪ Strengthen operating model and workflow processes, so everyone knows who is responsible for what and when supported by improved internal communication.

Long Term Strategic Goals

KEY LEGACY PROJECTS: Over the Medium to Longer-Term (2022 to 2024+)	
A “Joburg Festival” – working together with Joburg City Theatres “cultural arch”	<ul style="list-style-type: none"> ▪ Along the lines of the “Edinburgh Festival”, relevant to South Africa and Johannesburg; ▪ Link to Joburg City Theatres’ role to curate the Joburg City Festivals

KEY LEGACY PROJECTS: Over the Medium to Longer-Term (2022 to 2024+)

neighbours.	and drive it moving forwards;
Joburg City Theatres part of the international touring circuit - Joburg City Theatres produced shows that tour internationally.	<ul style="list-style-type: none"> ▪ An annual showcase – taking at least one show overseas from JCT (as a RSA showcase) per annum.
Joburg City Theatres Precinct revitalisation – partnering with Braamfontein neighbours.	<ul style="list-style-type: none"> ▪ Joburg Theatre park (Theatre Gardens)– needs to open up as a craft market; ▪ Reconfiguration of space – to suite multiple live experiences and art forms.
Establish Joburg City Theatres as a knowledge hub – an archive of the legacy and history of Joburg and the theatres.	<ul style="list-style-type: none"> ▪ Establish a Joburg City Theatres Archive/Resource Centre to preserve and tell the story of the history of theatre: <ul style="list-style-type: none"> – Digital and/or visual archive of footage and a record of the rich history of events for the public to visit and experience; – Develop a virtual tour of the three theatres, retrievable from all three theatres, to advertise all facilities from any one of the sites.

JCT's Initiatives

The company successfully implemented service delivery initiatives such as schools networks festival, tribute to legends and holiday fun fest (details of these initiatives are captured in the Service Delivery Highlights and the CEO's report.

JCT's Business Innovation and Skills.

- JCT is in the process of implementing mSCOA, a standard chart of account that aims to change how municipalities transact by standardising financial management processes.
- The company has also implemented SAGE 300, an automated leave management system. This system also allows employees to access leave data in real time and salary advices.
- The Mandela Theatre's followspots, which have probably stood the test of time for around thirty years, have been replaced, the Vari-Lite VL2600 Spots and four Robert Juliat Cyrano followspots is now used in the Mandela Theatre;
- The audio in the Lesedi Theatre has been upgraded to an L-Acoustics ARCS Wide and Focus (WiFo) system.

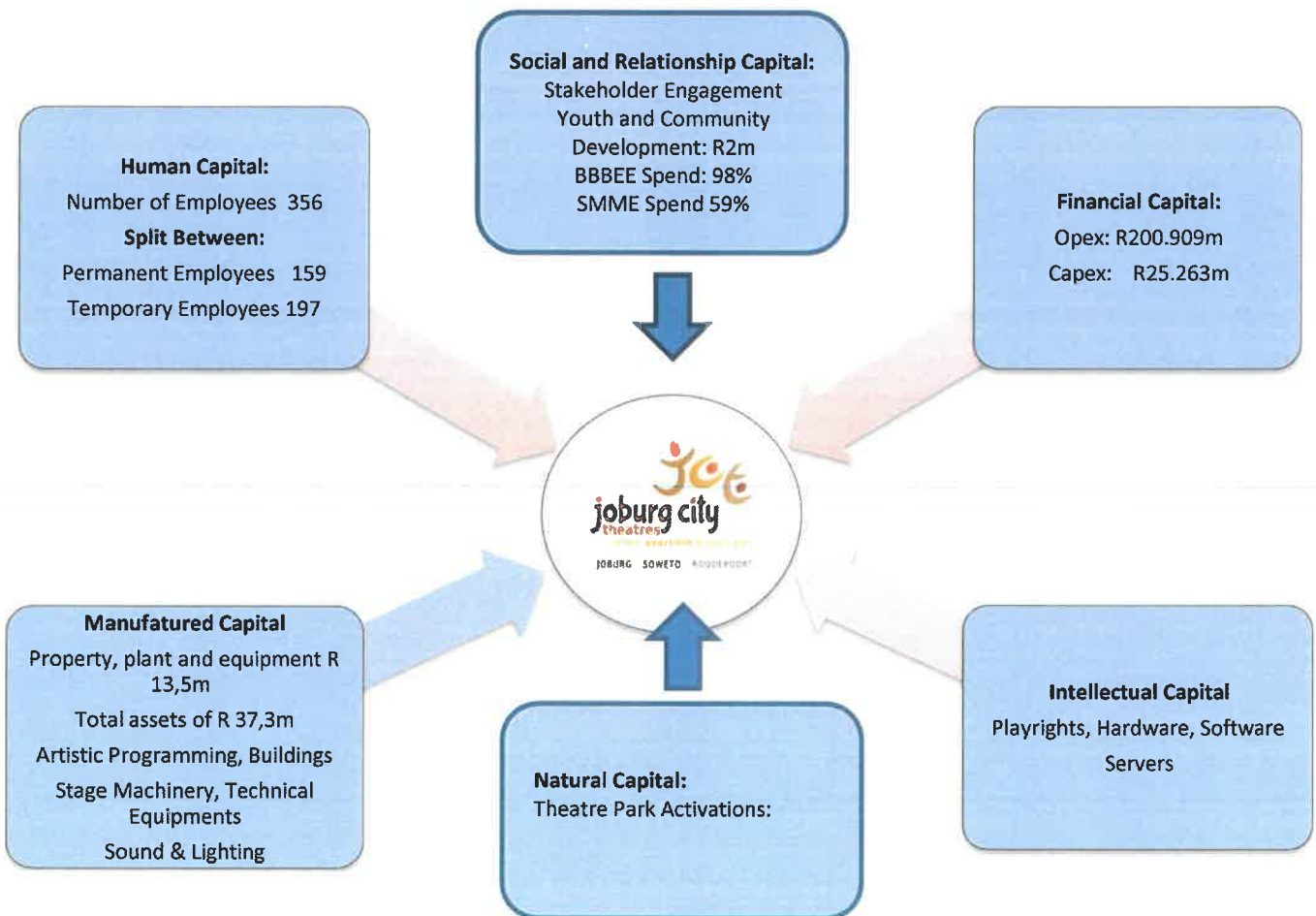
Significant Factors Affecting External Environment

	Factors	JCT's Response
1.	Competition from Casino based theatres, other entertainment and arts venues, festivals, special events, broadcast and online versions.	<ul style="list-style-type: none"> ▪ Maintain high standards of production and customer service delivery at all JCT venues. ▪ Strengthen JCT social media presence and content. ▪ Maintain the marketing of the special appeal of the live theatre and entertainment experience.
2.	Sectoral challenges in developing collaboration with others as a result of the competitive nature of the industry.	<ul style="list-style-type: none"> ▪ Maintain and develop relationships with local producers such as The Market Theatre, State Theatre, and nationally such as The Fugard Theatre, Artscape and Durban Playhouse.
3.	Lack of control over power cuts – cancelled performances.	<ul style="list-style-type: none"> ▪ Maintain good partnership support from City Power. ▪ Budget allocation for back-up generator has been requested.

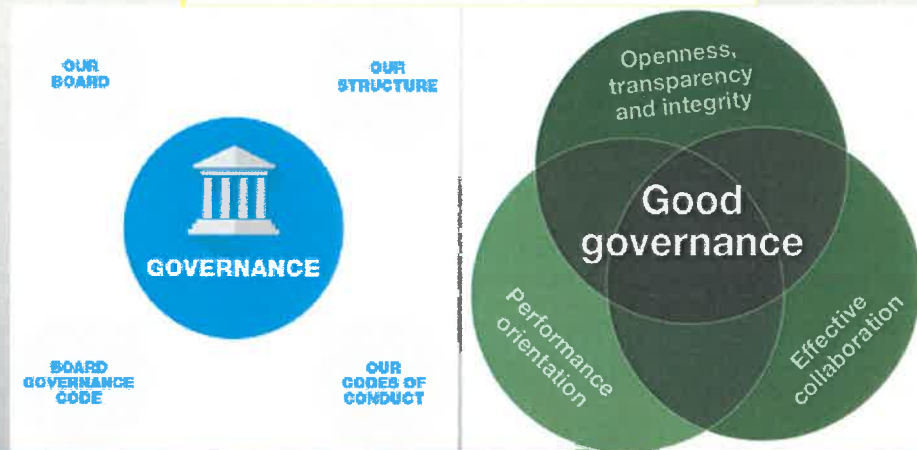
4. Poor public transport to venues at night.	<ul style="list-style-type: none"> ▪ Explore options with modern e-hailing taxi service operations.
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Impact on Capitals

Resources flow through JCT's business model as one or more of the six capitals. Based on JCT's vision, objectives, risks and opportunities, the Board decides on short, medium and long term strategy. Depending on these strategic decisions, JCT's management will decide on the blend of resources (capitals) to be drawn into the business model and will allocate these to various operations. Resources, as capitals, flow out of JCT's business model as outputs and outcomes, ideally enhanced through the processes operating in the business model.



CHAPTER TWO: GOVERNANCE



KEY ACHIEVEMENTS

- Stable and strengthened Board leadership
- Active Fraud Prevention Initiatives
- ICT Governance
- Effective Risk Measures
- Enhanced Compliance Oversight
- Financial Sustainability
- Good Corporate Governance
- Policies and Procedures
- Ethical Leadership
- Compliance with laws, rules, codes and standards

Section 1: Composition, Key Activities & Remuneration of Board of Directors

The entity has a unitary board, which consist of executives and non-executives directors. The board is chaired by a non-executive director, Mr Nkopane Maphiri. The board meets regularly, at least quarterly and retain full control over the company. The board remains accountable to the City of Johannesburg Metropolitan Municipality, the sole member and its stakeholders, the citizens of Johannesburg. A service delivery agreement concluded in accordance with the provisions of the MSA governs the entity' relationship with the City of Johannesburg. The board provides monthly, quarterly, bi-annually and integrated reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA.

Non-executive directors contribute an independent view to matters under consideration and add to the depth of experience of the board. The roles of chairperson and the chief executive officer are separate, with responsibilities divided between them. The chairperson has no executive functions. Board members have unlimited access to the company secretary, who acts as an advisor to the board and its committees on matters including compliance with company rules and procedures, statutory regulations and best corporate practices.

The board or any of its members may, in appropriate circumstances and at the expense of the company, obtain the advice of independent professionals. During the period under review, the company did not outsource professional corporate governance services.

An annual board evaluation is undertaken including peer reviews. Shortcomings are addressed and areas of strength consolidated. The performance of board committees are evaluated against the terms of reference. The term of office of the non-executive directors is subject to review at the annual general meeting.

Board of Directors



NKOPANE MAPHIRI (43)
Board Chairperson



XOLISWA NDUNENI-NGEMA (58)
Chief Executive Officer



SOLOMON MPHAKATHI (40)
Chief Financial Officer



MPHO LECOGE (60)
Non-Executive Director



MASIXOLE MRWEBI (31)
Non-Executive Director



AMANDA FORSYTHE (45)
Non-Executive Director



STELLA BALOYI (43)
Non-Executive Director



JUNIOR RAMOVHA (64)
Non-Executive Director



**HAZEL THEMBELIHLE
NYEWULA (42)**
Non-Executive Director



**KHWATHELANI TSHIKOVHI
(43)**
Non-Executive Director



ASHLEY HAYDEN (52)
Non-Executive Director

NOTE:

- ¹ Mr. Masixole Mrwebi was appointed at the 2019 Annual General Meeting
- ² Ms. Hazel Thembelihle Nyewula was appointed at the 2019 Annual General Meeting
- ³ Ms. Khwathelani Tshikovhi was appointed at the 2019 Annual General Meeting
- ⁴ Mr Mpumelelo Mkhabela resigned at the 2019 Annual General Meeting
- ⁵ Prof Theophilus Mukhuba resigned at the 2019 Annual General Meeting

BOARD OF DIRECTORS' PROFILES

MR NKOPANE MAPHIRI (CHAIRPERSON)

Mr Maphiri is a media and communications professional with over 24 years of experience in public and private enterprises.

Amongst other activities, he has served as a Ministerial Committee advisor on the broadcasting policy, which led to the Broadcasting Act of 1999, and as a board member of the *Association Mondiale Des Radiodiffuseurs Communautaires* (AMARC), an international non-governmental organization contributing to the development of community and participatory radio. He has also served as the Chief of Operations of the Media Development and Diversity Agency (MDDA), a statutory development agency for promoting and ensuring media development and diversity. He has served as JCT Board Chairperson for 3 years.

MS XOLISWA NDUNENI-NGEMA (CHIEF EXECUTIVE OFFICER)

Xoliswa Nduneni-Ngema has an extensive track record in the arts, having been in the industry for more than twenty years serving in various portfolios and positions within the public and private sector. She was the former CEO of the South African State Theatre in Pretoria and former Project Manager of the Newtown Cultural Precinct.

In Newtown, Xoliswa left a trademark of festivals and concerts that were the first for the City of Joburg. She was previously CEO of Bassline Music Centre and Director and Producer for Sibojama Theatre, a company established by Hugh Masekela and James Ngcobo. Xoliswa also served as Council Member of Windybrow Theatre, a Board Member of Emthonjeni Arts Residency and Dance Umbrella and a Director of the Joburg Fashion District. She has served as JCT Executive Director for 6 years.

MR SOLOMON MPHAKATHI (CHIEF FINANCIAL OFFICER)

Solomon Mphakathi is a qualified chartered accountant with more than 11 years' experience in the finance and auditing field was born in the then Transkei in the district of Engcobo in 1979. He graduated his Bcom (Acc) degree from the University of Fort Hare. He then went to further his studies in commerce with the University of Port Elizabeth where he graduated with a certificate in financial accounting. In 2004 he completed his Bcom (Acc) Hons with the University of Kwazulu Natal. He trained for the CA qualification in the Office of the Auditor General where he amassed a lot public sector experience.

On completion of his training he then joined Engen Petroleum Limited in Cape Town in their internal audit division. A year later he joined one the then biggest internal audit departments at Eskom where he held a position of a Senior Audit Advisor. He then joined Transnet Engineering as Corporate Governance Manager responsible for continuous internal controls improvement and monitoring, investigations and maintenance of

good corporate governance practices. At a later stage he was promoted to a position of Senior Finance Manager responsible for the whole financial management and financial discipline of one of the biggest businesses in Transnet Engineering. He has served as JCT Executive Director for 5 years.

MS MPHOLECOGE

Mpho Lecoge is qualified with a diploma in training and development as well as a diploma in secondary education. Her professional experience spans across human resources development and management, organisational design and development, performance management systems design, implementation and monitoring, compensation and rewards management, coaching and mentoring, project management as well as education management.

She has experience in general management, education and human resources development and management acquired from various private and public sector companies such as Nando's Southern Africa, National Health Laboratory Services, Air Traffic Navigation Service, Debswana Diamond Company Botswana and Barloworld Equipment, Botswana. She matured in her career up to Executive Management level and sound consulting capacity in various companies. She has served as JCT Non-Executive Director for 3 years.

At present, Mpho is the Managing Director of Umthunzi Holdings cc, a female owned company which specialises in project management as well as people development and management.

MR MASIXOLE MRWEBI

Masixole Mrwebi is an Executive Director at Mrwebi Auditors and Accountants Inc (MAA), an indigenous black firm founded in the Republic of South Africa and a Chairman at Eyabantu Holdings. He has experience in auditing, accounting, advisory and taxation services.

Mrwebi is a qualified Chartered Accountant (SA) and holds a B Com Hons (CTA) from University of Witwatersrand (University of Witwatersrand); Higher Diploma in Tax Law from University of Johannesburg and MCom (Tax) from University of Pretoria. He has served as JCT Non-Executive Director for 1 year.

MS AMANDA FORSYTHE

Amanda is an interpreter and translator having studied philosophy and French at the University of Joburg. She also completed the Cambridge Interpreters Course in advanced training by chief interpreters of major international organisations.

Her professional background runs from being an in-house interpreter and translator at the French Embassy, being a commercial attaché at the French Trade Commission, being a former Councillor of ward 87 in the City of Joburg as well as a lecturer in French translation at the University of Joburg. Amanda's private sector clients includes Johnson & Johnson, Lafarge, Denel Dynamics and Eversheds. She has served as JCT Non-Executive Director for 3 years.

MS STELLA BALOYI

Stella is an entrepreneur and has twenty (21) years' experience in the Travel Industry as well as in the consulting, marketing and sales industry within the corporate travel sector. She holds a diploma in tourism and is a member of Association of Southern African Travel Agents (ASATA), Southern African Association for the Conference Industry (SAACI) and South African Travel Centre (SATC).

Stella is the co-founder of Nineteen76, a 100% female black owned travel agency with its offices in Pretoria and Polokwane. She has served as JCT Non-Executive Director for 3 years.

MR JUNIOR RAMOVHA

Junior comes from a public administration background having worked in the public service spectrum and having been primarily responsible for implementing community development projects. His skills and competencies are project management, change management and governance. His involvement in community activities, particularly, sports and recreation has enhanced his strategic networking and planning with various organisations and stakeholders.

During his tenure in the City of Joburg, he developed a strategy to create awareness of the City's sports and recreation programmes to heighten the use of sports and recreation facilities. He has served as JCT Non-Executive Director for 3 years.

MS HAZEL THEMBELIHLE NYEWULA

Lihle is a driven and innovative individual who easily adapts to different environments and industries. She has demonstrated success in working in a highly pressurised environment, high performance environment whilst at

the same time ensuring delivery to multiple stakeholders. She also has solid track record for taking on new senior roles and responsibilities within South Africa and Mozambique Market and is tenacious in building strong business relationships and working in a multi-cultural environment.

Lihle is a chartered accountant CA (SA) by profession with over 14 years diverse working experience in auditing and assurance, financial management, financial control and costs management. Her work experience range from financial sector (both banking and insurance), experience in both short term and life insurance, telecommunications, investment, government entities and held various senior roles / positions in the multinational companies (Barclays) and First National Bank. She has served as JCT Non-Executive Director for 1 year.

MS KHWATHELANI TSHIKOVHI

Khwathelani holds a Masters in Business Administration, Bachelor of Commerce and Bachelor of Commerce Honors all from the University of KwaZulu Natal. She also has qualifications in IISA Program in Short-Term Insurance, and IISA Program in Advance Insurance Practice both from UNISA.

She has experience in customer experience improvement, stakeholder relations, business development, relationship management as well as lecturing. She served as a member of the City of Johannesburg's Group Risk Governance committee and is also a fellow member of the Insurance Institute of South Africa.

Her competencies includes, amongst others, building effective teams, business analysis, change management, leadership, managing performance, organising and planning, people management, conflict management, project management, reporting, risk management and strategic management. She has served as JCT Non-Executive Director for 1 year.

MS ASHLEY HAYDEN

Ashley is an actor, director and radio presenter who holds a BA (Hons) from Rhodes University.

As well as serving on the Board of JCT she is also a board member of Joburg Ballet.

She has extensive experience in both commercial and corporate television, in a career that has spanned 3 decades. Her corporate offerings also include coaching executives and staff of various organisations on media liaison as well as communication strategies. Charitable enterprises include assisting various charities in their fundraising and publicity endeavours. She is also a Patron of the SA Guide Dogs Association, and an ardent supporter of The Homestead, a charity which assists street children. Her passion is enabling people to reach their potential. She has served as JCT Non-Executive Director for 3 years.

Attendance at meetings held during the year was as follows:

2018/19 BOARD ATTENDANCE

Name of Board Member	Remuneration, Social and Ethics Committee (REMSEC) Meetings	Audit and Risk Committee (ARC) Meetings	Board Meetings	Selection Committee/Panel Meetings	Chairperson's Quarterly meeting	Interviews for the CEO position 26 April 2019	Board Strategic Planning Session 8 November 2018	Executive Producer interviews 28 May 2019	Annual General Meeting 17 April 2019	CoJ Induction for Board and IAC members 6 June 2019	JCT Entity Specific Induction 13 June 2019
Total number of meetings	4	6	8	2	3	1	1	1	1	1	1
Mr. Nkopane Maphiri	-	-	8	2	3	1	1	-	1	1	1
Ms. Mpho Lecoge	4	-	8	2	-	1	1	1	1	1	
Mr. Mpumelelo Mkhabela	-	6	7	2	-	1	-	-	Apology	Resigned at AGM	Resigned at AGM
Ms. Ashley Hayden	-	6	8	2	-	1	1	1	1	1	1
Ms. Amanda Forsythe	-	6	8	-	-	-	1	-	Apology	Apology	Apology
Prof. Theophilus Mukhuba	1	-	4	-	-	-	-	-	-	Resigned at AGM	Resigned at AGM
Ms. Stella Baloyi	4	-	7	2	-	1	-	-	Apology	1	Apology
Mr. Junior Ramovha	4	-	8	-	-	-	1	-	1	1	1
**Ms. Khwathelani Tshikovhi	-	-	-	-	-	-	-	-	-	1	1
**Ms. Hazel Thembeihle Nyewula	-	-	-	-	-	-	-	-	-	-	1
**Mr. Masixole	-	-	-	-	-	-	-	-	1	1	1

Name of Board Member	Remuneration, Social and Ethics Committee (REMSEC) Meetings	Audit and Risk Committee (ARC) Meetings	Board Meetings	Selection Committee/Panel Meetings	Chairperson's Quarterly meeting	Interviews for the CEO position 26 April 2019	Board Strategic Planning Session 8 November 2018	Executive Producer interviews 28 May 2019	Annual General Meeting 17 April 2019	CoJ Induction for Board and IAC members 6 June 2019	JCT Entity Specific Induction 13 June 2019
Mrwebi											
Independent Audit Committee (IAC) Members											
Ms. Chrystal Cape	-	4	-	-	-	-	-	-	-	-	Apology
*Mr. Grandeur Tofara Hove (IAC)	-	-	-	-	-	-	-	-	1	-	1

Notes: Not every board member sits on a board committee.

**Board Members appointed on 17 April 2019

*IAC members appointed on 17 April 2019

The board was reconstituted on the 17th of April 2019 at the entity's Annual General Meeting (AGM) and additional Independent Audit Committee (IAC) Members were also appointed to the entity's Audit and Risk Committee. Accordingly, newly elected board members and IACs members only attended three (3) meetings during the 2018/19 financial year, being the AGM, the CoJ Induction on 6 June 2019 and the entity specific induction on 13 June 2019.

Board of directors have adopted the board charter which encapsulates the City of Johannesburg Governance Protocol and includes matters of ethics, procedure and the conduct of committee members. Registers are kept and updated on the disclosure and declaration of interests of directors and senior management. The board and senior management ensure that there is full material compliance to all relevant legislation.

The board plays a pivotal role in strategy planning and establishes clear benchmarks to measure the entity's strategic objectives. It ensures that a sound structure and governance framework that will enhance good corporate governance, improve internal controls and company performance is in place. In carrying out company priorities the board ensures the existence of the necessary committee structures, including the executive management committee, with clear terms of reference that assist it in discharging its responsibilities.

The board is satisfied that it has discharged its responsibilities in accordance with its board charter and other relevant prescripts.

Public Meetings, IDP Participation and Alignment

The IDP review process is mainly geared towards picking up on early-warning sign for corrective action whenever it is required. JCT's objectives are aligned to the IDP. The performance indicators are flowing from the IDP and they inform the entity's performance management system. JCT conducts public meetings annually inviting all industry stakeholders.

Combined assurance

In terms of King IV, assurance has been broadened to cover all sources – including external assurance, internal audit, management oversight and regulatory inspections. In addition, the combined assurance model has been expanded to incorporate and optimise all assurance services and functions so that, taken as a whole, these enable an effective control environment and support the integrity of information used for internal decision making by management, the governing body and its committees, and of the organisation's external reports.

The compliance forum has been constituted to coordinate assurance activities in the group in compliance with the enhanced requirements of King IV, as a minimum. The forum will implement and embed the combined assurance framework principles as approved by the audit committee. Permanent invitees to the forum are representatives from the independent external auditor, internal auditor, other major assurance providers as well as members of the audit committee and sustainability, risk and compliance committee of the board.

The board is satisfied with arrangements in place for ensuring an effective combined assurance model in the group.

Board Committees

The board committees assist the Board in the discharge of its duties and responsibilities. Each board committee has formal written terms of reference that are reviewed annually and effectively delegated. The board monitors these responsibilities to ensure effective coverage of, and control over, the operations of the entity. During the 2018/19 financial year the following committees were formed, each of which was chaired by a non-executive director:

- Audit and Risk Committee
- Remuneration, Social and Ethics Committee

Audit and Risk Committee

ARC is responsible for monitoring compliance with applicable legislation and the requirements of regulatory authorities; overseeing matters relating to financial accounting, accounting policies, reporting, risk management and disclosure as well as reviewing and approving external audit plans, findings, problems, reports and fees; on behalf of the board.

Up until 17 April 2019, for the period under review, the ARC consisted of the following members:

- Mr Mpumelelo Mkhabela – Non-executive Director (NED)/ Chairperson
- Ms. Amanda Forsythe- Non-executive Director
- Ms Ashley Hayden – Non-executive Director
- Ms Chrystal Cape – Independent Member

Subsequent to the AGM and at the board induction held on the 13th of June 2019, the ARC was re-constituted and consisted of the following members:

- Mr Masixole Mrwebi – Non-executive Director (NED)/ Chairperson
- Mr Grandeur Hove - Independent Member
- Ms Chrystal Cape – Independent Member; and
- Ms Danile Nyalunga-Nyakale – Independent Member, following her appointment she indicated she was not available for reappointment in the City.

The role of the audit and risk committee is to assist the board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The audit and risk committee exercises its functions through close liaison and communication with corporate management and the internal and external auditors. The committee met five times during the year under review.

The audit and risk committee operates in accordance with a written charter authorised by the board, and provides assistance to the board with regard to:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies, reporting and disclosures;
- Internal and external audit policy;
- Activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- Review/ approval of external audit plans, findings, problems, reports and fees;
- Compliance with the Code of Corporate Practices and Conduct; and
- Compliance with code of ethics.

The audit and risk committee has been delegated the task of overseeing the quality, integrity and reliability of the company's risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed.

The audit and risk committee addressed its responsibilities properly in terms of the charter during the year under review. No changes to the charter were adopted during the year under review.

Management has timeously provided quality quarterly reports and annual financial statements reviewed by the audit and risk committee and recommended for board approval.

The audit and risk committee considered the annual financial statements of the entity to be a fair presentation of its financial position at June 30th 2019, and of the results of its operations, changes in equity and cash flow for the period ended then in accordance with standards of GRAP, the Companies Act and MFMA disclosure requirements.

An audit and risk committee assessment was conducted, the results of which confirmed that the committee had discharged its mandate in full. The board confirms that the Committee discharged its mandate during the period under review.

The audit and risk committee is pleased to note that all components of the integrated report are included as is required in terms of section 121(3) of the MFMA as follows:

- The annual financial statements of the entity
- The Auditor General report
- Report of the audit and risk Committee
- The annual performance report of the entity prepared in terms of section 46 of the Municipal Systems Act;
- The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act.
- An assessment by the entity's accounting officer of any arrears on municipal taxes and service charges;
- Particulars of any corrective action taken or to be taken in response to the issues raised in the audit reports
- Any explanation that may be necessary to clarify issues that are in connection with the annual financial statements.

Going-concern principle

The audit and risk committee assists the board in assessing the going-concern principle and therefore the committee investigates the going-concern principle when preparing the annual financial statements and advises

the board in this regard. These investigations take into account the annual financial statements under review, the financial position, results and ratios of the company, its financial budgets, capital needs, financial assets and commitments, loan agreements, available facilities and cash-generating assets, as well as the general economic and agricultural conditions, prevailing and expected market conditions, the political climate and other significant sustainability matters. The committee is of the opinion that the company is a going concern and consequently recommended to the board that the separate and the consolidated annual financial statements be prepared in accordance with the going-concern principle.

Evaluation of Chief Financial Officer and Finance Function

The committee is satisfied that the expertise and experience of the Chief Financial Officer is appropriate to meet the responsibilities of the position. This is based on the qualifications, levels of experience, continuing professional education and the board's assessment of the financial knowledge of the Chief Financial Officer. The committee is also satisfied as to the appropriateness, expertise and adequacy of resources of the finance function and the experience of senior members of management responsible for the finance function.

Evaluation of Internal Audit Function

The committee has evaluated and is satisfied with the quality of the work of the internal audit and the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

Having considered, analysed, reviewed and debated information provided by management, Internal Audit and External Audit, the committee confirmed that:

- The internal controls of JCT were effective in all material aspects throughout the year under review
- These controls ensured that the JCT's assets had been safeguarded
- Proper accounting records had been maintained
- Resources had been utilised efficiently
- The skills, independence, audit plan, reporting and overall performance of the external auditors were acceptable.

Following our review of the annual financial statements for the year ended 30 June 2019, we are of the opinion that they comply with the relevant provisions of the MFMA, as amended, and standards of GRAP, and that they fairly present the results of the operations, cash flow and financial position of Joburg City Theatres.

The audit and risk committee has complied with all the King IV principles, with the inclusion of integrated reporting, evidenced by the JCT's 2018/19 Integrated Report. The committee is satisfied that it has complied in all material respects, with its legal, regulatory and other responsibilities.

Mr Masixole Mrwebi
Chairperson
Audit and Risk Committee

Remuneration, Social and Ethics Committee

The Remuneration, Social and Ethics committee consists of the following non-executive directors:

- Ms. Mpho Lecoge (Chairperson)
- Ms Stella Baloyi (Non-Executive Director)
- Mr Junior Ramovha (Non-Executive Director)
- Prof Theophilus Mukhuba¹ (Non-Executive Director)

Prof Mukhuba's resignation was noted and adopted by the Shareholder at the 2019 AGM and after the AGM, he was no longer a member of REMSEC. The three above mentioned members were reconfirmed as members of REMSEC at the board induction held on the 13th of June 2019.

The committee met four (4) times during the year under review.

¹ Nominated to the Committee on 21 May 2018

Section 43 (5) of the Companies Regulations, 2011 states that the Social and Ethics Committee has the following functions:

- (a) To monitor the company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
 - (i) Social and economic development, including the company's standing in terms of the goals and purposes of:
 - (aa) the 10 principles set out in the United Nations Global Compact Principles; and
 - (bb) the Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption;
 - (cc) the Employment Equity Act; and
 - (dd) the Broad-Based Black Economic Empowerment Act;
 - (ii) Good corporate citizenship, including the company's:
 - (aa) promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - (bb) contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and
 - (cc) record of sponsorship, donations and charitable giving;
 - (iii) the environment, health and public safety, including the impact of the company's activities and of its products or services;

The social and ethics committee advises the board on remuneration policies, remuneration packages and other terms of employment for all directors and senior executives. Its terms of reference also include recommendations to the board on matters relating *inter alia*, to general staff policy remuneration, bonuses, executive remuneration, director's remuneration and fees, service contracts, and retirement funds. The independent professional advisors advise the committee when necessary.

Director's Remuneration

Entity's remuneration policy

Non-executive directors are appointed in accordance with the Governance Framework of the City of Johannesburg. The Directors' Remuneration Policy is determined by the City of Johannesburg, as the sole Shareholder, and is approved at the Annual General Meeting. The directors' fee is determined in accordance with the Remuneration Policy of the City of Johannesburg. The City of Johannesburg, as Shareholder, has confirmed that non-board members (Independent Audit Committee Members) who serve on Committees will be remunerated as full Committee members. JCT's committee members are not receiving any benefits nor incentives to encourage retention.

JCT aims to provide a level of remuneration which attracts, retains and motivates staff and executives of the highest calibre. JCT's overall remuneration philosophy is to ensure that all staff, senior managers and executives are fairly rewarded for their contributions to the company's corporate objectives and strategy. Based on this philosophy, the entity is committed to providing remuneration that is competitive in relation to the market benchmarks. To this extent there were no salaries of executives that were above the median and no ex-gratia payments were made.

In line with good corporate governance practices and the legislative requirements of the MFMA; the Board and management develop a corporate strategic plan for the organisation, which is aligned to the shareholder's five-year strategy (the Integrated Development Plan). Once this plan is developed, focus then shifts to the development of an aligned business plan for the organisation; which reflects the operational level targets and responsibilities for the achievement of rolling annual milestones in the strategic plan.

The strategy concentrates on four strategic focus areas, which are supported by key performance indicators. The reward of senior managers and executives aligns with the entity's success in achieving our strategic objectives.

JCT has an approved Succession Planning and Retention policy which assists to motivate and retain high potential employees, give them more challenging assignments at relatively frequent intervals, with a mandate of reporting to EXCO on conclusion of such projects and to provide extra treatment in their remuneration and rewards.

During the period under review, JCT did not have any obligation in executive management contracts which could have resulted in payments of termination of employment.

Fees paid to non-executive directors (including committee members) for the 2018/19 period, is listed below:

2018/19 Directors' Fees							
NAME OF BOARD MEMBER	REMSEC	ARC	BOARD	RECRUITMENT	CHAIRPERSON'S	BOARD	TOTAL
					QUARTELY MEETING	STRATEGY SESSION	
Mr. Nkopane Maphiri	-	-	124 000	23 000	16 000	14 000	177 000
Ms. Mpho Lecoge	26 000	-	96 000	23 000	-	12 000	157 000
Mr. Mpumelelo Mkhabela	-	42 000	84 000	5 000	-	-	131 000
Ms. Ashley Hayden	-	40 000	96 000	23 000	-	-	159 000
Ms. Amanda Forsythe	-	30 000	96 000	-	-	12 000	138 000
Prof. Theophilus Mukhuba	5 000	-	48 000	-	-	-	53 000
Ms. Stella Baloyi	30 000	-	84 000	-	-	-	114 000
Mr. Junior Ramovha	20 000	-	100 000	-	-	12 000	132 000
Mr. Masixole Mrwebi	-	-	-	-	-	-	-
Ms. Hazel Thembelihle Nyewula	-	-	-	-	-	-	-
Ms. Kwathelani Tshikovhi	-	-	-	-	-	-	-
INDEPENDENT AUDIT COMMITTEE MEMBERS (IAC)							
Ms. Chrystal Cape	-	20 000	-	-	-	-	20 000
Mr. Grandeur Tofara Hove	-	-	-	-	-	-	-
TOTAL	81 000	132 000	728 000	74 000	16 000	50 000	1 081 000

NOTE:

- ¹ Mr. Masixole Mrwebi was appointed at the 2019 Annual General Meeting held on 17 April 2019
- ² Ms. Hazel Thembelihle Nyewula was appointed at the 2019 Annual General Meeting held on 17 April 2019
- ³ Ms Kwathelani Tshikovhi was appointed at the 2019 Annual General Meeting held on 17 April 2019
- ⁴ Mr Mpumelelo Mkhabela was retired at the 2019 Annual General Meeting held on 17 April 2019
- ⁵ Prof Theophilus Mukhuba was retired at the 2019 Annual General Meeting held on 17 April 2019

Executive Management

Composition

The Chief Executive Officer has been tasked with appointing members of the Executive Management Committee (EXCO), with agreement from the Board's Remuneration, Social and Ethics Committee. All members of the EXCO are suitably skilled and experienced for their respective areas of responsibility. The EXCO comprises of the following members:

- Chief Executive Officer
- Chief Financial Officer
- Chief Operations Officer
- Company Secretary
- Executive Producer (vacant)

Responsibilities

The EXCO is accountable to the Board through the Chief Executive Officer, and collectively responsible for managing the business of JCT within the confines of delegated levels of authority. Furthermore, the committee acts as a medium of communication and coordination between the various business units and the Board.



**MS XOLISWA
NDUNENI-NGEMA²**
CEO
Age: 58
Qualifications:
Bachelor of Social
Science; Diploma in
Marketing Management;
Diploma in Public
Relations
Municipal Financial
Management



MR SOLOMON MPHAKATHI³
CFO
Age: 40
Qualifications:
CA(SA)
+10 years' experience in the
finance and auditing field
Municipal Financial
Management
Senior Leadership
Development Programme



**MS BRIDGET
MASHIKA⁴**
COO
Age: 45
Qualifications:
BCompt Degree
+10 years finance and
governance experience
Municipal Financial
Management
Senior Leadership
Development
Programme



**MS PHILIPA MADUKA
COMPANY
SECRETARY**
Age: 38
Qualifications:
LLB
10 years legal and
company secretarial
experience governance
experience
Municipal Financial
Management

SENIOR MANAGEMENT REMUNERATION: (JULY 2018 TO JUNE 2019)					
Name	DETAILS				TOTAL
	Basic Salary	Allowances & Contributions	Other	Bonus / Fees	
X. Nduneni-Ngema (Chief Executive Officer)	1 390 800	15 122	0	234 207	1 640 129
B. Mashika (Chief Operations Officer)	1 250 798	381 659	198 058	163 656	1 994 171
S. Mphakathi (Chief Financial Officer)	1 535 092	412 585	100 103	201 160	2 248 940
P. Maduka (Company Secretary)	1 074 083	14 238	12 000	140 534	1 240 855
Executive Producer - Vacant	-	-	-	-	-
TOTAL	R 5 250 773	823 604	310 161	739 557	7 124 095

Company Secretarial Function

The Company Secretary is an independent, competent, qualified and experienced individual who has proven competencies and experience in the relevant laws. The Company Secretary's performance is assessed by the Board as part of its annual performance assessment process.

Primary function of the company secretary is to act as the link between the board and management and to facilitate good relationships with the shareholders. The company secretary is responsible for the general administration, more specifically to ensure compliance to good corporate governance practices and to provide guidance to the directors on corporate governance principles and applicable legislation.

During the year under review, the role of the Company Secretary was combined with the legal and compliance functions of JCT.

- Some of the key responsibilities included:
- Ensuring the Board is kept abreast of all laws, regulations and corporate governance developments relevant to the Company and ensuring that statutory deadlines are complied with;
- Facilitating the implementation of the anti-fraud and corruption policy and the fraud prevention plan;

² Contract ended 30 June 2018 and re-appointed on 01 November 2018

³ Appointed Acting CEO from 01 July 2018

⁴ Acting Executive Producer from 01 June 2018

- Facilitating the review and confirmation of the delegations of authority policy;
- Developing for approval by the board the schedules as well as the agenda for Board and committee meetings; and
- Maintaining statutory records, registers, minute books and related documents.

Company Secretary's Certification

In terms of Section 88 (2) (e) of the Companies Act. 71 of 2008 as amended, the Company Secretary certifies that, to the best of her knowledge and belief, the company has lodged and/or filed, for the financial year ended 30 June 2019, all such returns and notices as required and that all such returns and notices are true, correct and up to date.

Statement of Responsibility

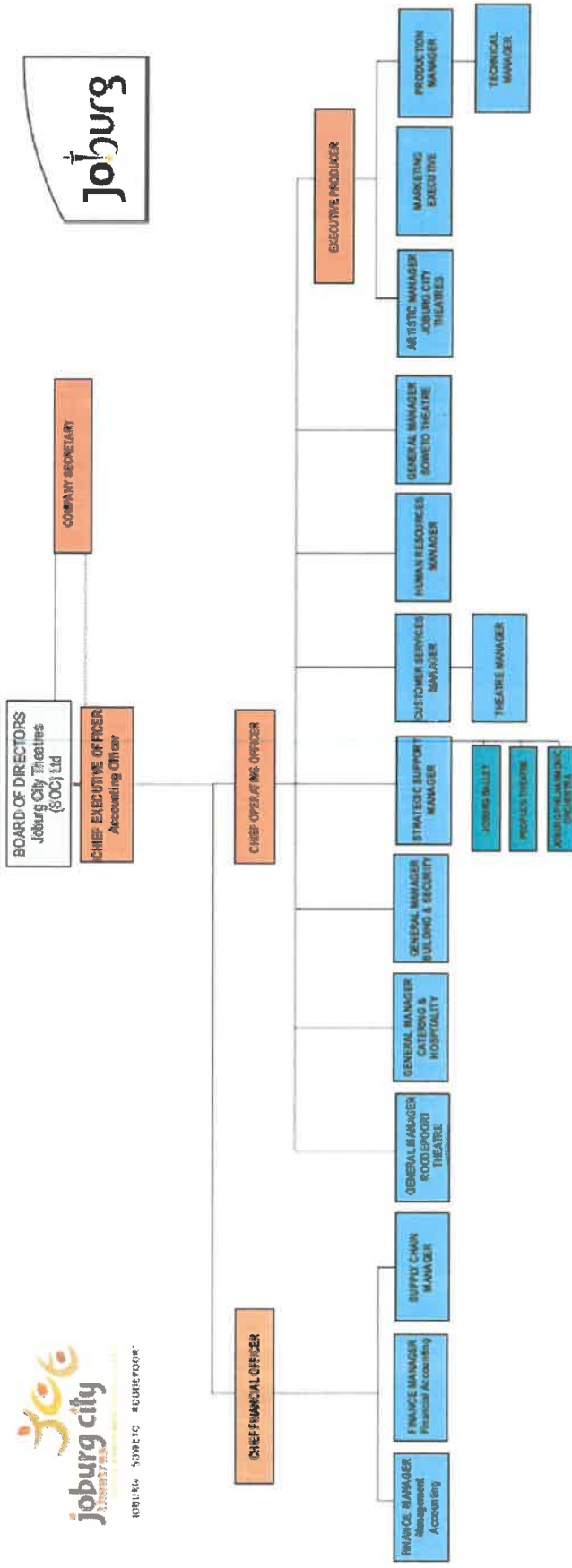
The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the entity. The annual financial statements presented in Volume II were prepared in accordance with the standards of GRAP and include amounts based on judgement and estimates made by the management.

The directors are responsible for the preparation of the other information in the integrated report and are responsible for both its accuracy and its consistency with the annual financial statements. The going concern basis has been adopted in preparing the financial statements. The directors believe that the entity will continue operating as a going concern in the foreseeable future based on the forecast and available cash resources. The appropriateness of the going concern assumption is further confirmed in the Directors report of the annual financial statements.

The Auditor-General, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the Board, has audited the annual financial statements. The directors believe that all representations made to the Auditor-General during their audit are valid and appropriate. The Auditor-General's report is presented under appendices and annexures on section 1. The annual financial statements were approved by the Board of Directors on the 30th November 2018 and signed on its behalf by the Chairperson of the Board, Mr Nkopane Maphiri.

Section 2: High-level organisational structure

The business model and structuring of the JCT sees the company managed by Executive Management led by the Chief Executive Officer, who is also the Accounting Officer.



JOBURG CITY THEATRES
(SOC) Ltd
Company Organogram
June 2018

Section 3: Governance of Stakeholder Relationships

JCT is committed to the principles and practice of fairness, openness, integrity and accountability in all dealing with its stakeholders. The Board conducts all its affairs according to ethical values and with a recognised governance framework.

Joburg City Theatres complies with the requirements for good corporate governance stipulated in the Group Governance Framework and subscribes to a governance system whereby in particular ethics and integrity set the standards for compliance. It adapts its structures and processes to facilitate effective leadership, sustainability and corporate citizenship to reflect national and international corporate governance standards, developments and best practice.

With regard to the year under review, the Board believes that most of the King IV principles are already entrenched in the company's internal controls, policies and procedures governing corporate conduct. All reasonable efforts have been carried out to the extent that King IV has largely been implemented since the beginning of the financial year and the Board is committed in continuing to carrying out the full implementation of King IV.

The Board is committed to the highest standards of business integrity, ethical values and governance. It recognises the responsibility of Joburg City Theatre to conduct its affairs with prudence, transparency, accountability, fairness and social responsibility, thereby ensuring its sustainability and safeguarding the interests of all its stakeholders. The Board also acknowledges the relationship between good governance and risk management practices, equity performance and corporate profitability.

Sound governance principles remain one of the top priorities for the Board and executive management to ensure accountability and governance arrangements are in place, Section 121(2) (c) of the MFMA supports the requirements of Section 18(1) (d) of the MSA: information on matters of governance should be communicated to communities. The purpose of this annual report is to promote accountability to communities for decisions taken by the Board and matters relating to administrative structures, throughout the financial year.

The Board recognises that it is the custodian of corporate governance and always strives to ensure that the entity aligns with local and international codes of good corporate governance, seeks to apply best practice and follows relevant trends in good corporate governance.

Application of King IV

The entity applies the governance principles contained in King IV and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King IV Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. The entity has complied with the Code in all respect during the year under review.

The Board of Directors has incorporated the City of Johannesburg's Corporate Governance Protocol in its Board Charter, which *inter alia* regulates its relationship with the City of Johannesburg as its sole member and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King IV Report. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews our progress to ensure that we improve our Corporate Governance.

During the year under review the Company entrenched its risk management reviews and reporting and compliance assessments were conducted in terms of the Companies Act, the Municipal Systems Act and the Municipal Finance Management Act. The annual Board assessments and evaluations were conducted and an annual report for the previous year was effectively completed in accordance with the terms of section 121 of the MFMA.

The board regularly reviews the extent to which JCT applies the principles and recommended practices in King IV. This process identifies the governance principles already being applied and those which the entity needs to address or further entrench. This process also identifies areas of improvement or ways in which our governance practices can be enhanced. The board confirms that the company applies the governance principles contained in King IV.

For JCT good governance means the competent management of the City of Johannesburg's resources under our control in a manner that is open, transparent, accountable, equitable and responsive to needs of the people. Through the approved Business Plan, performance measurements and systems, as well as the commitment to the Company approved values we subscribe to the value based principles of responsibility, accountability, fairness, transparency and ethical leadership. The company strives to fully entrench these principles in our day-to-day operations.

Group's Governance Framework

The COJ resolved to develop the Governance Framework in compliance with the principles of good corporate governance to ensure that the provision of municipal services to the residents of COJ is done in an efficient and sustainable manner.

The Governance Framework is intended to assist JCT, its officials and all stakeholders to better understand the governance structure and principles required to ensure effectiveness and accountability.

It aims to ensure that there are proper governance structures that enable effective communication between COJ and its entities without encroaching on one another's legislative powers and duties. It contains the guidelines that enable effective communication between COJ and local community to ensure effective service delivery. JCT as defined in the Municipal Systems Act as: a company under the ownership and control of a municipality; having assigned financial and operational authority to carry on a business activity; and providing goods or services in accordance with ordinary business principles.

The Municipal Entities were established as autonomous companies in terms of the Companies Act. Overall responsibility is vested in a board of directors, including executive and non-executive directors. The Chief Executive Officer is charged with day-to-day operational responsibility. The board and Chief Executive Officer are responsible for developing a business plan that specify services, revenue, efficiency and customer care improvement, safety standards, environmental protection, social and economic development and new income ideas.

The status quo remains and through the Governance Framework the City of Johannesburg endeavours to enhance and clarify the roles and responsibilities of different stakeholders and enhances oversight, monitoring and evaluation within the Group functions.

The framework sets out corporate governance principles and processes that must be put in place so as to achieve greater value by the CoJ and the Municipal Entities. It aims to provide consistency between CoJ departments and Municipal Entities to ensure an effective service delivery.

The main objective of the Governance Framework is not to change the current organizational structure, but to ensure that the City realize its long term vision, namely, Growth and Development Strategy 2040 ("COJ 2040 Strategy").

Ethical Leadership

The Board has adopted a Code of Ethics which is continuously reviewed and updated as required and provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since the company's establishment in 2000.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company's stakeholders.

The business of JCT is governed by a Code of Conduct and a Code of Ethics, both approved by the board. The Code of Conduct articulates JCT's commitment to doing business the right way, according to best practices, guided by the values of integrity, excellence, teamwork and commitment. The Code of Ethics enjoins JCT directors, management and employees to obey the law, respect others, to be fair, honest and to protect the environment.

During the reporting period, no material ethical leadership or corporate citizenship deficiencies were noted. The Board is responsible for JCT's compliance with the Code of Ethics. It has delegated the responsibility of oversight and monitoring to the Audit and Risk Committee as well as the Social and Ethics Committee, which are both sub-committees of the Board.

Corporate Citizenship

The board and management recognise that the entity is formed under a political structure. As such, it has a social and moral standing in society with all the attendant responsibilities. The board is therefore responsible for ensuring that the entity protects, enhances and invests in the well-being of the economy, society and natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights.

JCT is committed to bringing relief into the current landscape of corporate support for the arts - one which focuses strategically on issues that align with its business interests and have a positive social impact on employees, their patrons, and the communities in which they do business.

Compliance with laws, rules, codes and standards

The board is responsible for ensuring that the entity complies with applicable laws and considers adhering to non-binding rules, codes and standards.

The entity is a wholly owned company of the City of Johannesburg and is thus subject to a wide range of legislation applicable to government entities. As such compliance remains a core focus for the company to ensure that we are able to monitor our compliance in a holistic manner. The Memorandum of Incorporation has been considered and approved by our Board of Directors and signed by Shareholder.

The company has approved the Code of Conduct in line with the municipal Systems Act No 32 of 2000 for management of ethics and declarations of interests for purposes of transparency and compliance with King IV.

There are no reported non-compliance with with laws, rules, codes and standards by the company and its directors.

Accountability

The Board is responsible for the preparation and presentation of the information contained in the annual financial statements in accordance with applicable laws and regulations. The Board is satisfied that the statements give a true and accurate view of the results and state of affairs of the company. An independent examination of the annual financial statements has been carried out by the external auditors in accordance with International Auditing Standards and as far as the Board is aware no relevant audit information which may have had a bearing on the outcome of these statements was withheld from the auditors.

The annual financial statements were prepared in accordance with the statements of GRAP. The Board has considered the correctness of the information contained in the integrated report and is satisfied that this provides a true and correct reflection of the business and activities of the JCT. The annual financial statements included in this integrated report have been prepared on the 'going concern' basis and the directors believe that the company has adequate resources to continue to operate for the foreseeable future. The Board has responsibility for the system of internal control which enables it, together with the combined assurances provided by management, Group Risk and Assurance Services and Sub-Committees, to provide a reasonable assurance against material misstatement and loss and of the maintenance of proper accounting records and reliable financial information. The Board is also responsible for ensuring the adequate prevention and detection of fraud and irregularities and the safeguarding of the company assets. The company has an independent whistle blowing facility hotline which provides all stakeholders with a mechanism for the reporting of irregularities. The internal control system is evaluated by the Audit and Risk Committee and GRAS in accordance with the annually approved audit coverage plan.

The table below summarises the results of the board review regarding the extent to which the company applies King IV.

✓ Applied # Partially applied	No	Principle	Applied	How principle is applied or other relevant explanation
1		The governing body should lead ethically and effectively.	✓	JCT subscribes to high ethical standards, and responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency.
2		The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	✓	The business of JCT is governed by the Code of Conduct and a Code of Ethics, both approved by the board.
3		The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	✓	The board is responsible for ensuring that JCT protects, enhances and invests in the well-being of the economy and society, and is involved in a number of community development projects.
4		The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	✓	The board of JCT embraces the notion that good governance is a holistic approach and that the organisation operates within a stakeholder spectrum to which the organisation is accountable. The board acknowledges the organisation's responsibilities to current and future stakeholders.
5		The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.	✓	An integrated report is produced which, together with complementary reports, addresses the sustainability of the company, including financial and non-financial aspects such as strategy, risk, environmental, social and governance issues. Reporting is prepared in line with recognised guidelines that include International Financial Reporting Standards (IFRS), Generally Recognised Accounting Standards, King IV Report on Corporate Governance, Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3.1) and international best practice.
6		The governing body should serve as the focal point and custodian of corporate governance in the organisation.	✓	In terms of the Shareholder Compact signed between the board of directors and the City of Johannesburg Metropolitan Municipality (the sole shareholder of JCT), the board is the Accounting Authority of the company and it approves the company strategy and organisational policies upon which JCT's corporate governance is based.
7		The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	✓	The Shareholder appoints the board of directors and the selection process involves considering the balance of skills and experience and diversity in line with the societal demographics in South Africa.

No	Principle	Applied	How the principle is applied or other relevant explanation
8	The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	✓	The board of JCT individually and collectively understand the responsibility for each member to act in the best interests of the company and the duty to act with due diligence. At board inductions, the board are educated on their fiduciary duties as well as the need to act professionally and ethically.
9	The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	#	Board assessments are historically performed by an independent company as facilitated by the City of Johannesburg Metropolitan Municipality's Group Governance department taking into account Directors' individual and collective performance. Feedback on areas of improvement would be given to the board. For the year under review, the board assessed the Audit and Risk Committee's performance with feedback being collated by the Secretariat.
10	The governing body should ensure that the appointment of and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	✓	The board has approved a delegations of authority policy which empowers management to conduct operations within the applicable legislative framework. The policy is modelled on legislation affecting JCT as a municipal owned entity and company. The legislation includes Labour Relations Act, Basic Conditions of Employment Act and the Local Government: Municipal Finance Management Act (MFMA).
11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	✓	The board is responsible for the governance of risk and ensures that the company has an effective risk management system. The board has delegated oversight over risk matters to the Audit and Risk Committee. On an annual basis and during the business planning process for the following financial year, a risk assessment is contacted by the entity and facilitated by the Group Risk and Assurance Services (GRAS) department. The risk assessment translate into a risk register which is approved by the board and which is monitored on a quarterly basis by the board. Potential positive and negative risks are discussed and ways of exploiting or mitigating the impact of negative risks employed.
12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	✓	The responsibility to implement and execute technology and information management has been delegated to management by the board. An Information, Communication and Technology Steering Committee (ICSTC) Steering Committee comprised of management has been established to manage business continuity, risks associated with technology and technology investment. An Information and technology governance framework which defines the structures, processes and responsibilities for information and technology governance was approved by the board during the 2014/15 financial year. The responsibility for monitoring compliance and implementation of the framework has been delegated to the Audit and Risk committee.

<p>13 The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p>	<p>✓</p> <p>The board has adopted a code of conduct and ethics as well as an anti-fraud and anti-corruption policy which sets the tone for expected conduct in the workplace.</p> <p>GRAS also audits the policies and provides assurance to the board through the Audit and Risk Committee on the adequacy and effectiveness of these policies.</p>
<p>14 The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p>✓</p> <p>The remuneration of employees is determined by the City of Johannesburg Metropolitan Municipality in consultation with the South African Local Government Bargaining Council (SALGBC). The board approves the collective agreements reached on remuneration. The remuneration of Executive Management is disclosed in the entity's quarterly and integrated annual report.</p>
<p>15 The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p>	<p>✓</p> <p>The board has adopted a combined assurance model in the governance of risk.</p> <p>The Audit and Risk Committee is responsible for reviewing and monitoring the internal control environment. GRAS audits the effectiveness and adequacy of internal controls and provide assurance to the Audit and Risk Committee. From time to time, the Audit and Risk Committee deliberates on the assurance providers' methodology in the audit processes to satisfy the board of the integrity of information.</p>
<p>16 In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>	<p>✓</p> <p>The City of Johannesburg Metropolitan Municipality (CoJ) has a group governance framework which regulates the relationship between the CoJ as the holding company and its entities as the subsidiaries. A Shareholder Compact has also been signed between the board and the CoJ and the Compact sets out the responsibilities of the board and matters reserved for the Shareholder. A Stakeholder Management policy is work in progress and stakeholder mapping should be contacted in the next financial year.</p>
<p>17 The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by companies in which it invests.</p>	<p>✓</p> <p>The CoJ negotiates and contracts with pension funds for the benefit of employees. Furthermore, the company partially contributes towards the employees' pension fund.</p>

Section 4: Risk Management and internal controls

JCT conforms to the risk management principles contained in King IV, compliance and assurance including combined assurance in accordance with the provisions of the MFMA and the following risk management standards:

- **Strategy, Performance and Reporting** by appreciating that JCT's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.
- **Risk Governance** by governing risk in a way that supports JCT in setting and achieving its strategic objectives.
- **Compliance Governance** to govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports JCT being ethical and good corporate citizen.
- **Assurance** to ensure that the assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.
- **Combined Assurance** JCT assumes responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions. The board delegated to the audit and risk committee the responsibility for overseeing that those arrangements are effective.

Effective risk management is integral to the company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks. Identifying risks and opportunities through a robust and systematic process is central to JCT's strategic planning process. A comprehensive risk management policy is in effect throughout the group.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting. Financial risk management is dealt with in the annual financial statements.

In order to meet its responsibility with respect to providing reliable financial information, the entity maintains financial and operational systems of internal controls. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal and that transactions are properly authorised and recorded. The system includes a documented organisation structure and visions of responsibility, established policies and procedures, including a Code of Ethics to foster a strong ethical climate, which are communicated to the parent municipality. The entity also includes the careful selection, training and development of people.

JCT ensures that a sound structure and governance framework that will enhance good corporate governance, improve internal controls and company performance is in place. Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are defined. The board, operating through its audit committee, provides supervisions of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances. A document and tested business continuity plan exist to ensure the continuity of business-critical activities. The entity assessed its internal control systems quarterly in relation to the criteria for effective internal control over financial reporting. The internal control process has been in place up to the date of approval of the annual report and financial statements.

Based on the assessment done by internal auditors, the Audit and Risk Committee believed that, as at 30 June 2018, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, is reasonably adequate and effective.

At the beginning of the financial year 2018/19 the Board conducted a strategic risk assessment which focussed on identifying the critical risks that affect the company at a strategic level together with mitigating controls. During the same period EXCO and MANCO also conducted the operational risks assessments focussing on risks that impact operational level in each of the departments of the entity. Both strategic and operational risks and related controls were reviewed and monitored on a monthly basis at EXCO and MANCO forums. On a quarterly basis the results of these assessments were reviewed by the ARC and the Board.

The Audit and Risk Committee confirms that the Committee has reviewed the Strategic risk profile of the JCT, ensuring that these are aligned to the City-wide top strategic risks as applicable. The entity still faces significant risks both the strategic risk register and the emerging risks identified. Further actions to mitigate these risks have been put in place and are implemented and monitored continuously.

During the period under review, Joburg City Theatres experienced the following significant highlights from a risk management perspective:

i) Obsolete and/or outdated stage machinery and equipment:

The residual risk rating remains high due to inadequate capex budget. Old stage machinery becomes no longer usable. Stage machinery has reached its end of life and needs urgent replacement. The current machinery can affect staging of productions and attracting new ones.

Progress on implementation per action plan– The implementation date of the upgrade of stage equipment amounting to R50m is 2018/19 and 2019/20 financial years. Specifications/ procurement plan have been developed and the award has been approved. R4m has been brought forward to be spent in the current year 2018/19 on this project and Theatres' calendars are aligned with the project plan.

Impact from the implementation

The impact will only be realised once the project has started.

ii) Inadequate funding to produce in-house productions:

The theatre is unable to pay the market rate for facilitators. This result in less youth trained.

Progress on implementation per action plan– The entity has negotiated lower rates with facilitators and the use of volunteers in the industry is another way the entity has used in the interim i.e. a high calibre facilitator (Duma Ndhlovu) was secured and other industries professionals (Velile Bangani- Director of Skeem Saam, Tony Kgoroge- Renowned Actor, Director and film-maker). Other source of funding identified for youth programmes is Expanded Public Works Programme (EPWP), Department of Arts and Culture. And the entity is also in partnership with WITS for the enrolment of Applied Performing Arts and Arts Management (APAAM).

Impact from the implementation

The funding received from has assisted in getting the facilitators and resulted in reducing the residual risk rating from moderated to low.

iii) Inability to secure attractive productions:

Some productions might not appeal to certain audiences; hence tickets will not sell. Competition from casino based theatres that are able to pay for production.

Progress on implementation per action plan - The entity has good relationships with producers and Joburg Ballet Company.

Impact from the implementation

The entity earned good rentals from the Joburg Ballet shows i.e. Snow White

iv) Inadequate funding to produce in-house productions:

In-house productions require a lot of capital funding in order to keep ticket prices reasonable and attract a diverse audience. The theatre needs to increase in-house productions in order to promote JCT as a flagship social asset.

Progress on implementation per action plan -The entity successfully negotiated with City Departments and Entities, provincial and national government to support specific shows and programmes. Africa Day programmes were supported by Department of Sport, Arts, Culture and Recreation and Department of Arts and Culture. The Arts Alive Festival was supported by City of Johannesburg Metro (Community Development).

Impact from the implementation

The financial resources received have allowed the entity to do the shows mentioned above and therefore the residual risk rating remains at moderate.

v) Poor attendance at theatre shows:

High cost of productions and the need to recover costs. The ticket prices tend to be high due to the ratio of subsidy to total revenue. Effect of the countries downgraded economic status.

Progress on implementation per action plan - Different pricing structures based on product and venue. Offering a limited number of discounted and/or free tickets to the youth and senior citizens communities. Mobile theatre truck used to access targeted communities. Entity has generated more revenue on Color Purple and Panto than anticipated.

Impact from the implementation

There is a slight improvement on Panto and color purple ticket sales compared to last year.

vi) Non-compliance with applicable legislation

Various and dynamic legislative requirements to be complied with. Non-compliance could be detrimental to the company. Shelving of RCT has been hanging for some time. This poses a challenge of wasteful expenditure. There is a new requirement to comply with MSCOA.

Progress on implementation per action plan - Regulatory compliance register/ assessment tool monitored by the Company Secretary. Compliance policy and framework developed and implemented. All pre-deregistration processes concluded by management. Quarterly reporting to oversight committees on compliance. The company is already transacting on the MSCOA chart.

Impact from the implementation

Compliance monitoring tool developed by GRAS is adhered to and submitted to the relevant departments and committees. There hasn't been any non-compliance identified and therefore residual risk rating remains at moderate.

vii) Theft, fraud and corruption resulting in financial and non-financial loss

Conflict of interest, Inadequate segregation of duties / Inadequate or no supervision, Weak internal control environment - cash handling / administrative procedures, Lack of accountability, Poor work ethics, Greed, collusion, bribery, Inadequate IT access controls and Inadequate physical security controls.

Progress on implementation per action plan - The Anti-fraud and anti-corruption policy in place, Fraud prevention plan, Code of conduct, Segregation of duties, Declaration of interests, Gift register in place, Remuneration, Social and Ethics Committee in place. Fraud risk assessment were conducted.




viii) Lack of brand architecture (continuous and consistent message management)

Bad reputation, Poor/ bad media reviews and Inadequate marketing budget.

Progress on implementation per action plan - Strategic partnerships, media launch of JCT brand, media community management and continuous brand awareness campaigns.

Impact from the implementation

The continuous brand awareness campaigns contribute positively on tickets sales and attendance at the shows.

Risk name	Causes/background to the risk	Residual rating				Within risk tolerance	Status of implementation of treatment plan
		Q1	Q2	Q3	Q4		
'Aged, obsolete and outdated stage machinery and equipment, resulting in cancelled productions/ inability to attract new productions	Old stage machinery becomes no longer useable. Insufficient financing to upgrade machinery and equipment. Inability to attract state of the art shows.	High	High	High	High	No	
		High	High	High	Low	Yes	
		Moderate	Moderate	Moderate	Moderate	Yes	
Inadequate funding to produce in-house productions	The theatre is unable to pay the market rate for facilitators. This result in less youth trained.						
Inability to secure attractive productions	Some productions might not appeal to certain audiences, hence tickets will not sell. Competition from casino based theatres that are able to pay for production.						

Risk name	Causes/background to the risk	Residual rating				Within risk tolerance	Status of implementation of treatment plan
		Q1	Q2	Q3	Q4		
Inadequate funding to produce in-house productions	In-house productions require a lot of capital funding in order to keep ticket prices reasonable and attract a diverse audience.					Yes	
Poor attendance at theatre shows	High cost of productions and the need to recover costs. The ticket prices tend to be high due to the ratio of subsidy to total revenue. Effect of the countries downgraded economic status.					Yes	
Non-compliance with applicable legislation	Various and dynamic legislative requirements to be complied with. Non-compliance could be detrimental to the company. Shelving of RCT has been hanging for some time. This poses a challenge of wasteful expenditure. There is a new requirement to comply with MSCOA.					Yes	

Risk name	Causes/background to the risk	Residual rating				Within risk tolerance	Status of implementation of treatment plan
		Q1	Q2	Q3	Q4		
Theft, fraud and corruption resulting in financial and non-financial loss	Conflict of interest, Inadequate segregation of duties / Inadequate or no supervision, Weak internal control environment - cash handling / administrative procedures, Lack of accountability, Poor work ethics, Greed, collusion, bribery, Inadequate IT access controls and Inadequate physical security controls	↕ Moderate	↕ Moderate	↕ Moderate	↕ Moderate	Yes	☹️
Lack of brand architecture (continuous and consistent message management)	Bad reputation, Poor/ bad media reviews and Inadequate marketing budget.	↕ Moderate	↕ Moderate	↕ Moderate	↕ Moderate	Yes	☹️

Internal Audit Function

The internal audit function is outsourced to the City of Johannesburg's Group Risk and Assurance Services (GRAS). The internal audit department has a staff complement with the requisite skills and competencies to perform an internal audit function. It has a specific mandate from the audit committee and independently appraises the adequacy and effectiveness of the company's systems, financial internal controls and accounting records, reporting its findings to the audit and risk committee. The Chief Audit Executive reports to the Group Head: GRAS on a functional basis and has direct access to the chairman of the the audit and risk committee and board.

The internal audit coverage plan is based on risk assessment performed at each operating unit. The coverage plan is updated annually, based on the risk assessment and results of the audit work performed. This ensures that the audit coverage is focused on and identifies areas of high risk.

The board is responsible for, among other things, the governance of risk and information technology, and has ensured that the company has an effective, independent audit committee and an effective risk-based internal audit function.

Internal Audit carried out its activities as per the approved coverage plan of JCT. The nature of the audits included Leave Management, Supply Chain Management, Performance Information, Information Technology, Payroll Management, Maintenance, Safety and Security, Compliance to Legislation, Financial Reporting and Revenue Management.

In accordance with legislated requirements internal audit assists management in maintaining efficient and effective controls by evaluating those controls to determine the effectiveness and efficiency and by developing recommendations for enhancement or improvement. The controls subject to evaluation encompass:

- Information System Environment
- The reliability and integrity of financial and performance information
- The effectiveness of operations
- The safeguarding of assets
- Compliance with laws, regulations and controls

Internal audit provided assurance on the high risks identified during risk assessments by prioritising these areas during annual planning. Some of the medium and low risk areas were also audited where possible. ***The system of internal controls was reasonably adequate and effective for the 2018-19 financial year.***

The results of the reviews and audits conducted throughout the financial year 2018/19 were communicated to management and management has committed to addressing the issues raised. The mitigating control actions implemented by management will be followed up by the Group Internal Audit Services.

Corporate Ethics and Organisational Integrity

The company has developed a Code of Conduct ("the Code") which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

In summary the Code requires that at all times, all company personnel act with utmost integrity and objectivity and in compliance with the letter and spirit of both the law and company policies. Failure by employees to act in terms of the Code results in disciplinary action. The Code is discussed with each new employee as part of his or her induction training and all employees are asked to sign an annual declaration confirming their compliance with the Code. A copy of the Code is available to interested parties upon request.

A toll-free anonymous telephone facility exists for reporting of non-adherence to the Code or ethic related matters. Furthermore, any breach of the Code is considered a serious offence and is dealt with accordingly; as a result, this acts as a deterrent. The directors believe that ethical standards are being met and fully supported by the ethics programme.

Sustainability Report

JCT Sustainability Statement

Wherever possible, JCT will try to commit to the highest standards of sustainable operation in its activities and to minimise the impact of our activities on the environment. We endeavour to continually improve environmental performance and aim to achieve standards that exceed minimum levels required by legislation and general codes of practice.

The theatre scene in South Africa is vibrant, with many active spaces across the country offering everything from indigenous drama, music, dance, cabaret and satire, to West End and Broadway hits, classical music, opera and ballet.

South Africa's arts and culture are as varied as one might expect from such a diverse nation. The blend of local cultures and diverse influences make for a melting pot of creativity that never disappoints.

When most of us think about sustainability, issues of environmental impact are probably the first thing to spring to mind. But although 'eco' may be synonymous with 'sustainable' in much mainstream debate, achieving sustainability in the theatre industry is about more than simply greening our spaces and practices.

If our theatres are going to continue to meet the needs of artists and audiences today and in the future, all three pillars of sustainable development – environmental, social and economic – must be on the agenda, informing decision and policy making at every level. As the recession continues to bite and cuts to public spending begin to take effect, the industry's discussion around sustainability must become wider ranging than ever before.

When it comes to the wider relationship between theatres and sustainable development, there are many questions still to be answered. A positive development has been that in recent years our political leaders have become more willing to acknowledge culture's role in economic development and social wellbeing. If we are to achieve sustainable development, the planning system needs to perform a social role, reflecting a community's needs and supporting its cultural wellbeing.

“ Our carbon emissions may be small compared to the enormous carbon emissions of the society that we live in, but theatre can play a totally disproportionate role in terms of its ability to communicate with audiences.” Nigel Hinds (Delivering sustainable theatres conference 2012)

We need to begin to appreciate the importance of the social dimension of the triple bottom line. Not only does engagement with local communities bring direct benefits to the sustainability of theatres, it could also lead to theatres having a role in strengthening and sustaining those communities. Theatres needed to develop ways of demonstrating how they delivered on well-being – why the facilities and activities they provided benefited people's health, made people feel connected and human, provided fulfilment and enabled them to participate in civic life.

There is also a need to be better at connecting the benefits of adopting a triple bottom line approach so that theatres could determine and make the case for environmental refurbishments to create better spaces to deliver social and cultural experiences, aiding increased income generation and at the same time achieving relative reductions in operating costs.

a) Environmental Management

JCT will continue to plan for the implications of climate change – focussing on foreseeable risks in the local areas and how to mitigate against them. Are we ready to adopt innovative design approaches to achieve future sustainability? There is a need to employ creative who are passionate about sustainability and willing to go the extra mile on projects. Increase energy efficiency through awareness-raising and behavioural change, energy-efficient equipment and smarter building controls. Small measures can yield considerable savings (financial and in energy terms).

We must be practical about working with what you have and don't be disheartened by the limitations of our particular circumstances. Not all buildings will be suitable for all technologies but that doesn't mean that other creative solutions can't be found to further our aims.

JCT strives to have zero impact on the environment throughout its operations and in compliance with National Environmental Management: Waste Act of 2008 and Environmental Conservation Act of 1989 that set out the conditions which we must comply with in order to ensure that the environment is protected against any degradation or pollution.

b) Economic

Johannesburg is very successful in its positioning as the cultural centre of Africa, and has an ever increasing number of theatres and live entertainment products available to its residents and visitors. The presents major opportunities in the creation of artistic products, but also puts pressure on JCT in various respects:

- Impact of an increasing number of productions dependent on private sector funding (sponsorship opportunities, and
- Impact on ticket sales of a wide variety of theatre options available for a relatively limited theatre audience (audience development has only in recent years gathered momentum in Johannesburg).

The economic downturn and consequent recession has also put a significant pressure on disposable income and in order to curb the “credit crunch, traditional theatre-going households are now faced with cutting expenses on irregular items – in particular the “leisure rand”. Furthermore, the recession has also affected the private sector and companies are very selective in spending the “CSI Rand”.

Despite continued efforts to raise external sponsorship / funding, the ability to continue operations as a going concern is still dependent upon continued funding from the City of Johannesburg as sole shareholder. It is anticipated that the integration of the three city theatres will have a positive impact on sustainability.

JCT continues to explore partnerships with education providers, local authorities, other arts organisations and local businesses to diversify income streams and be more financially sustainable. Consideration of what facilities our venues could provide or develop to support these partnerships is key.

Development of buildings’ ‘additional offer’ – ie catering, crafts fair, free wifi, etc –bring in additional income and audiences. The people making use of these facilities are also potential audience members so investment in this area has benefits in terms of cultural sustainability too. Creating revenue streams around our local environment by responding pragmatically to the needs of the locality will assist in gaining both income, the trust and support of the community.

c) Corporate Social Responsibility Report

The Company’s Corporate Social Investment philosophy and function have, over the years been broadly underpinned by the concept of sustainable development. The strategy of the entity is to act as a facilitator rather than as sole sponsor of social investment projects. In this way, the long-term sustainability of projects is encouraged, additional donors attracted and formerly disadvantaged communities are empowered. During the year under review, the entity contributed a total amount of R1,7m towards Corporate and Social Initiatives.

JCT strives to be socially aware: to encourage inclusivity; to be a responsible corporate citizen; and to constantly move towards transformation. The Board of Directors approved a discretionary annual Social Awareness Programmes budget for the company’s Chief Executive Officer to disburse in support of causes and institutions in need and aligned with the company’s arts, culture, entertainment and community support policies. Community and Youth Development initiatives includes making the theatre available at no rental to South African producers. JCT was also proud to be able to act as host venue for many worthwhile and City of Joburg-based initiatives at no cost.

The objectives of the Community and Youth Development programmes is based on The City of Johannesburg various developmental programmes to build an inclusive economy. Initiatives include job creation opportunities and youth skills development programmes. JCT’s education, training and community programmes are pilot programme that are ongoing.

The key interventions to community and youth development at Joburg City Theatres are through youth development in the arts sphere focusing on drama and music tuition programmes. Community development programmes seek to reduce inequality and poverty by creating economic activity through **arts education** programmes and access to Theatre. **JCT’s youth development programmes in the art sphere cater for 400 youths attending programmes in drama and music.** The Youth and Community Development department is mandated to provide structured and professional opportunities to aspirant artists and new audiences for in-depth development of the artistic skills. The focus is acceleration of

youth development through programmes that stimulate an interest in the arts as a viable career path and provide opportunities for future arts practitioners and entrepreneurs and over 600 youth were reached.

JCT developed a programme title “Applied Performing Arts and Arts Management and has partnered with University of the Witwatersrand through its Department of Drama for Life in the Wits School of Arts to customise, deliver, manage and administer a short course programme to participants identified from community theatre groups identified by JCT. The report highlights **APAAM Short course, DNA Actor’s workshops, Poetry dot slam school programme, Truck Outreach** and opportunities provided through the use of the venue **Space.com Theatre** by the art community and the youth.

The Applied Performing Arts and Arts Management (APAAM), Duma Ndlovu Academy (DNA) actor’s workshops are drama tuition programmes planned and implemented by Joburg Theatre youth development to address arts education in drama.

The Applied Performing Arts and Arts Management (APAAM) is a Higher Education accredited with Cathseta programme identified to respond to community-based theatre groups, practicing theatre in their respective communities. The programme has **52** young people registered.

In addition JCT partnered with Duma Ndlovu Academy on a bridging course between those who graduate from institutions higher education with the industry. Duma Ndlovu having been in this industry for more than 35 years has garnered enough information and knowledge to be able to equip those who are coming into the industry and prepare them for their individual journey(s). The workshops to grow and blossom self-confident thespians who have skills. The workshops are also meant to instill a hunger for knowledge and education in young enthusiastic learners who have chosen acting as a career path. DNA actor’s workshop class attendance averaged at 102 students.

The Music Tutorial Program at Roodepoort and Soweto Theatres has been in existence since 1994, when it had 13 learners until 2013 where the number grew to 325. The programme’s form was reviewed and resumed in February 2015, with the focus around re-strategising and finding a self-sustainable model for the programme. Some of the strategies that have been put into action include; a schools outreach campaign, building relations with other music initiatives and schools as well as possible stakeholders such as music venues and established musicians as well as creating a permanent stage for the programme at the theatre through live music shows.

Lits’omong programme provides basic theatre making skills to Soweto based children and youth from the ages of 7 - 21. The lessons for the programme take place once every week, i.e Saturdays at Soweto Theatre, from 09 :00 – 15 :00. The programme presents two showcases per year as a way to measure the learners’ development and progress. These take place in June and December and are supported by the learners’ families, friends and the community in general as the audience. The programme produced two productions, a junior production for the 7 – 14 year old group and a senior production for the 15 – 21 year old group. The programme has **98** learners currently registered and attending lessons.

The different age groups who participate in the showcase are as follows;

- 7 – 10 years
- 11 – 14 years
- 15 – 18 years
- 19 – 21 years

The programme continued with the outreach campaign in schools. The purpose of the campaign is to link/expose more learners to the programme by providing workshops followed by live music performances at the schools. Moving forward, it has been identified that what is far more important for young people is to be enrolled in a program with a tangible outcome, such as a completion certificate or a qualification.

Space.com offers structured and professional opportunities to aspirant artists. This platform creates income generating opportunities for artists who produce their own work and for creating relevant networks to become self-sufficient artists.

Space.com hosted over **120 productions** in the venue, inclusive of theatre plays, stand-up comedy, poetry, dance classes and music concerts. Space.com is a venue that provides access to theatre makers and allows for economic activity by embracing new talent and promoting active participation by communities in the performing arts.

d) Health and safety

Occupational Health and Safety in the workplace is regulated by the Occupational Health and Safety Act, (85 of 1993).

Section (16)1 places the responsibility and liability on the Chief Executive Officer to ensure that the duties imposed on the employer are properly discharged. The implication hereof is that the CEO has to ensure that an occupational health and safety management system is implemented which will give effect to the provisions of this Act.

Section 5: Anticorruption and Fraud

The entity's anti-fraud and anti-corruption policy is in place and implemented. The policy is founded on the principles of promoting good governance and ethics, creating a culture which is intolerant to fraud and corruption, deterrence of fraud and corruption, preventing fraud and corruption, detection of fraud and corruption, investigating detected fraud and corruption as well as allegations of fraud and corruption, and instituting appropriate action as a consequence to offenders, e.g. disciplinary action, criminal action and civil proceedings, where relevant.

The objectives of this Policy are as follows:

- a) To prevent fraud, enhance the entity's governance and internal controls, maintain integrity in the entity's operations, establish procedures and protections that allow JCT employees and members of the public to act on suspected fraud and/or corruption with potentially adverse ramifications to the entity and to achieve the legitimate business objectives of the entity for the benefit of the Shareholder and JCT's stakeholders.
- b) To develop and foster a climate within JCT where all employees strive for the ultimate eradication of fraud, corruption, theft and maladministration by means of the application of a full spectrum of both proactive and re-active measures at their disposal.
- c) To set down the stance of JCT to fraud as well as to re-enforce existing systems, policies, rules and regulations of JCT aimed at deterring, preventing, detecting, reacting to, and reducing the likelihood of fraud, corruption, theft and maladministration.
- d) To confirm JCT's commitment to a culture of zero tolerance to fraud and corruption in all its activities.

Furthermore, the entity has an approved fraud prevention plan. A fraud risk assessment was conducted by the entity and treatment plans were identified.

By the same token, ethics is a standing agenda item for the Remuneration, Social and Ethics committee meetings to monitor adherence to the Code. Training for staff on ethics as a refresher course on organisational alignment of acceptable workplace ethical conduct took place during October 2018. The training was rolled out by a representative from the City's Group Governance department who is an Ethics Institute of South Africa ethics trainer.

Education and Awareness on fraud and corruption including refresher workshops were conducted and facilitated by the City of Johannesburg Metropolitan Municipality's Group Forensic and Investigation Services (GFIS) department during the year under review. The refresher workshops were given to employees across all of JCT's three (3) theatres, i.e. Joburg, Soweto and Roodepoort Theatres.

In addition, during the year under review, employees were required to complete declaration of interest forms in an effort to mitigate the risk of conflict of interests and employees doing business with the State, which is in contravention with the governing legislation regulating JCT's activities. This is an annual process.

During the period under review no incidents of corruption and fraud were identified or reported.

Section 6: ICT Governance

In line with King IV guidelines, technology governance forms an important part of Joburg City Theatre's (JCT) governance structures, policies and procedures. It is crucial that the current and future use of Information,

Communication and Technology (ICT) is carefully directed and controlled in order for ICT to inform the business goals of the entity.

JCT aligns the framework and policy to the South African Local Government Association (SALGA) and has adopted the SALGA corporate governance ICT Guidelines which inter alia have the following objectives:

- Institutionalising ICT Governance as an integral part of municipal corporate governance;
- Elevating the profile of ICT as a strategic enabler for effective administration and service delivery, and
- Introducing international good practices in the municipal arena

The strategic objectives of JCT's ICT Governance are:

- To use ICT to improve productivity and business growth through adoption and use of ICT;
- To improve efficiencies through deployment of appropriate ICT systems and solutions;
- To ensure implementation of an ICT Governance Framework and supporting structures;
- To adopt ICT and to enhance both service delivery and operational efficiencies through use of mobile platforms including effective use of social media to enhance communication and access to JCT's information and services.

The Audit and Risk Committee assists the Board in carrying out its ICT governance responsibilities. The ARC ensures that ICT risks are adequately addressed, obtain assurance that controls are in place and effective and consider ICT as it relates to financial reporting and the going concern of the company.

Management is responsible for the implementation of the structures, processes and mechanisms for the ICT governance framework.

ICT governance is a strategic support function of JCT and located under the office of the Chief Operating Officer.

The implementation and operation of ICT governance is the responsibility of the Information Technology Manager who reports to the Customer Services Manager and Chief Operating Officer about the effective and efficient management of ICT resources to facilitate the achievement of corporate objectives.

Operating Systems In Place In The Business

- 4.1 Sage Pastel Payroll (started effective 01 March 2015 Version 2017 Update 1)
- 4.2 Sage Pastel ERP (Started 2 February 2015 Version 7.00.207)
- 4.3 Webtickets Ticketing system
- 4.4 Pilot (Point of Sale) system - Hospitality and Catering system
- 4.5 Microsoft exchange server 2013 (still current)
- 4.6 Microsoft Server 2012 (still current)
- 4.7 VMware ESXi 5.5 (still current)
- 4.8 Veeam Backup and replication V9.5
- 4.9 Attix 5 Pro (Server edition) Offsite backups for servers. (still current)

Readiness For Compliance Legislation

The King Committee published the King IV Report on Corporate Governance for South Africa 2016 (King IV) on 1 November 2016. King IV is effective in respect of financial years commenced on or after 1 April 2017.

King IV recognises that information and technology overlap but are also distinct sources of value creation, each of which has its own risks and opportunities. To reinforce this distinction, this section in the King IV Code now refers to information and technology instead of information technology.

Among the biggest stipulations of King IV is that the board should be responsible for ICT governance and IT should be aligned with the performance and sustainability objectives of the company. It also notes that the board should delegate to management the responsibility for the implementation of an ICT governance framework, and should monitor and evaluate significant ICT investments and expenditure. ICT governance should form an integral part of the company's risk management. The Board should ensure that information assets are managed effectively, and the ARC should assist the Board in carrying out its ICT governance responsibilities.

In line with King III guidelines, and the recently released King IV, ICT governance forms an important part of Joburg City Theatre's (JCT) governance structures, policies and procedures. It is crucial that the current and

future use of ICT is carefully directed and controlled in order for ICT governance to be aligned to the business goals of the entity.

ICT governance is not just an IT problem; it is at its broadest sense part of the overall governance of an entity with specific focus on improving the management and control of ICT for the benefit of stakeholders. ICT governance spans the culture, organisation, policy and practises that provide for the management of ICT and the control thereof. Creating an environment where ICT governance is an integral part of corporate governance is critical in ensuring alignment with business objectives, value delivery, accountability, risk management and overall performance management.

Sustainability:

IT Steering Committee has particularly focused on the risk of Business Continuity, and by extension, business interruptions

The IT Manager, in conjunction with Praxis Consulting (the company currently contracted as IT Consultants to Joburg City Theatres) have presented the report on the current conditions, and the possible scenarios going forward to the IT Steering Committee. Following this report, the IT department met with Metro Trading Company (MTC), to see what solutions may be possible through the sister entity. Working through MTC will also negate the time delays of going to the market with a request for proposals.

Capex has been brought forward from the 2018-2019 financial year, to allow for the upgrades to servers at Roodepoort, Soweto and Joburg Theatres. The tender document was advertised, has gone through the necessary SCM processes and the tender has been awarded. The IT Department is very excited to see these much needed upgrades taking form.

Business and technology strategies

1. New sound and lighting software has been purchased and installed for the stage departments at Roodepoort, Soweto and Joburg Theatres.
2. The previously installed Joburg_FreeWiFi wifi, installed by the City of Johannesburg, is no longer functioning at Soweto Theatre or Joburg Theatre and very stable at Roodepoort Theatre. The service provider's contract with the City has expired, and the service cannot be improved upon. Following unsatisfactory engagement with current service providers, the IT Steering Committee has resolved to test the market via a Request for Proposals (RFP) to install free wifi at Joburg, Soweto and Roodepoort Theatres.
3. Draft policies are being considered for lost, stolen and damaged laptops and other IT assets, where insurance declines claims based on user negligence. These revised policies were reviewed by the IT Steering Committee and submitted to the Audit and Risk Committee for approval.
4. Joburg City Theatres is co-operating with the City of Joburg's long term planning and implementation of SAP across all departments and entities. A project manager and change agents have been appointed to represent JCT at the City.
5. A new corporate website has been designed in-house www.joburgcitytheatre.com

This period focused on the Top IT Operational Risks:

1. Protection of Company Data – inappropriate access permissions

Background: Users on network may have inadequate / unauthorised access to network data and programs. As a result, sensitive information may be accessed and/or disclosed to unauthorised personnel.

Current controls: User access permissions are granted based on job descriptions. User access request forms are approved by the COO before user access is granted. There are bi-annual user access reviews on the PASTEL and PAYROLL and TICKETING systems to ensure that staff have the correct access to function effectively.

Section 7: Compliance with Laws and Regulations

To ensure accountability and governance arrangements are in place, Section 121(2) (c) of the MFMA supports the requirements of Section 18(1) (d) of the MSA: information on matters of governance should be communicated to communities. This should, according to Sections 65(1) (a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

The board of directors embraces the principles of corporate governance and considers these as the underlying philosophy in creating organisation excellence at all levels within JCT. The board of directors and the Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the Code of Corporate Practices and Conduct in the King Report. The board remains steadfast in maintaining high standards of corporate governance and implementing corporate governance principles, policies and practices.

Through this process, the City of Johannesburg Metropolitan Municipality as a sole shareholder and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King Code on Corporate Governance forms part of the mandate of the COJ group audit committee. The board is satisfied that the company has complied with all legislation relevant to or affecting the company, as well as all regulations and codes of practice.

Compliance reporting is assessed on a monthly and quarterly basis by the City's Group Risk and Assurance Services' compliance division.

On a quarterly basis, the entity reports to the ARC, Board and the City (through GRAS) on compliance with the priority regulatory register, which is a tool identifying the MFMA, the Companies Act and the Occupational Health and Safety Act and Regulations (85 of 1993) and (181 of 1993) as the primary compliance pieces of legislation for purposes of reporting.

In addition, a corporate governance checklist in terms of King IV and compliance against the checklist was developed and reported on in the entity's integrated report.

Statement of Compliance

The board is responsible for ensuring that the entity complies with applicable laws and adheres to binding rules, codes and standards.

The board is committed to good corporate governance, which promotes the interests of all JCT stakeholders, upholds the principles of accountability, effectiveness, transparency, efficiency and public confidence in the entity's operations.

Accordingly, the board has established corporate governance instruments which provide a framework for the effective governance of the company and which comply with the laws and regulations applicable to JCT.

JCT strives for the highest standards of corporate governance as adopted in King IV Report. The Board of directors has incorporated the City of Johannesburg's Corporate Governance Protocol (the Protocol) in its Board Charter, which *inter alia* regulates its relationship with the City of Johannesburg as its sole shareholder and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Report for Corporate Governance for South Africa. The Company steadfastly consolidated its position in respect of adherence to the King IV report on Corporate Governance. JCT's practices are, in most material instances, in line with the principles set out in the King IV Report. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews progress to ensure that the company improves its Corporate Governance.

Compliance is an integral part of good governance, providing assurance on the effectiveness of the control environment through the Audit and Risk Committee.

Subsidiaries or associations with other companies including trusts

There are no subsidiaries or trusts in which JCT is a participant.

Timeous notification with respect to resolutions to its members

Minutes of the meetings of the Board of directors and its subcommittees - including resolutions - are to be circulated to members of the Board within 21 days following a meeting.

Financial Irregularities

No financial irregularities were reported in the period under review.

Report on Resolutions passed with the Registrar of Companies beyond expected time frame

There have been no resolutions passed with the Registrar of Companies beyond the expected time frame in the period under review.

Report of the documentation procedures and processes

Minutes and appropriate minute books are kept for all meetings of the Board of directors and subcommittees.

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE



KEY ACHIEVEMENTS

During the period under review, Joburg City Theatres was able to maintain:

- The company achieved 94% on the Key Performance Indicators.
- Youth and community development programme
- Contribution to the city's expanded public works programme;
- Contribution towards building the arts, with focus on social cohesion, job creation and inclusion of previously disadvantaged groups
- Delivery according to mandate – create a better life for residents of Johannesburg; Value for money; and Quality productions and service delivery

Core Business

Joburg City Theatres operates Joburg Theatre (Braamfontein), Roodepoort Theatre and Soweto Theatre in order to provide the integrated management of theatre venues and a high quality entertaining, innovative and inclusive programme which serves the diverse communities of the City of Joburg.

- 1.1. The City of Johannesburg established a performance management system in line with the priorities, objectives, indicators and targets contained in its IDP.
- 1.2. On a quarterly basis the Board submits progress reports and/or any other reports required by the City with sufficient information to enable the CoJ to assess its performance towards attaining the set service delivery objectives.
- 1.3. The Board is ultimately responsible for the performance management of the Company and all employees of the Company and shall develop and implement such internal performance management tools and protocols as are deemed to be in the best interests of the Company.

The performance objectives and targets and service standards that must be met by the Board and time frame within these must be met.

Section 1: Highlights and Achievements

Although still strained, the global economy has been recovering over the past few years. The economic growth outlook in South Africa however remains flat, with rising inflation and lower disposal income impacting on audience numbers. The JCT however is challenged to be creative and innovative in seeing off competition and improving revenue whilst creating opportunities for job creation and the development of local arts practitioners and enterprises.

The following highlights and achievements are notable:

- Clean audit for six consecutive years with a certificate awarded by City of Joburg for recognition of clean audit.
 - Number one spot for integrated reporting within the City entities for two years in a row.
 - Total revenue improvement of 3.4% year on year while earned revenue decreased by 7%.
 - The allocation of capital expenditure (100%) fully utilised for the year under review.
 - A total attendance of 271, 299 representing a 6% improvement from the target.
 - Over 150 productions staged throughout the year across all three theatres.
 - Outstanding talent and excellence in theatre were the watchwords for the 15th *Annual Naledi Theatre Awards*, Joburg Theatre's *The Color Purple* scooped 7 awards.
 - The Soweto Theatre Music Tutorial Programme in partnership with Structuring Society through Music presents the Soweto Theatre Junior Orchestra year end concert. After three years of outreach work creating awareness about the Music Tutorial Programme in over 40 schools in Soweto and surrounding areas, the Soweto Theatre Junior Orchestra is finally in full effect. The Orchestra has had the following highlights so far since its inception;
 - featured on Gabi Motuba's performance for her new album launch of *Tefiti Goddess of Creation*
 - Mandla Mlangeni's (Standard Bank Young Artist of the Year 2018/9)
 - Tune Recreation Committee performance on the band's "Cape to Cairo" tour Performing in concert with the Kalamazoo Junior Symphony Orchestra (USA).
-
- **Financial**
 - ✓ 3.4% total revenue growth year on year.
 - ✓ 100% spending on the adjusted capital expenditure budget of R25 294 000. The capex is mainly spent on Buildings and Renovations, Stage equipment upgrades and Information Technology.

The table below reflects summary results of the entity over a five year period:

Economic	Unit	2019	2018	2017	2016	2015
Total Assets	R	38 549 397	49 781 987	42 278 033	37 362 190	33 598 458
Total Equity	R	19 338 215	26 829 904	22 457 317	15 442 153	13 931 402
Non-Current Assets	R	17 001 972	14 226 798	12 915 618	12 591 082	13 532 648
Bank Balance	R	11 052 694	15 729 386	23 283 903	2 066 098	4 875 363
Capital Expenditure	R	25 263 446	8 308 543	6 149 000	5 450 000	8 381 433
Earned Revenue	R	63 842 379	70 505 648	68 144 727	69 955 510	38 926 687
Subsidy	R	116 447 000	104 432 000	94 072 000	73 502 000	68 823 000
Surplus After Tax	R	- 5 100 029	494 806	7 015 162	295 332	54 726

• **Non-Financial:**

- JCT managed to achieve its objectives in a volatile economic climate, both locally and globally with budgets tightened and the City's focus on delivering basic services especially in deprived communities.
- 94% achievement on service delivery performance. 1 KPI were not achieved
- Notable improvements in Youth Development programmes includes enabling tools and opportunities for community theatre groups and individual artists.
- Procurement spend on SMMEs against total procurement expenditure was 56%, well above the target of 30%.

ENVIRONMENTAL AND SOCIAL							
	Unit	2019	2018	2017	2016	2015	2014
Employees		159	145	145	131	146	125
Employment equity	%	91	84	89	86	87	86
Gender equity	%	38	35	33	29	31	29
Training cost	R	905,656	215,229	596,921	344 889	190,794	61,787
Broad-Based Black Economic Empowerment	%	98	97	96	107	93	90
Corporate social investment	R	1,982,206	1,748,025	2,768,539	2,460,064	1,464,190	1,493,633
Electricity, gas and water consumption	R	10,115,592	8,529,216	10,231,298	7,223,313	8,135,159	6,925,608

Challenges faced during the year

- Ticket sales remain a challenge particularly the sale of tickets on newly developed African stories. These productions usually require substantial investments at initial stages with lower returns on investment and require a number of years to warm to the audiences.
- Rising input costs from the hospitality and catering business remain a challenge as they may result in price increases to maintain adequate gross profit margins.
- Marketing inefficiencies particularly maximum utilisation of social media to increase visibility of our productions.
- Mobile theatre truck remains a challenge to market and generate adequate revenue for its operations.
- The capacity within departments of JCT is a challenge both in the form of inadequate numbers of human resources and the skills set available in different departments.
- The executive management level has the Executive Producer position as vacant resulting in a load of work being shared between the remaining executives.

Section 2: Service Delivery Challenges

Although still strained, the global economy has been recovering over the past few years. The economic growth outlook in South Africa however remains flat, with rising inflation and lower disposal income impacting on audience numbers. JCT however is challenged to be creative and innovative in seeing off competition and improving revenue whilst creating opportunities for job creation and the development of local arts practitioners and enterprises.

Sectoral challenges in developing collaboration with others as a result of the competitive nature of the industry. JCT continues to develop and maintain relationships with local theatres such as Market Theatre and State Theatre and nationally such as Artscape and Durban Playhouse.

Section 3: Response to Strategic Direction

City of Johannesburg Growth and Development Strategy 2040

In alignment with the national and Gauteng policy frameworks and strategic intent, the long term strategic plan of the City of Joburg - the GDS 2040 strategy - focuses on **resilience, sustainability and liveability** as ultimate objectives for Johannesburg to 2040. These terms are further discussed as follows:

1) **Resilience:** is the capacity of social, ecological, economic and cultural systems to withstand perturbations and then to rebuild and renew themselves afterwards.

2) **Sustainability:** is an ideal end state where human and economic development does not destroy the natural ecological carrying capacity of cities. As Johannesburg seeks to ensure prolonged sustainable development, unexpected shocks must not deter or derail the city from moving along this pathway. A further consideration is that projects and interventions are planned and implemented in a sustainable manner.

3) **Liveability:** cities in the global south are undergoing unique urbanisation, and while both resilience & sustainability are concerned with broad macro- city wide outcomes, liveability refocuses our understanding that urban development should always be about people and the complex political, social, cultural & institutional interactions that underpin urban growth & development.

In delivering its core functions and services, Joburg City Theatres is aligned to, and supports the vision of the City of Johannesburg as articulated in the GDS:

“A Joburg that works is a South Africa that works”

The GDS then presents four systemic outcomes that serve to guide and orientate all planning in the City and shape the priorities of the City to 2050; namely:

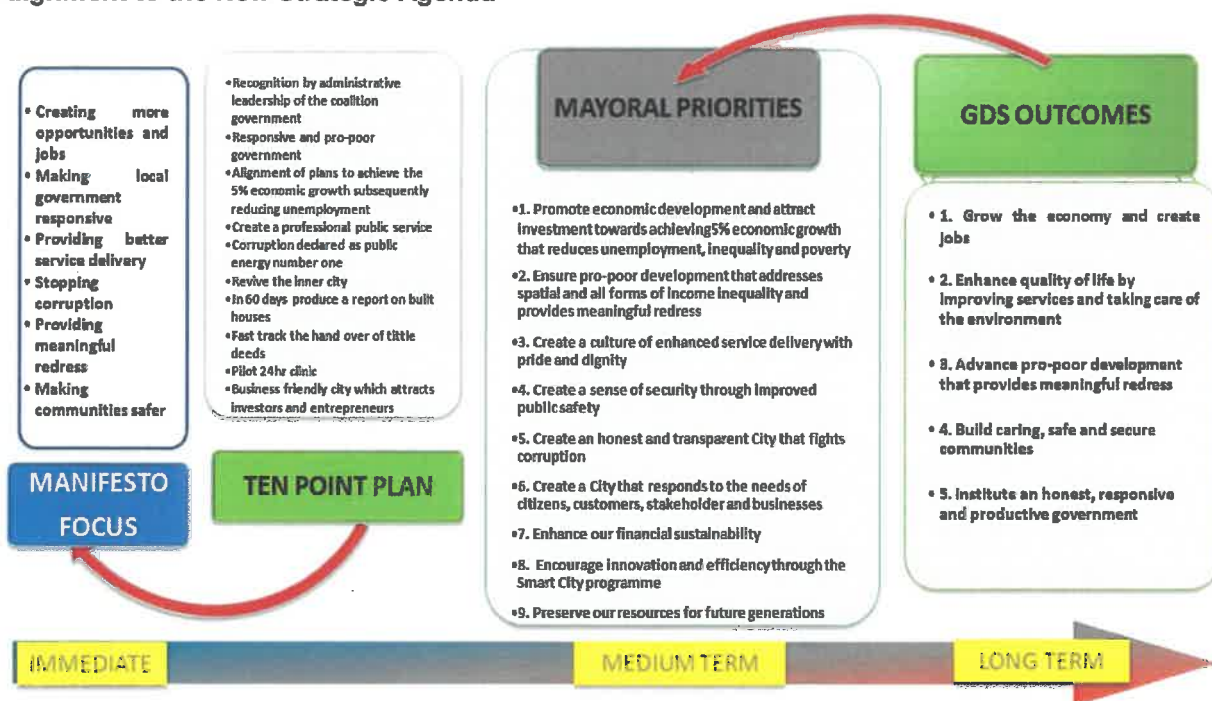
- 1) **Outcome 1:** Grow the economy and create jobs.
- 2) **Outcome 2:** Enhance quality of life by improving services and taking care of the environment.
- 3) **Outcome 3:** Advance pro-poor development that provides meaningful redress.
- 4) **Outcome 4:** Build caring, safe and secure communities.
- 5) **Outcome 5:** Institute an honest, responsive and productive government.

Joburg City Theatres is primarily tasked to support **Outcome 3 and Outcome 4**, as part of the Social and Human Development Cluster aimed at a future that presents significantly improved human and social development realities. It relates to issues of social cohesion and inclusivity and improved quality of life, supported by the establishment of development-driven resilience, and particularly resonates with the work of Joburg City Theatres.

Aligned then to the GDS, the 2016 – 2021 IDP carries forward the GDS 2050 Roadmap and Spatial Model. It reflects amendments which align fully with the GDS and specifically adopts a priority based approach, focused on the “9” Priorities defined by the City for the first decade of the GDS to 2021.

In turn, the following diagrams reflect the alignment of the GDS to the 2016 electoral mandate, the new strategic agenda and the 2016 – 2021 IDP priorities.

Alignment to the New Strategic Agenda



For the period 2018/19 and beyond, five (5) Strategic Objectives have been developed in order to enable JCT to effectively focus and prioritise its options in delivering on its mandate and respond to the above strategic focus areas. The Strategic Objectives are framed as statements that describe the outcome expected as a result of Joburg City Theatres intervention, and are elaborated upon in the table below:

JCT Strategic Objective (Towards achieving the mandate, mission and response to the Strategic Focus Areas)	Objective Description	CoJ Priority Alignment
1. Provision of opportunities for the youth, including future arts practitioners and entrepreneurs.	<ul style="list-style-type: none"> ▪ Support local content development and support for development in the Arts. ▪ Facilitate relationships and co-productions that widen the participation of local producing partners engaged with JCT. ▪ Facilitate production partnerships with theatres in South Africa and the African Diaspora for the development of productions from African stories. ▪ Implement structured opportunities for the development of the talents and skills of young people in the arts. ▪ Sound and consistent supply chain management processes that support preferential procurement, and enhance the contribution of JCT to enterprise development. 	<ul style="list-style-type: none"> ▪ Promote economic development and investment activity.

JCT Strategic Objective (Towards achieving the mandate, mission and response to the Strategic Focus Areas)	Objective Description	CoJ Priority Alignment
<p>2. High quality performing arts and entertainment experiences and facilities.</p>	<ul style="list-style-type: none"> ▪ Excellence in delivery of the JCT core business, in support of the mission and mandate. ▪ Strengthening the acquiring and hosting of work. ▪ Supporting the development and creation of work. ▪ Ensuring facilities and infrastructure that is excellent. ▪ Encourage urban regeneration in Braamfontein / Newtown and Jabulani Cultural Precinct nodes, in order to stimulate economic growth in contribution to the 5%. ▪ Monitor and enhance customer satisfaction and the achievement of service standards. 	<ul style="list-style-type: none"> ▪ Improve service delivery performance and service delivery culture (SD defined as core business). ▪ Enhance security in all open public spaces – parks, cemeteries, cities facilities, museums, etc. ▪ Encourage urban regeneration in key urban nodes.
<p>3. Affordable access to and use of theatres by communities.</p>	<ul style="list-style-type: none"> ▪ THEMATIC FOCUS OF PRODUCTIONS: Edu-tainment and productions that address issues. ▪ Engagement with arts practitioners, private sector and communities in bringing new audiences into contact with JCT programmes. ▪ Develop future audiences by providing discounted tickets to learners. ▪ Provide opportunities for development of local content and maximise accessibility. ▪ Mechanisms and approaches that assist to make theatre going practical for disadvantaged communities. ▪ Optimal use of allotments and related opportunities in the theatre precincts. 	<ul style="list-style-type: none"> ▪ Create opportunities for affordable access and use of theatres by all communities. ▪ Implement social awareness programmes in these recreational sites. ▪ Encourage urban regeneration in key urban nodes.
<p>4. Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT.</p>	<ul style="list-style-type: none"> ▪ Balance the imperative for revenue generation with socio-economic development. ▪ Grow shareholder value by ensuring sound financial management, financial control and growth in revenue. ▪ Increase asset utilisation and leveraging investment. ▪ Cost efficiency across value-chain. 	<ul style="list-style-type: none"> ▪ Making local government responsive. ▪ Fiscal responsibility and resolve billing system problems. ▪ Improve service delivery performance and service delivery culture (Governance).

JCT Strategic Objective (Towards achieving the mandate, mission and response to the Strategic Focus Areas)	Objective Description	CoJ Priority Alignment
5. Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT.	<ul style="list-style-type: none"> ▪ Customer care improvement. ▪ Integrate the programming of the theatres and integrate the value chain of the theatres. ▪ Ensure efficient and effective internal business processes and systems. ▪ Build JCT brand awareness and grow market share of JCT as a leading brand. ▪ Build JCT visibility through enhanced marketing, communication and stakeholder management. ▪ Leveraging of mutually beneficial partnering agreements and joint programmes. ▪ Sponsorships and donations. 	<ul style="list-style-type: none"> ▪ Making local government responsive. ▪ Fiscal responsibility and resolve billing system problems. ▪ Improve service delivery performance and service delivery culture (Governance).

Set out below, is an analysis of the entities performance against its KPIs for the financial year 2018/19 as set out in the Business Plan.

As will be seen, significant progress against the set targets has been made. This indicates important success by the entity, and our partner organisations in improving conditions in and the economic performance of, in particular, the inner city, and the initial focus of the entity's work. The data shows that in almost all instances the entity has met or bettered its targets. This can be attributed to solid corporate governance, sound management and management systems, clearly focused objectives, and efficient and effective staff. It also demonstrates the effectiveness of the entity business model in delivering on the mandate of the CoJ to promote area-based economic development and area-based regeneration.

The report analyses the performance of the entity in terms of the SDBIP scorecard, measuring performance in terms of both the entity's impact and its financial and resource management.

Eighteen (18) targets were set for the 2018/19 financial year and 94% was achieved.

Strategic Objective	Objective Description	Achievement
1. Provision of opportunities for the youth, including future arts practitioners and entrepreneurs.	<ul style="list-style-type: none"> ▪ Support local content development and support for development in the Arts. ▪ Facilitate relationships and co-productions that widen the participation of local producing partners engaged with JCT. ▪ Facilitate production partnerships with theatres in South Africa and the African Diaspora for the development 	<p>Over 627 Youths attended arts programmes during the year</p> <hr/> <p>Over 278 of Expanded Public Works programmes (EPWP) work opportunities created at JCT</p> <hr/>

Strategic Objective	Objective Description	Achievement
<p>2. High quality performing arts and entertainment experiences and facilities.</p>	<p>of productions from African stories.</p> <ul style="list-style-type: none"> ▪ Implement structured opportunities for the development of the talents and skills of young people in the arts. ▪ Sound and consistent supply chain management processes that support preferential procurement, and enhance the contribution of JCT to enterprise development. ▪ Excellence in delivery of the JCT core business, in support of the mission and mandate. ▪ Strengthening the acquiring and hosting of work. ▪ Supporting the development and creation of work. ▪ Ensuring facilities and infrastructure that is excellent. ▪ Encourage urban regeneration in Braamfontein / Newtown and Jabulani Cultural Precinct nodes, in order to stimulate economic growth in contribution to the 5%. ▪ Monitor and enhance customer satisfaction and the achievement of service standards. 	<hr/> <p>99.32% achievement of Service Level Standards</p> <hr/> <p>34 Arts and Culture festivals and themed productions held / in-house production</p> <hr/> <p>6 Ballet seasons were held</p> <hr/> <p>5 Philharmonic Orchestra were held</p> <hr/>
<p>3. Affordable access to and use of theatres by communities.</p>	<ul style="list-style-type: none"> ▪ THEMATIC FOCUS OF PRODUCTIONS: Edu-tainment and productions that address issues. ▪ Engagement with arts practitioners, private sector and communities in bringing new audiences into contact with JCT programmes. ▪ Develop future audiences by providing discounted tickets to learners. ▪ Provide opportunities for development of local content and maximise accessibility. ▪ Mechanisms and approaches that assist to make theatre going practical for disadvantaged communities. ▪ Optimal use of allotments and related opportunities in the theatre precincts. 	<hr/> <p>271 299 attendees to theatres</p> <hr/> <p>44 423 discounted tickets issued to school learners</p> <hr/> <p>16 038 free tickets issued to disadvantaged communities</p> <hr/> <p>7 208 discounted tickets issued to senior citizens</p> <hr/>

Strategic Objective	Objective Description	Achievement
4. Good governance, financial sustainability and sound management.	<ul style="list-style-type: none"> ▪ Balance the imperative for revenue generation with socio-economic development. ▪ Grow shareholder value by ensuring sound financial management, financial control and growth in revenue. ▪ Increase asset utilisation and leveraging investment. ▪ Cost efficiency across value-chain. ▪ Customer care improvement. ▪ Integrate the programming of the theatres and integrate the value chain of the theatres. ▪ Ensure efficient and effective internal business processes and systems. 	35%/65%
		Earned Revenue – R63,842m
		Total Revenue - R180,289m
		67% of procurement spend on SMMEs quarterly against total procurement expenditure - target of 30%
		99% of procurement spend on BBBEE quarterly against total procurement expenditure - target of 75%
		100% CAPEX budget spent
		Clean audit report
5. Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT.	<ul style="list-style-type: none"> ▪ Build JCT brand awareness and grow market share of JCT as a leading brand. ▪ Build JCT visibility through enhanced marketing, communication and stakeholder management. ▪ Leveraging of mutually beneficial partnering agreements and joint programmes. ▪ Sponsorships and donations. 	12 Media Monitoring Reports
		26 Strategic partnerships created

To support and drive its core strategy, JCT appreciates that values identify the principles for the conduct of the institution in carrying out its mission. JCT's values define a citizen-oriented approach for producing and delivering its services in line with the service delivery improvement priorities of the CoJ, as follows:

Value	What it means in practice for Joburg City Theatres
Service with Pride and Dignity	<ul style="list-style-type: none"> ▪ We will display a results orientation and a commitment to perform and deliver on the priorities of the organisation. ▪ We will place customer service excellence at the centre of everything we do. ▪ We will do so in a competent, timely, cost effective and efficient manner. ▪ We will take ownership of our work at all times and take responsibility for our actions.
UBUNTU (Care and concern for people)	<ul style="list-style-type: none"> ▪ We will do our work with care, empathy and concern for the wellbeing of vulnerable communities, customers and stakeholders. ▪ We will at all times display tolerance, respect and consideration of cultural diversity. ▪ Batho Pele Principles

Professionalism	<ul style="list-style-type: none"> ▪ We will display punctuality, reliability, dependability and a commitment to meet deadlines. ▪ We will act in a transparent manner and display ethical and consistent behaviour. ▪ We will behave with integrity in all our actions, always acting in the best interest of the citizen and organisation.
Agility	<ul style="list-style-type: none"> ▪ We will seek to be flexible, adaptable and responsive to our highly competitive environment, ▪ We will value and promote innovative ideas and solutions in order to deliver exceptional results.

In addition to the above strategy and policy priorities, the Mayor has stated his commitment to “business unusual” game changer priorities that will make a significant contribution to enhanced service delivery. In response, the JCT “Diphetogo” commitments are informed by, and build upon, the foundation laid by the 2015 JCT “transformation charter” which was aimed at transforming the organisation to be commercially viable and relevant within a changing society. While Joburg City Theatres has traditional audiences, it must be an environment which is accessible to all members of society; and transformation and relevance must be integral to the organisation’s focus. JCT has identified the following “Diphetogo” commitments for the period 2018/19 and beyond:

2018/19 Performance Targets							Comment					
Moral Imperative	Impact	JCT Focus Areas	2018/19 Target	Means of Verification	Unit Responsible for Reporting	Reporting Period						
							Q1					
							Q2					
							Q3					
							Q4					
Social - Greater quality of life and dignity for previously marginalised sections of our society	Cluster Activations Tribute to Legends	To champion social cohesion and contribute to building a better society through the arts. To be accessible to previously disadvantaged communities. To promote diversity in content creation and curatorship.	12 activations (Monthly)	Attendance registers / SLA, Quarterly report / Contracts and marketing material	EP	Quarterly	3 Activations 3 Activations	6 Activations 6 Activations	9 Activations 9 Activations	12 Activations 13 Activations	Apr - Jun 2018	Target Achieved
			2 programmes (productions and concerts)	Attendance registers / SLA, Quarterly report / Contracts and marketing material	EP	Biannual	2 programmes (productions and concerts) 2 Programmes (1 Concert + 1 Production)	-	-	-	Target Achieved 	
Social - Greater quality of life and dignity for previously marginalised sections of our society	Inner City Revitalisation Programme s: (Ballet, Orchestra, Arts & Crafts)	To champion and harness a multi-cultural public space. To develop and attract new audiences to the theatre	1 Programme	Attendance registers / SLA, Quarterly report / Contracts and marketing material/ Ticket reports	EP	Annually	1 Programme 1 Programme	-	-	-	-	Target Achieved
			Fraud Awareness	Attendance registers / SLA, Quarterly report / Contracts and marketing material/ Ticket reports	EP	Annually	-	1 Collaborative Industrial Theatre/Production 1 Collaborative Industrial Theatre/Production	-	-	Target Achieved 	

Section 4: Performance against Service Standards

The company has signed the Shareholder Compact and is actively adhering to the Service Standards.

JCT SERVICE STANDARDS

Core Service	Service Level Standard Target	2018/19	Q3 Evidence	Verified Actual	Variance	Variance explanation	Mitigations
Theatres accessible to people with disabilities	100% accessibility	100%	disabled parking bays - site visit / theatre seating plans / disabled bathrooms / information available on theatre websites	site visits	0%	no incidences reported	
Production start times	100% of all shows commence within 15 mins as per schedule	97.9%	show reports	reports	2.1%	7 shows started more than 15 minutes after scheduled starting time this quarter	
Safety of patrons	100% compliance to health and safety legislation	100%	no incidences reported	OH&S	0%	no incidences reported	
Average Total		99.3%	Average Total		0.7%		

Section 5: Performance against Predetermined Objectives Performance Information For The Year Ended 30 June 2019

IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	2018/19 Performance Targets				Annual	Comment	
						Q1	Q2	Q3	Q4			
						Jul - Sep 2018	Oct - Dec 2018	Jan - Mar 2019	Apr - Jun 2019			
Strategic Objective 1: Provision of opportunities for the youth, including future arts practitioners and entrepreneurs												
Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	Increase work opportunities at JCT	Number of Expanded Public Works programmes (EPWP) work opportunities created at JCT	Job opportunities	Employment contracts / HR/ Payroll Information	COO	Quarterly	Target 50 Expanded Public Works programmes (EPWP) work opportunities created at JCT Actual 64	Target 150 Expanded Public Works programmes (EPWP) work opportunities created at JCT Actual 189	Target 200 Expanded Public Works programmes (EPWP) work opportunities created at JCT Actual 251	Target 250 Expanded Public Works programmes (EPWP) work opportunities created at JCT Actual 293	Target 250 Expanded Public Works programmes (EPWP) work opportunities created at JCT Actual 293	Target achieved in all 4 Quarters
	Increase work opportunities at JCT	Number of youths attending music tuition programme (Not Cumulative)	Youth development in the art sphere	Attendance registers Tutor reports on programme content Programme summary	Executive Producer, Artistic Manager	Quarterly	Target 400 youths attending arts programme (Non-Cumulative) Actual 480	Target 400 youths attending arts programme (Non-Cumulative) Actual 499	Target 400 youths attending arts programme (Non-Cumulative) Actual 698	Target 400 youths attending arts programme (Non-Cumulative) Actual 832	Target 400 youths attending arts programme (Non-Cumulative) Actual 627 (Average)	Target achieved in all 4 Quarters
Strategic Objective 2: High quality performing arts and entertainment experiences and facilities												
Create a culture of enhanced service delivery with pride and dignity	Improved service delivery	% achievement on service level standards (Not Cumulative)	Service standards turnaround time improvement ²	Ticket reports	COO	Quarterly	Target 90% achievement service level standards Actual 99.5%	Target 90% achievement service level standards Actual 100%	Target 90% achievement service level standards Actual 98.8%	Target 90% achievement service level standards Actual 99%	Target 90% achievement service level standards Actual 99.3%	Target achieved in all 4 Quarters
	Improved service delivery	Improved audience development and accessibility to venues Promote positive social local content (Cumulative)	Number of Arts and Culture festivals and themed productions held / in-house production	To make venues more accessible Promotion of positive social local content	COO	Quarterly	Target 8 Arts and Culture festivals held / in-house productions held Actual 10	Target 13 Arts and Culture festivals held / in-house productions held Actual 17	Target 17 Arts and Culture festivals held / in-house productions held Actual 27	Target 20 Arts and Culture festivals held / in-house productions held Actual 34	Target 20 Arts and Culture festivals held / in-house productions held Actual 34	Target achieved in all 4 Quarters

CORE BUSINESS	SERVICE STANDARD
Theatres accessible to people with disabilities	100% accessibility
Production start times	100% of all shows commence within 15 mins as per schedule
Safety of patrons	100% compliance to health and safety legislation

IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	2018/19 Performance Targets					Comment	
						Reporting Period	Q1	Q2	Q3	Q4		Annual
							Jul - Sep 2018	Oct - Dec 2018	Jan - Mar 2019	Apr - Jun 2019		Jul 2018 - June 2019
	Number of Ballet seasons at JCT (Cumulative)	Image building of the CoJ by Joburg Ballet	Quarterly report Contracts and marketing material	Executive Producer	Quarterly	Target	Target	Target	Target	Target	Target achieved in all 4 Quarters 	
						Actual	Actual	Actual	Actual	Actual		
						2	4	5	6	6		
	Number of Philharmonic Orchestra seasons at JCT (Cumulative)	Improved access to professional concerts of classical and choral music	Quarterly report Contracts and marketing material	Executive Producer	Quarterly	Target	Target	Target	Target	Target	Target achieved in all 4 Quarters 	
						Actual	Actual	Actual	Actual	Actual		
						1	5	8	11	11		

IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	2017/18 Performance Targets					Comment	
						Reporting Period	Q1	Q2	Q3	Q4		Annual
							Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018		Jul 2017 - June 2018
Strategic Objective 3: Affordable access to and use of theatres by communities	Improved audience development and accessibility to venues	Number of discounted tickets issued to school learners (Cumulative)	Affordable tickets, public access to theatres	Ticket reports	COO	Target	Target	Target	Target	Target	Target achieved in all 4 Quarters 	
						Actual	Actual	Actual	Actual	Actual		
						11 010	30 033	38 488	44 423	44 423		
	Number of free tickets issued to various communities (Cumulative)	Public access to theatres	Ticket reports	COO	Quarterly	Target	Target	Target	Target	Target	Target achieved in all 4 Quarters 	
						Actual	Actual	Actual	Actual	Actual		
						3 000	9 500	12 500	15 000	15 000		
	Number of discounted tickets issued to senior citizens (Cumulative)	Affordable tickets, public access to theatres	Ticket reports	COO	Quarterly	Target	Target	Target	Target	Target	Target achieved in all 4 Quarters 	
						Actual	Actual	Actual	Actual	Actual		
						3 008	4 600	6 201	7 208	7 208		

IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	Reporting Period	2017/18 Performance Targets					Comment
							Q1	Q2	Q3	Q4	Annual	
							Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018	Jul 2017 - June 2018	
		Number of attendees to theatres (Cumulative)	Public access to theatres	Ticket reports	COO	Quarterly	Target 60,000 attendees to theatres Actual 81 435	Target 160,000 attendees to theatres Actual 165 506	Target 200,000 attendees to theatres Actual 219 267	Target 255,000 attendees to theatres Actual 271 299	Target 215,000 attendees to theatres Actual 271 299	Target achieved in all 4 Quarters

IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	Reporting Period	2017/18 Performance Targets					Comment
							Q1	Q2	Q3	Q4	Annual	
							Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018	Jul 2017 - June 2018	
Strategic Objective 4: Good governance, financial sustainability and sound management												
Preserve our resources for future generations	Improved financial planning and project management	100% CAPEX budget spent (Cumulative)	Capital project programme	CAPEX expenditure report Financial statements	CFO	Quarterly	Target 10% CAPEX budget spent Actual 10%	Target 30% CAPEX budget spent Actual 33%	Target 70% CAPEX budget spent Actual 71%	Target 100% CAPEX budget spent Actual 100%	Target 100% CAPEX budget spent Actual 100%	Target achieved in all 4 Quarters
Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	Improved and sound financial management	Proportion of earned income against total revenue including subsidy (Not Cumulative)	Financial sustainability Improved and sound financial management	Financial statements Income reports	CFO	Annually	Target 38% / 61% Earned revenue R19,994m Total revenue R60,608m Actual 42%/58% Earned revenue R22,257m Total revenue R 75,023m	Target 48% / 51% Earned revenue R51,037m Total revenue R103,346m Actual 35%/61% Earned revenue R39,091m Total revenue R100,108m	Target 38% / 61% Earned revenue R57,658m Total revenue R145,420m Actual 35%/65% Earned revenue R47,406m Total revenue R136,138m	Target 38% / 62% Earn Revenue R67,653m Total revenue R179,097m Actual 35%/65% Earned revenue R63,842m Total revenue R 180,289m	Target 38% / 62% Earn Revenue R67,653m Total revenue R179,097m Actual 35%/65% Earned revenue R63,842m Total revenue R 180,289m	Target achieved in only 2 Quarters
Institute an honest responsive and productive government	Internal control improvement process Audit mitigation initiatives	Unqualified audit opinion (Not Cumulative)	Clean audit outcome	External audit opinion and report Annual financial statement	CFO	Annually	Target Unqualified audit opinion with zero audit report findings Actual Unqualified audit opinion report with zero findings obtained	Target Unqualified audit opinion with zero findings Actual Unqualified audit opinion report with zero findings obtained	Target Unqualified audit opinion with zero findings Actual Unqualified audit opinion report with zero findings obtained	Target Unqualified audit opinion with zero audit report findings Actual Unqualified audit opinion report with zero findings obtained	Target Unqualified audit opinion with zero audit report findings Actual Unqualified audit opinion report with zero findings obtained	Target achieved in second quarter

IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	2017/18 Performance Targets					Comment	
						Reporting Period	Q1	Q2	Q3	Q4		Annual
						Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - Jun 2018	Jul 2017 - June 2018		
Improved strategic planning and implementation	% of predetermined objectives achieved (Not Cumulative)	Strategy improvement plans	Quarter reports / evidence files	COO	Annually	Target	Target	Target	Target	Target	Target achieved in second quarter 	
						30% of procurement spend on SMMEs quarterly against total procurement expenditure	30% of procurement spend on SMMEs quarterly against total procurement expenditure	30% of procurement spend on SMMEs quarterly against total procurement expenditure	30% of procurement spend on SMMEs quarterly against total procurement expenditure	30% of procurement spend on SMMEs quarterly against total procurement expenditure		30% of procurement spend on SMMEs quarterly against total procurement expenditure
	Actual	Actual	Actual	Actual	Actual	94%	98%	49%	59%	59%		
Improved code of conduct	% delivery on reported cases of corruption (Not Cumulative)	Lawful and ethical conduct in the workplace	Financial statements Procurement reports	CFO	Quarterly	Target	Target	Target	Target	Target	Target achieved in all 4 Quarters 	
						75% of procurement spend on BBBEE quarterly against total procurement expenditure	75% of procurement spend on BBBEE quarterly against total procurement expenditure	75% of procurement spend on BBBEE quarterly against total procurement expenditure	75% of procurement spend on BBBEE quarterly against total procurement expenditure	75% of procurement spend on BBBEE quarterly against total procurement expenditure		75% of procurement spend on BBBEE quarterly against total procurement expenditure
	Actual	Actual	Actual	Actual	Actual	100%	107%	94%	98%	98%		
	Number of SMMEs supported by JCT					Target	Target	Target	Target	Target	Target achieved in 3 Quarters 	
						120 SMMEs supported by JCT	120 SMMEs supported by JCT	120 SMMEs supported by JCT	120 SMMEs supported by JCT	120 SMMEs supported by JCT		120 SMMEs supported by JCT
	Actual	Actual	Actual	Actual	Actual	105	184	125	129	136		
Strategic Objective 5: Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT												
Institute an honest, responsive and productive government	Improved perceptions of JCT	Number of monthly media monitoring reports (Cumulative)	Monitoring perceptions and media reporting	Monthly media monitoring reports	Executive Marketing Manager	Monthly	Target	Target	Target	Target	Target	Target achieved in all 4 Quarters
							3 media monitoring reports	6 media monitoring reports	9 media monitoring reports	12 media monitoring reports	12 media monitoring reports	
	Actual	Actual	Actual	Actual	Actual	3	6	9	12	12		
Enhance quality of life by improving services and taking care of the environment	Improved stakeholder mobilisation	Number of strategic partnerships created (Cumulative)	Partnerships / Collaborations / productions / programmes / events	Signed MoA / contract MoU / contract	Executive Producer	Quarterly	Target	Target	Target	Target	Target	Target achieved in all 4 Quarters
							4 strategic partnerships created	10 strategic partnerships created	13 strategic partnerships created	18 strategic partnerships created	18 strategic partnerships created	
	Actual	Actual	Actual	Actual	Actual	6	11	15	20	20		

Summary

Quarterly KPIs	17
Annual KPIs	01
Total number of KPIs	18
Total number of KPIs Measured	18
Number of ALL KPIs Achieved	17
Number of KPIs Not Achieved	1
Total achieved constitutes	94%

One KPI (on financial sustainability) was not achieved due to the economic climate. However, JCT has put plans in place to rectify this in the next reporting period.

As submitted to the Auditor-General on 30 November 2019

Day to day operations

- Increase positive social contact and accessibility of theatre through management of the three City theatres.
- Support and optimize opportunities to promote creative industry.
- Increase self generated revenue through programming and hospitality services.
- Commissioning quality productions aligned to the vision and mission of JCT.
- Expenditure management - cost containment.
- Youth development - develop future audiences, practitioners and entrepreneurial skills.
- Increased numbers of learners attending theatres annually developing new audiences for the future.
- Provide structured opportunities for in depth development of the talents and skills of young people opening up future opportunities for future employment.
- Maximise accessibility and usage of the theatre facilities by Johannesburg citizens.
- Increase accessibility - explore the increased funding opportunities from other spheres of government and the private sector in order to make theatregoing practical for disadvantaged communities.
- Improve operational efficiency, optimization of resources and performance.
- Increased SMME support through procurement

Section 6: Public Satisfaction on Municipal Services

Joburg City Theatres: Customer Satisfaction Survey

As of June 2016, Joburg City Theatres has its first customer satisfaction survey benchmark. The objectives of benchmarking are (1) to determine what and where improvements are called for, (2) to analyse how other organizations achieve their high performance levels, and (3) to use this information to improve performance.

JCT is scoring higher than average on all positive aspects of the survey, including across the SurveyMonkey Global benchmarks (where applicable).

A customer satisfaction survey consistently runs across all 3 websites – www.joburgtheatre.com / www.sowetotheatre.com / www.roodepoorttheatre.com. Customer satisfaction remains stable. Although there were several more complaints this quarter, there was a similar increase in compliments.

Joburg City Theatres has also been rated quite dramatically on the travel website www.tripadvisor.com, which is a new development. Joburg Theatre has as a venue is rated no1 for things to do in Braamfontein. TripAdvisor has awarded the theatre a Certificate of Excellence as an attraction that consistently earns great reviews from travellers.

The main objective is to heighten the customer experience of both customers and citizens of services rendered.

- Implementation of Customer Service Charter
- Query Resolution /Regionalisation
- Timeous response at Call Centre

JCT responds to Public Satisfaction on its Services and has implemented the following:

- Youth development focused and prioritised;
- Hosted, developed and staged world class productions that tells the story – and promote civic pride / social cohesion which includes community dialogues and education sessions implemented in identified high risk areas for Xenophobic attacks as well as utilisation of diverse cultural activities amongst the citizens
- Accelerated number of activities: Heritage and arts appreciation and education;
- Audience and content development;
- Continuous product enhancement and employee skilling;
- Promoted the visibility of facilities and programmes;
- Customer care improvement;
- Integrated programming across the City theatres
- Visible improvement in service delivery through: Service Delivery Standards, Compliance to Service Level Standards

Assessment of Arrears on municipal taxes and service charges

a) Assessment of Municipal Taxes and Service Charges owed to the entity

JCT does not charge Municipal Taxes and Service Charges.

Detail	0-30 days	31-60 days	61-90 days	91-180 days	181& over	Total
N/A	N/A	N/A	N/A	N/A	N/A	N/A

b) Amounts owed by entity for service charges

Detailed information on amounts owed by JCT for service charges is covered on chapter 5, section 9

c) Assessment of Directors' and senior managers' municipal accounts

NED - Non-Executive Director

IAC – Independent Audit Committee member

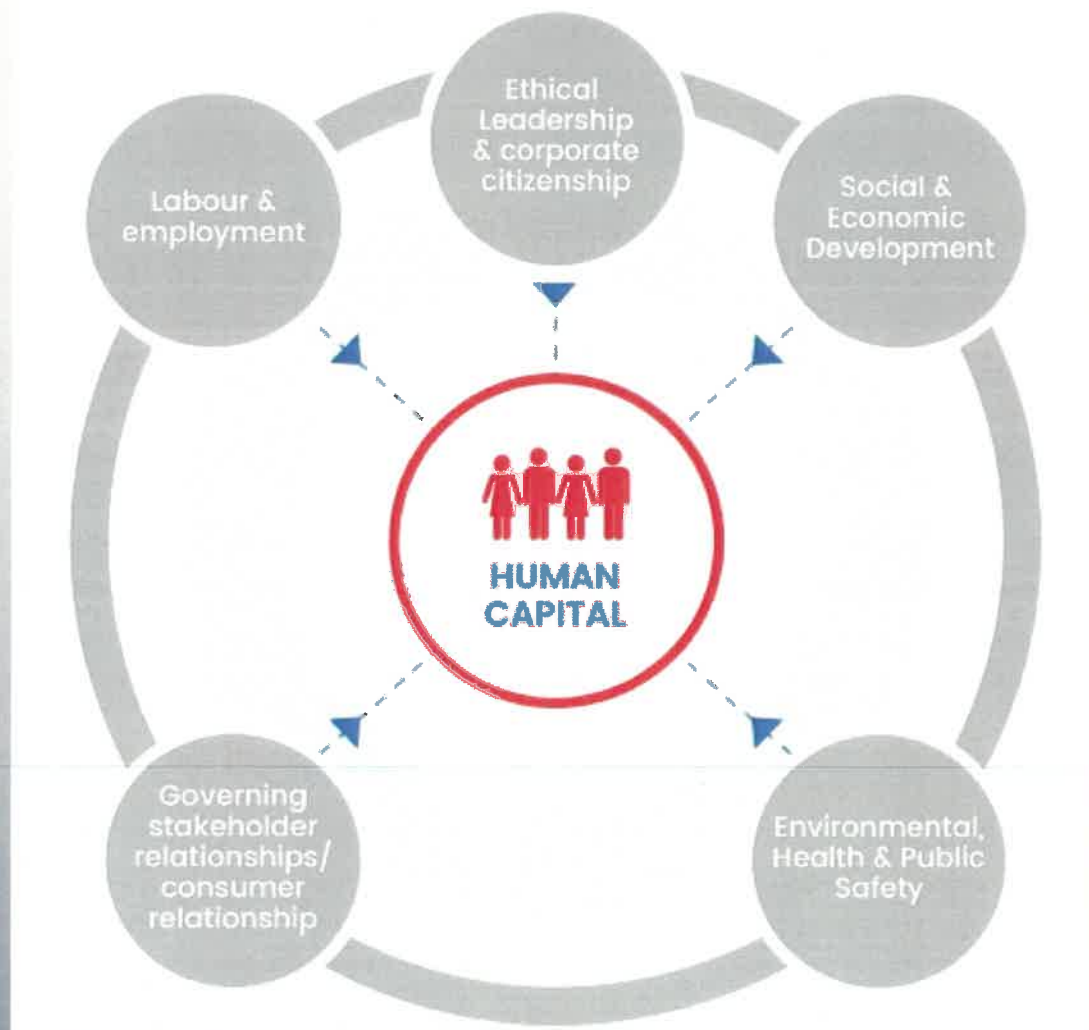
COJ – City of Johannesburg

Name of Director/Senior Managers	Designation	Name of Municipality	Municipal Acc Number	Account Status as at 30/06/19	Comments
Mr Nkopane Maphiri	NED		-	-	Not an Account Holder
Mr Masixole Mrwebi	NED				
Ms Mpho Lecoge	NED	COJ	-	-	Not an Account Holder
Ms Hazel Nyewula	NED	COJ	404092604	Current	
Ms Ashley Hayden	NED	COJ	400918405	Current	
Mr Junior Ramovha	NED	COJ	401295055	Current	
Ms Stella Baloyi	NED	COJ	-	-	Not an Account Holder
Ms Amanda Forsythe	NED	COJ	207202349	Current	
Ms Khwathelani Tshikovhi	NED	COJ	550857511	Current	
Ms Chrystal Cape	IAC	Account with Sectional Title Management			
Ms Xoliswa Nduneni	CEO	COJ	207540933	Current	
Mr Solomon Mphakathi	CFO	COJ	551983685	Current	
Ms Bridget Mashika	COO	COJ	440859900	Current	
Ms Philipa Maduka	CS		-	-	Not an Account Holder

Statement on amounts owed by Government Departments and Public Entities

Detailed information on statement on amounts owed by government departments and public entities is covered on chapter 5, section 9

CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT



UNITY. RESPECT. EXCELLENCE. INTEGRITY. GROWTH

OUR VALUES

- *Integrity and Respect* – we will strive to do the right thing, every time, all the time.
- *Accountability* – empower employees by promoting personal responsibility and accountability.
- *Open and Honest Communication* – effective and clear communication is the foundation.
- *Quality Customer Service* – we are committed to provide professional and quality customer service.
- *Fairness* – we will treat people in a fair, equitable, ethical and consistent manner and make informed decisions without favouritism or prejudice.
- *Support Partnerships* – we will work collaboratively across functions to achieve our common goals.
- *Confidentiality* – we will always respect the confidentiality entrusted to us.
- *Enjoy our work* – enjoying our work allows us to be creative and strive for excellence.
- *Dedicated and hard working employees; Open and honest culture; Personal development and recognition; Trust and support; and Safety and job security*

Human Resource Management

The entity's overall objective as set out in its employment policy is to ensure that the company's employment practices and remuneration policies motivate and retain talented employees and create an attractive environment for all employees. The employment policy is periodically reviewed to ensure that it remains relevant and practical for the changing needs of current and potential employees.

Our vision is to be the employer of choice in our field. Our vision is to stay at the top end of compliance by including such requirements into our working practices.

Organisational Structure

The company organogram, points out the different levels of the reporting structure. The theatre's management team is inclusive and representative of the demographics of the country. The members of the support management team comprise of staff members from a diverse background

As at June 30th 2018, the company had a total of 159 permanent employees. Every employee of the theatre is trained to offer services to the clients, namely the entity renting a part of the complex for any relevant core or support business purpose; and the customer, i.e the patron choosing to participate in a core or support business of the theatre.

The company is divided into 8 (eight) essential departments:

- The Governance Department works with the company's Chief Executive Officer in various governance, compliance, finance roles and Youth Development to effectively operate the three theatres. The finance office manages all day-to-day, weekly, monthly and annual financial aspects of the company, including supply chain management and compliance.
- Roodepoort Theatre operates the day-to-day activities at the theatre, including the general maintenance of the stage machinery and its assets setting and maintaining world class operating standards in both customer and client services.
- Soweto Theatre operates the day-to-day activities at the theatre, including the general maintenance of the stage machinery and its assets setting and maintaining world class operating standards in both customer and client services.
- The Building & Security Department is responsible for the ongoing maintenance, cleaning, safety and security of the over 50 year old building, operating 24 hours per day.
- The Customer Services Department services the interests and needs of the tenants utilising various areas of the theatre: medium term - such as stage tenants; and long term - such as The South African Ballet Theatre, and The Peoples Theatre Company. This Department also services the interests and needs of the patrons using the buildings, offering frontline service and ticket sales.
- The Stage Department provides the services of skilled stage, sound, lighting and wardrobe technicians to assist the clients of the theatre and to maintain strict schedules of the day-to-day usage of the many stages within the theatres.
- The Client Services Department is responsible for marketing and publicity, strategic relationships and the planning and programming.
- The Hospitality and Catering department is responsible for all aspects of hospitality within Joburg Theatre, Roodepoort Theatre, Soweto Theatre, Joburg Zoo, and all external events & functions for the City of Joburg.

Succession planning within the company is continuously implemented for all senior management. Support Management receive on the job training as well as skills development training on an ongoing basis. Every effort is made to identify and target employees suitable for promotion. Regular performance appraisal and development interviews are conducted, followed by a thorough training needs analysis.

Section 1: Employment Remuneration

The Executive Management Team are required in line with Regulation No. R805 of August 2006 titled "Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers, 2006" to have individual performance management agreements which outline their job objectives and annual performance targets. This regulation addresses performance management in local government as applicable to the Municipal Manager and his direct reports.

In JCT's environment, the legislation and its regulations have been interpreted to apply to the Chief Executive Officer, EXCO members and Senior Managers (direct reports to EXCO members). The requirement for annual performance agreements which set out targets, timeframes and performance evidence is set out in the Individual Annual Performance scorecards which are derived from the Corporate Scorecard. These performance agreements are agreed to between the senior manager and the responsible EXCO member and in the case of the Chief Executive Officer by the Chairperson of the Board.

It should however be noted that, performance management for employees below executive management level across the City is an area which has over the years been a challenge to implement due to the sensitivities which flow from collective bargaining. As a result, in different municipal entities, the implementation is at varying levels.

JCT recognizes that employees are its most significant investments. The HR Strategy is designed primarily to acknowledge and reinforce this assertion. The strategy aims to support the corporate business plan by giving staff the skills and knowledge they need in order to function to the best of their ability, and by providing appropriate rewards for successful performance and below are the JCT's HR Strategy Objectives:

- a) Improved governance and compliance
- b) Creating opportunities for growth
- c) Fair and equitable reward and recognition process
- d) Resourcing strategically
- e) Employee engagement through dialogue
- f) Improve leadership and employee skills within the company to develop a culture of learning
- g) Employee safety, healthy and wellness programme.

HR Strategy and Framework, Remuneration Policy and other policies are available on the JCT's website: www.joburgcitytheatres.com

Employee Related Costs for JCT 2018/19

Employee Cost Breakdown	2018/19	Ratio	2017/18	Ratio
Net Salary	41 865 964.00	55%	35 867 054.00	52%
PAYE	12 472 308.00	16%	11 360 800.00	17%
SDL	700 139.00	1%	652 463.00	1%
UIF	782 507.00	1%	747 085.00	1%
Medical Aid	4 749 508.00	6%	4 584 828.00	7%
Pension Contribution	11 735 896.00	15%	10 682 543.00	16%
Third Parties	228 536.00	0%	623 201.00	1%
13th Cheque, Leave Accrual and Performance Bonuses	3 621 783.00	5%	4 207 833.00	6%
Other	309 963.00	0%	71 532.00	0%
	76 466 604.00		68 797 339.00	
Committee Fees Breakdown				
Fees	1 090 373.00		1 324 109.00	
Total Employee Related Costs	77 556 977.00		70 121 448.00	
Total Expenditure	187 372 753.00		174 167 289.00	
Total Revenue	180 289 379.00		174 937 649.00	
Employee Related Cost Ratio	41%		40%	
Employee Related to Revenue	43%		40%	
Number of Employees	370		305	
Average Employee Related Cost per Employee	209 613.45	-9%	229 906.39	
Average Revenue per Employee	487 268.59	-15%	573 566.06	

Section 2: Key Vacancies

All critical vacancies are filled.

The current approved structure has 171 positions, out of which 159 have been filled and 12 positions are vacant. A detailed analysis has been provided in the table below:

Detailed analysis on occupancy and vacancy report as at 30 June 2019

Department	Approved Positions	Occupied Positions	Vacant Positions	Temporary Staff	Interns / Learners	Total
Governance	6	6	0	0	1	7
Human Resources	3	3	0	0	1	4
Stage	28	27	1	0	2	30
Finance and SCM	15	15	0	0	1	16
Building and Security	32	28	4	3	1	36
Customer Services	11	11	0	27	1	39
Client Services (Programming)	9	7	2	0	0	9
Catering and Hospitality	36	31	5	113	0	149
Soweto Theatre	17	17	0	17	3	37
Roodepoort Theatre	14	14	0	15	0	29
Total	171	159	12	175	10	356
Vacancy / Occupancy %		93%	7%			

JCT is operating at **93%** occupancy rate against the approved staff establishment with the remaining 7% recorded as vacancy rate. As end of fourth quarter the total permanent employees were **159**.

Ushers are ad hocs are not full time employees. They are contracted and required to work and/or called per show and are paid an hourly rate.

The second largest group of temporary employees is found in the Hospitality and Catering department. These groups of employees consist of waiters, scullers, bartenders, commie chefs, kitchen staff, banqueting staff and general assistants, etc. The Department currently utilises Fixed Term Contract due to the business requirements for the following reasons:

- There is no fixed patron capacity in the theatre bars as the business in this area is determined by the shows that are on the stage at any given time, hence this area is treated as seasonal work based on the seasonal run of any given show.
- The restaurant business is managed on a day to day basis based as per point 1, as well as the daily take up of the restaurant by the surrounding businesses.
- Unfortunately, the department often experiences an extreme fluctuation of business volumes that occur over a period of any one year due to the area of the hospitality it works in, namely, the theatre.
- There are very few foreign nationals in the workforce and their fixed term contracts are based on their current valid work permits.

The number of temporary employees fluctuates on monthly basis due to the nature of the business.

Section 3: Employment Equity

The implementation of JCT's employment equity plan is on track. The company is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution and the Employment Equity Act. In this context, JCT seeks to create an institution that reflects the diversity of South African society, and which contributes to maximising the human resource potential of its entire people.

The Company has employment policies that it believes are appropriate to the business and the market in which it trades. Equal employment opportunities are offered to all employees. The company encourages promotion within the core employment base, with particular attention given to the opportunities of promoting those staff members from historically disadvantaged communities.

The entity's employment equity programme was extremely progressive and we exceeded the targets set. Our conviction to ensure material participation of previously disadvantaged companies and individuals is demonstrated by the degree of procurement spent on the designated companies and individuals. The Chief Executive Officer, together with the Chief Operating Officer, is responsible for the monitoring of the implementation of the employment equity plan.

The theatre's management team is inclusive and representative of the demographics of the country. The members of the support management team comprise of staff members from a diverse background. During the year under review, historically disadvantaged individuals accounted 86% of the permanent staff compliment, 29% youth and 29% female.

JCT's Employment Equity is profiled according to gender, disability, race, and by occupational levels. The employment equity targets are aligned to the country's Economically Active Population percentage distribution within the Gauteng region. The EAP includes people from **15 to 64 years of age** who are either employed or unemployed and seeking employment and is used to assist employers in the analysis of their workforce to determine the degree of under-representation of the designated groups. JCT is required to use the EAP as a guide (City's 50/50 gender), to determine the resource allocation and subsequent interventions that are needed to achieve an equitable and representative workforce. It is important to note that the analysis of the section of this report focuses on the EAP as depicted in the tables below.

Employment Equity Profile

Occupational Level	Male					Female					Grand Total
	A	C	I	W	Total	A	C	I	W	Total	
Top Management	1	0	0	0	1	3	0	0	0	3	4
Senior Management	7	1	2	2	12	2	0	0	1	3	15
Professionally Qualified / Middle Management	11	0	0	6	17	10	2	0	0	12	29
Skilled Technically and Academically Qualified	21	2	1	4	28	14	0	0	1	15	43
Semi-Skilled	36	0	0	1	37	23	0	0	0	23	60
Unskilled	3	0	0	0	3	5	0	0	0	5	8
Total	79	3	3	13	98	57	2	0	2	61	159
% of Gender Representation	50%	1.9%	1.9%	8%	62%	36%	1.2%	0%	1.2%	38%	

Employment Equity and Economically Active Population (EAP) Targets

Description	Total number of employees	Gauteng EAP EE Target %	JCT EE Actual %	Variance
Africans	136	81.0%	86%	-4.5%
Coloureds	5	2.7%	3.1%	0.4%
Indians	3	3.0%	1.9%	-1.1%
Whites	15	13.4%	9%	-4.4%
Persons with disability	3	2%	1.9%	-0.1%
Male	98	55.6%	62%	+6.4%
Female	61	44.4%	38%	-6.4%

To balance the Employment Equity within the company, JCT will give preference to designated people, women and persons with disability when opportunities arise. These targets will be achieved by way of replacing employees who leave the organisation due to natural attrition and reasons related to staff turnover.

People with Disabilities - Despite all the efforts to increase the employment of people with disabilities, the company does not receive responses from people living with disabilities when advertising vacant positions. The company has adapted to the primary needs of the disabled persons by ensuring that disabled theatre patrons have a smooth access to the theatre.

The Disability Target for employment of Persons with disability is 2% which should be achieved against the institution's entire staff compliment. The employment of the persons with disabilities is currently at 1.9%.

As we look to 2019-20 and beyond, the company's success will depend on the quality of the strategic objectives set. These decisions will need to be made in an organisational culture which is fully representative of our society in terms of race, gender, disability and other forms of diversity. Hence we promote ongoing transformation at all levels of the company in line with our objectives for employment equity.

Towards achieving this goal, we will continue to implement various policies and practices throughout JCT. These include:

- Identifying and eliminating employment barriers
- Eliminating unfair discrimination on the grounds of race, religion, sexual preference, gender or any other basis
- Complying with regulations and legislation, including empowerment and transformation, within operational environments
- Subscribing to a Code of Ethics that will guide and promote sound governance and equal opportunity within our organisation

Disability Profile

Occupational levels	Males	Female	Total PWDs
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	A	C	I	W	A	C	I	W	
Top Management	-	-	-	-	-	-	-	-	0
Senior Management	1	-	-	-	-	-	-	-	1
Professionally Qualified / Middle Management	-	-	-	-	-	-	-	-	-
Skilled Technically and Academically Qualified	-	-	-	-	1	1	-	-	2
Semi-Skilled	-	-	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-	-
Total	1	-	-	-	1	1	-	-	3

Gender Equity - With the recent integration of the three theatres, it was noticed that the Gender Equity was not balanced. The company plans to promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and levels in the workforce. To balance the Employment Equity within the company will give preference to females on middle, senior and executive management when opportunities arise.

In order to achieve the equitable representation, JCT will ensure that the following strategies are adopted and implemented;

- Where gender and racial underrepresentation exist in the Workforce, targeted recruitment for the EE Targeted candidate shall be enforced unless the suitably qualified candidate from the Targeted Group was not found;
- Identify training which is aimed at addressing the imbalances within the organisation –train individual in order to create a pool of suitably qualified employees from the Targeted Group and give them an opportunity for growth in line with the EE Targets.

Gender representation

Gender	African		Coloured		Indian		White		TOTAL	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Male	45.2%	50%	1.3%	1.9%	1.8%	1.9%	7.3%	8%	55.6%	62%
Female	35.8%	36%	1.4%	1.2%	1.2%	0%	6.0%	1.2%	44.4%	38.4%
TOTAL	81.0%	86%	2.7%	3.1%	3.0%	1.9%	13.4%	9.2%		

Target Achieved
Requires Improvement

Workforce Movement-Recruitment - JCT did not fill any critical position during this financial year as there was none.

Section 4: Skills Development and Training

Joburg City Theatres is committed to sustaining a continuous programme of training and development for its management and staff to improve either job performance and/or competitiveness for promotion. The company has a policy in respect of paid assistance for skills development courses, which help in enhancing the skills of previously disadvantaged individuals. The policy also includes access to training by members of designated groups, structured training and development programmes. Company retention strategies include the promotion of diverse organisational cultures, interactive communication and feedback and ongoing labour turnover analysis.

This section provides the quarterly reporting on the status of employee's skills development and training initiatives undertaken by employees. In line with Training and Development Policy, JCT is committed to sustaining a continuous programme of training and development for its management and staff to improve either job performance and/or competitiveness for promotion. The company has a policy in respect of paid assistance for skills development courses, which help in enhancing the skills of previously disadvantaged individuals. During this quarter, a number of employees attended training which is summarised in the table below:

The annual training report 2018/19 was submitted on 30 April 2019 accompanied by certificates of competency and or attendance registers as proof of training together with the WSP and ATP 2019.

JCT is also committee skill development of young performing artists into entrepreneurial minds. The Youth Development programme is aimed at incubating artists, imbibing a theatre-going culture in our young audience while developing and unleashing excellent productions that form a base from which our young artists can grow.

In partnership with Drama for Life, JCT launched a strategic intervention programme called Introduction to Applied Performing Arts And Arts Management (APAAM). APAAM is an intense outcome-based training programme that encompasses business, technical and artistic skills. This programme is aimed at empowering the youth artistically, develop their business skills and ensure that they create employment within their own communities. Four (4) theatre organisations from different regions in the City of Johannesburg have been selected through a process of auditions to participate in this three year programme. The programme is accredited by Wits University.

Theatre and television Producer Duma Ndlovu continues to facilitate acting workshops are held every Thursday throughout the year. This is a training programme for acting graduates from various institutions around the world. This is a candid class about the industry, talent, you education, work ethic, professional behaviour, audition preparations and how to carry oneself once cast.

JCT is committed to sustaining a continuous programme of training and development for its management and staff to improve either job performance and/or competitiveness for promotion by implementing Work Skills Plan. The company has a policy in respect of paid assistance for skills development courses, which help in enhancing the skills of previously disadvantaged individuals. The policy also includes access to training by members of designated groups, structured training and development programmes. Company retention strategies include the promotion of diverse organisational cultures, interactive communication and feedback and ongoing labour turnover analysis.

The education assistance scheme ensures that employees are able to improve their educational qualifications with the assistance of the funding from the company. Most of the assistance is provided over two to three years, which is mostly the duration of academic programs. Four employees who have registered B Com Accounting degree with University of South Africa (UNISA) and one who is studying B-Tech in International Relations with Tshwane University of Technology) received the company's study financial assistance this period.

Section 5: Performance Management

JCT has a performance management policy and procedure for setting performance objectives, which is aligned to the Business Plan. Formal performance reviews are conducted bi-annually during December and June. Year-end performance ratings are the determinant of a performance reward for employees on level 1 and 2. An enhanced performance development and coaching approach is being conducted on a continuous basis to ensure that employee performance is consistently and fairly reviewed.

Succession planning within the company has been implemented for all senior management. The succession and retention policy implementation plan will be reviewed in the new financial year. Retention strategies aimed at discouraging employees from leaving the company will be developed and discussed.

The performance management policy and procedure aims to achieve a shared understanding of the company's direction; performance management processes which focus on the achievement of individual and departmental goals, which are established and maintained in all departments; improved service delivery; recognition of employee contributions; improved employee wellbeing; a culture of continuous improvement and feedback evident in all departments; security of tenure, and possibilities of promotion. Poor work performance will be dealt with in terms of the incapacity procedure outlined in the company's Human Resources Policies and Procedures manual.

Performance Management was implemented for all management levels on the organisational structure. The balanced scorecard is the tool being used for measurement. The performance indicators are linked to the Company objectives and the IDP scorecard. Additional objectives are included to reinforce the culture of governance and risk management among managers.

The Company started the rollout process to ensure that all employees in supervisory positions are included in the performance management strategy. Training of underperforming officials is being introduced as part of our

coaching and mentorship process to improve the performance levels. Performance Management is being adopted as a positive management strategy rather than a punitive process, and in this way employees feel comfortable to be part of the process.

JCT strives to pay salaries that are not disparate with the standard and has in place strategies and practices to deal with remuneration management and salary parity resolution. Retentions strategies aimed at discouraging the employees from leaving the company will be developed and discussed. Employees are consulted when developing the draft policies to get their input. This ensures that the proposed strategies are accepted by staff and it is envisaged that they will be effective in discouraging the employees from leaving the company.

The entity will continue to set new standards of service delivery and our customer relationship programme will serve as a pillar for our on-going success. We remain firm in our commitment to sound stakeholder relationships and are committed to managing both short-term and long-term plans to standards that will ultimately benefit our communities. The challenges that we face are the increasing portfolio and a budget that is not scientifically proportionate to it. We will, however, continue to strive for operational effectiveness and, with our customers and stakeholders, we will collectively focus on improving the environmental well-being of our society.

Section 6: Disciplinary Matters and Outcomes

Union Membership

A total of **53 employees** belong to South African Municipal Workers Union (SAMWU). The rest of the employees are not affiliated to any union. There were no new members who joined the trade union in this quarter.

Labour Relations matters

JCT staff uphold the policies, procedures and values of the organisation. This conclusion is drawn from the minimal number of misconduct cases that were conducted within the year which resulted in one employee being dismissed. All matters were handled in line with the approved disciplinary code policy of the organisation. The table below summarises the labour relations cases recorded for this financial year.

No labour relations cases were recorded for this quarter. JCT staff upholds the policies, procedures and values of the organisation.

Human resources continue to monitor the leave and employee attendance to mitigate against the abuse of sick and family responsibility leave.

Section 7: Leave and productivity Management

In line with the approved Leave policy, JCT employees are entitled to 21/24 days leave per annum to be taken at a time convenient to JCT and agreed upon by line management. 30/36 sick leave days in a three (3) year cycle are also provided. The section below provides a detailed overall leave management and analysis per department.

Overall Company Leave Analysis as at 30 June 2019

Type of Leave	Q1 (Jul-Sep)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (April-Jun)	Total Leave Days Taken	% Leave days taken
Annual Leave	291	742	1764	387	3184	82.5
Sick Leave	84	99	69	50	302	7.82
Family Responsibility Leave	14	30	9	37	90	2.33
Study Leave	8	24	5	73	110	2.85
Unauthorised Leave	0	0	0	0	0	0

Maternity Leave	66	12	58	35	171	4.43
Total	463	907	1905	582	3857	100%

As at 30 June 2019, a combined total of **3857** leave days were taken by employees. Annual leave was the most taken; however this did not affect business operations.

Section 8: Employee Wellness

Corporate Wellness provides tools and research to help make employees healthier and in this way, help reduce costs related to healthcare, productivity and absenteeism. The workplace environment provides the ideal opportunity to influence health behaviour. In providing a targeted wellness programme the theatre invests in the health and well-being of its employees in order to:

- Improve the health and wellbeing of employees
- Improve quality of life,
- Reduce the use of healthcare,
- Control disability, and
- Enhance productivity.

Joburg City Theatres has appointed ICAS, the service provider, to develop and implement Employee Assistance Programme (EAP). The service provider is contracted for a period not exceeding 36 months subject to review based on performance. Icas has already launched its EAP on 3rd, 4th and 6th June 2019 across the three theatres. ICAS will provide 24 hours online (internet, website, WhatsApp, call-back, etc.), inbound and outbound telephonic, and face-to-face health and wellness information and counselling to staff members.

- Employees are continuously participating in the internal gym.
- The company hosts aerobics sessions three times a week for an hour.
- These classes are good for exercising and promoting staff engagement
- The aerobics class also partake in the external walks/runs and wellness activities.

8.1 Employee satisfaction

Joburg Theatre strives to pay salaries that are not disparate with the standard and has in place strategies and practices to deal with remuneration management and salary parity resolution. Retentions strategies aimed at discouraging the employees from leaving the company will be developed and discussed. Employees will be consulted when developing the draft policies to get their input. This will ensure that the proposed strategies are accepted by staff and it is envisaged that they will be effective in discouraging the employees from leaving the company.

8.2 Employee retention

Succession planning within the company has been implemented for all senior management. The succession and retention policy will be reviewed going forward, depending on funding being available.

8.3 HIV/AIDS on the Workplace

The management of HIV/Aids is an important challenge facing every organisation in our country. The entity has determined that HIV/Aids will have an impact on the following risk areas: operations, target market risk, supplier risk, legal risk and health risk. Whilst all these risk are under further investigation, and has adopted the following core principles as a basis for its HIV/ Aids policy:

- Continuously assess the risks posed by HIV/Aids on the business;
- Limit the number of new infections among employees;
- Ensure employees living with HIV/ Aids are aware of their rights and that their rights are respected and protected;
- Provide care and support to employees living with HIV/Aids.

HIV/Aids Structures

In order to achieve the policy objectives, entity has forms part of the COJ HIV/Aids committee which consists of three experienced independent medical practitioners, four union representatives and five members of senior management. The company has trained five peer educators, who are fulltime employees, who have shown passion and willingness to assist their fellow HIV positive colleagues to ensure that HIV positive employees receive care and support in their work environment.

Prevalence rate

To identify the current prevalence rate, the committee with the co-operation and support of the union conducted two studies: an actuarial study of the company's risk profile and a survey to measure the employee's knowledge, attitudes, practices and beliefs (KAPB) about HIV/Aids.

Awareness of the disease

The committee has focussed its attention on identifying and measuring the extent of the risk of HIV/Aids to the organisation. In order to identify employees' level of awareness, the committee used the help of three psychologist and qualified counsellor to anonymously survey all staff numbers through the KAPB survey.

Education

To build on the awareness programme, an ongoing education programme has been instituted. The first place of this programme was to train peer educators who will then provide HIV/Aids education to all staff on an ongoing basis. Peer educators received training on lay counselling, grief management, company benefits, first aid and treatment of workplace injuries.

Section 9: Employee Benefits

The Company is a participating employer in the various retirement benefit schemes through which the City of Johannesburg Metropolitan Municipality and its associated Municipal Entities (MEs) provide post-employment benefits to their permanent employees (a contractual policy).

9.1 Defined Benefit Funds

Joburg City Theatres currently operates three funds and has the following number of employees on each fund:

- Johannesburg Municipal Pension Fund (NMG) has 13 employees.
- E-Joburg Pension Fund has 138 employees.
- Mutual Gratuity Pension Fund (MGF) has 8 employees.

The total number of employees on pension fund is **159**.

9.2 Medical Aid Funds

The company also administers three accredited medical aid schemes and pays a minimum of 60% and 75% monthly premium contribution on behalf of its members. Currently 63 employees are members of the schemes as follows:

- Discovery has 61 employees, of which 39 receive 60% employer contributions, 18 receives 75% while 4 employees on total cost to company contribute 100%.
- LA Health has 1 employees who receive 60% company contributions
- Key Health has only 1 employee who receives 60% company contributions

9.3 Company Allowances

The Board has approved the Home Owners Allowance. The number of employees who receive home owners allowance has 41. 54 employees still receive allowances towards the use for business purposes of their personal cell phones.

Section 10: Occupational Health & Safety Programmes

The Occupational Health and Safety Manager is a member of the COJ's workplace wellness coordinators forum which deals amongst others with the HIV Counselling and Training outreach campaign to assist employees in screening and the COJ Group SHE Steering committee which ensures the company's compliance to the Occupational Health and Safety Act, (85 of 1993).

Occupational Health and Safety in the workplace is regulated by the Occupational Health and Safety Act, (85 of 1993).

Section (16)1 places the responsibility and liability on the Chief Executive Officer (CEO) to ensure that the duties imposed on the employer are properly discharged. The implication hereof is that the CEO has to ensure that an occupational health and safety management system is implemented which will give effect to the provisions of this Act.

The City Manager is the section 16(1) responsible person for the COJ and the MD's/CEO's are the section 16(1) responsible persons for the Municipal Entities. The Act makes provision for the CEO's / MD's to appoint person's under their control to assist them in the duties in relation to the provisions of the Act. Joburg City Theatres has appointed Lieb Venter as the Liaison with the COJ Group SHE Directorate as the company's current Occupational Health and Safety Manager. The General Managers of both Soweto Theatre and Roodepoort Theatre were also appointed as the Health and Safety Coordinators at their respective theatres. The Health and Safety committee is functional and meetings are convened regularly as required. Inspections are undertaken and all Health and Safety equipment is up-to-date.

Permanent and part-time staff members are continuously trained in the areas of First Aid, Safety, Fire, and evacuation. A safety committee is being established and will have regular monthly and quarterly meetings.

CHAPTER FIVE: FINANCIAL PERFORMANCE



KEY ACHIEVEMENTS

- ✓ 3.4% total revenue growth year on year.
- ✓ Hospitality and catering increased by 7% year on year.
- ✓ 100% spending on the adjusted capital expenditure budget of R25 294 000 . The capex is mainly spent on Buildings and renovations, Stage equipment upgrades and Information Technology.

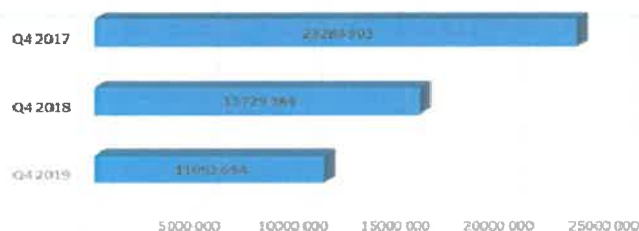
Section 1: Statement of Financial Position and Highlevel Notes

High level Notes

Cash and cash equivalents down by 30% year on year. Current ratio for the entity is down by 25% year on year from 1.68:1 to 1.26:1 still above the City's norm of 1:1, while the solvency ratio has improved by 9% at 1.99:1 from the 1.84:1 same period last year which is lower than a norm of 2:1, however this does not pose a challenge for the entity as the asset base does not grow because a lot of asset improvements are funded by the shareholder. Current assets have gone down by 39% year on year while current liabilities gone down by 23%. Total assets gone down by 23% year on year while total liabilities also gone down by 28% year on year.

	FY 2019	FY 2018	FY 2017	FY 2016	FY2015
ASSETS					
Current Assets	21,547,425	35,555,192	29,362,415	24,771,108	20,065,810
Non-Current Assets	17,001,972	14,226,795	12,915,618	12,591,082	13,532,648
Total Assets	38,549,397	49,781,987	42,278,033	37,362,190	33,598,458
Liabilities					
Current Liabilities	17,088,248	22,132,969	15,399,376	20,226,815	15,658,230
Non-Current Liabilities	2,249,967	4,696,935	4,421,340	1,693,222	2,089,271
Total Liabilities	19,338,215	26,829,904	19,820,716	21,920,037	17,747,501
Assets	38,549,397	49,781,987	42,278,033	37,362,190	33,598,458
Liabilities	19,338,215	26,829,904	19,820,716	21,920,037	17,747,501
Net Assets	19,211,182	22,952,083	22,457,317	15,442,153	15,850,957

Cash Balances



Section 2: Statement of Financial Performance and Highlevel Notes

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018
ASSETS			
Current Assets			
Inventories	2	2,838,877	5,852,601
Receivables from exchange transactions	3	5,333,834	10,898,087
VAT receivable	4	2,301,833	3,075,107
Cash and cash equivalents	5	11,052,694	15,729,386
		21,527,238	35,555,191
Non-Current Assets			
Property, plant and equipment	6	14,779,470	11,902,101
Intangible assets	7	619,802	731,994
Heritage assets	8	1,602,700	1,592,700
		17,001,972	14,226,795
Total Assets		38,529,210	49,781,986
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	9	14,288,568	19,116,636
Provisions	10	2,786,043	3,016,333
		17,074,611	22,132,969
Non-Current Liabilities			
Deferred tax	11	2,336,864	4,696,935
Total Liabilities		19,411,475	26,829,904
NET ASSETS		19,117,735	22,952,082
Share capital	31	10	10
Reserves			
Investment from Shareholder		1,784,049	1,784,049
Accumulated surplus		17,333,676	21,168,023
Total Net Assets		19,117,735	22,952,082

High level Notes

The company posted a deficit of R5 100 029 (after taxation) for the year under review, inclusive of COJ subsidy. Earned Income consists of:

- Ticket sales from in-house productions R6.6 million;
- Theatre rentals R9.3 million,
- Ticketing services of R1.3 million,
- Income from hospitality, bars, restaurant, refreshments, merchandise R31.9million,
- Interest earned R5 million and Other income of R0.988 million
- Earned income calculation excludes the City of Joburg subsidy of R116.4 million.

During the year under review earned income decreased by 10% to R63.8 million, as compared to the prior year R71 million. Expenditure totalled R187.4 million, an increase of 7.6% as compared to the prior year R174.2 million. The entity exercises prudence in its judicious management of expenditure.

Section 3: Cashflow Statement and Highlevel Notes

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

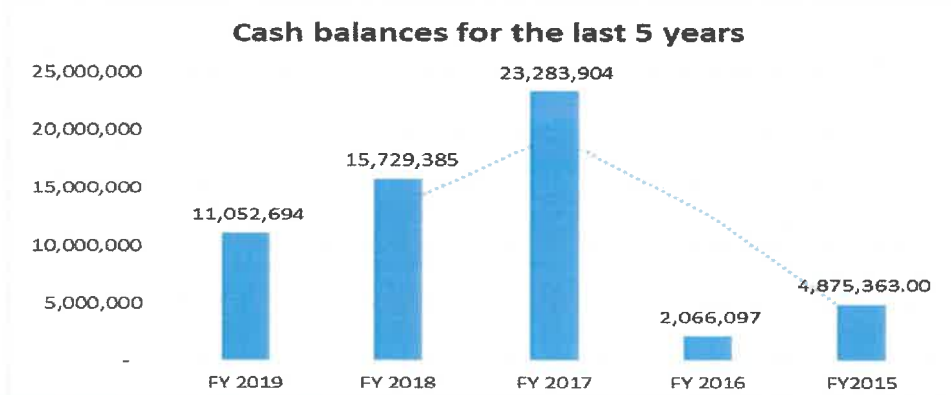
Annual Financial Statements for the year ended 30 June 2019

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Receipts			
Sale of goods and services		65,100,743	58,389,911
Grants		116,447,000	104,432,000
Interest income		5,033,894	5,544,523
		<u>186,581,637</u>	<u>168,366,434</u>
Payments			
Employee costs		(77,181,146)	(64,058,302)
Suppliers		(110,451,486)	(109,199,403)
Taxes		(463,622)	-
		<u>(188,096,254)</u>	<u>(173,257,705)</u>
Net cash flows from operating activities	21	<u>(1,514,617)</u>	<u>(4,891,271)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(3,003,252)	(1,995,221)
Purchase of other intangible assets	7	(43,823)	(888,026)
Purchases of heritage assets	8	(115,000)	-
Net cash flows from investing activities		<u>(3,162,075)</u>	<u>(2,883,247)</u>
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		<u>(4,676,692)</u>	<u>(7,554,518)</u>
Cash and cash equivalents at the beginning of the year		15,729,386	23,283,903
Cash and cash equivalents at the end of the year	5	<u>11,052,694</u>	<u>15,729,385</u>

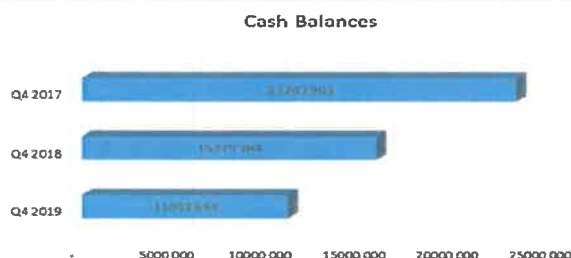
High level Notes

Cash and cash equivalents down by 30% year on year.



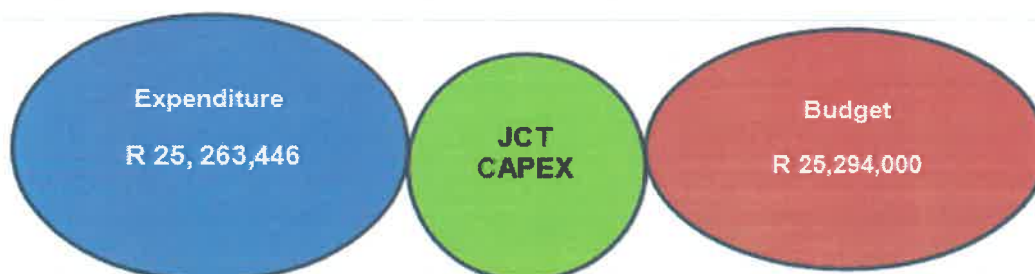
Cash flow results for the year 2018/19 Financial Year

	2019	2018	2017
Cash flows from operating activities	- 1 514 617	- 4 891 272	22 982 080
Net cash flows from investing activities	- 3 162 075	- 2 663 247	- 1 588 971
Cash flows from financing activities	-	-	175 304
Opening balance	15 729 386	23 283 903	2 066 098
Cash and cash equivalents at the end of the year	11 052 694	15 729 384	23 283 903



Section 4: Capital Projects and Expenditure

The budget for 2018/19 financial year is R 25,294,000. Joburg City Theatres managed to spend and achieve target, which is in line with City's vision to ensure that capital expenditure budget is 100% spent. The diagram below depicts the current status quo for JCT capital expenditure.



JOBURG CITY THEATRE'S CAPEX 2018/19			
PROJECT	CURRENT CAPITAL EXPENDITURE		
	Current Expenditure	Budget 2018/19	% spend to date against full year budget
JOBURG THEATRE BUILDING RENOVATIONS AND UPGRADES	R 1,914,000.00	R 1,914,000.00	100%
JOBURG THEATRE UPGRADE OF STAGE MACHINERY , RENEWAL PLANT & EQUIPMENT	R 16,679,494.33	R 16,680,000.00	100%
JOBURG THEATRE TECHNICAL EQUIPMENT NEW OPERATIONAL	R 1,224,000.01	R 1,224,000.00	100%
JOBURG THEATRE INFORMATION TECHNOLOGY	R 407,868.25	R 408,000.00	100%
ROODEPOORT THEATRE BUILDING RENOVATIONS	R 198,978.50	R 200,000.00	99%
ROODEPOORT THEATRE STAGE EQUIPMENTS UPGRADES	R 827,370.19	R 840,000.00	98%
SOWETO THEATRE BUILDING RENOVATIONS	R 514,481.60	R 528,000.00	97%
SOWETO THEATRE STAGE EQUIPMENTS UPGRADES	R 500,000.00	R 500,000.00	100%
METRO CENTRE CANTEEN UPGRADE	R 2,997,253.65	R 3,000,000.00	100%
	R 25,263,446.53	R 25,294,000.00	100%

Section 5: Ratio Analysis

Financial Ratios	30-Jun-19	30-Jun-18	Target	Norm	Interpretation
Current Ratio	1.26	1.68	> 1.00	1.5 to 2:1	The current ratio is below the norm of between 1.5 to 2.1, however this does not pose any challenge as it is still above the target of 1 and some of the payables relates to deferred income for future shows.
Solvency Ratio	1.99	1.84	> 2.00	02:01	Solvency Ratio is also below the norm of 2:1 and again this is not a challenge for the entity because as 10% of the payables relates to deferred income received for future shows.
Debt: Revenue	11%	29%	< 45%	45%	The ratio is above the target as the entity does not raise its funds from borrowings.
Remuneration	41%	41%	At least 30%	25% - 40%	The ratio is within the accepted range and JCT will continue to monitor this ratio and put measures in place to ensure it does not go outside the norm.
Repairs & Maintenance	17%	1%	8%	8%	The ratio is above the norm of 8%.
Interest: Expenditure	0%	0%	< 7%	<7%	The entity is really not financed by interest bearing borrowings hence a lower ratio on interest hence target was achieved.
Net Operating surplus	-3%	5%	At least 15%	= or > 0%	The entity is sitting at a position of less than 0% which implies that the entity is operating at a deficit, the entity will optimise revenue to improve the bottom line.
Cost Coverage Ratio	1	1	> 45 Days	1 - 3 Months	The entity is above the norm of 1 - 3 months which means the entity will be able to meet its obligations to provide basic services

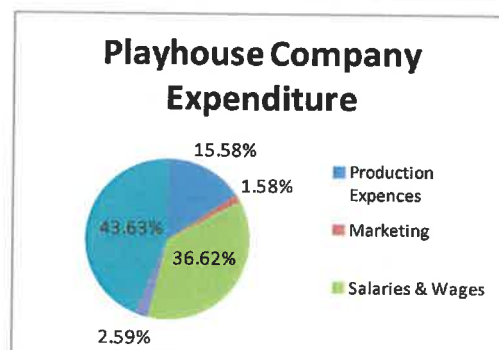
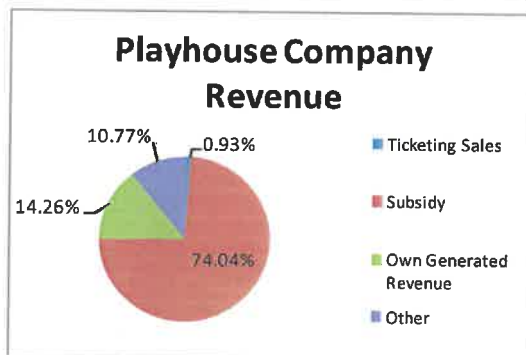
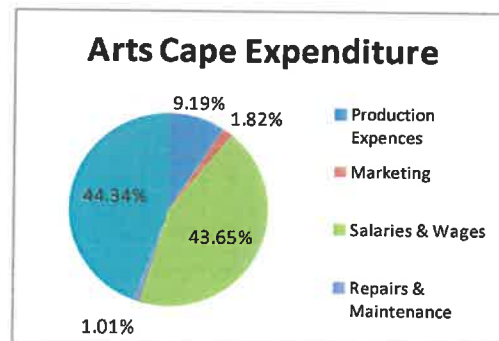
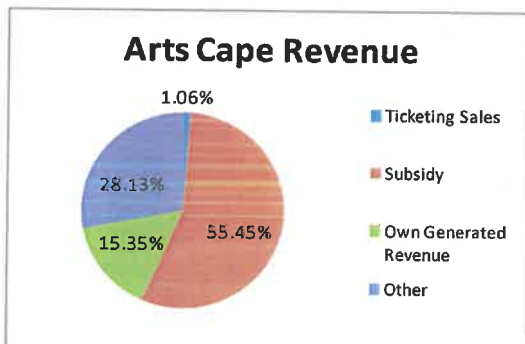
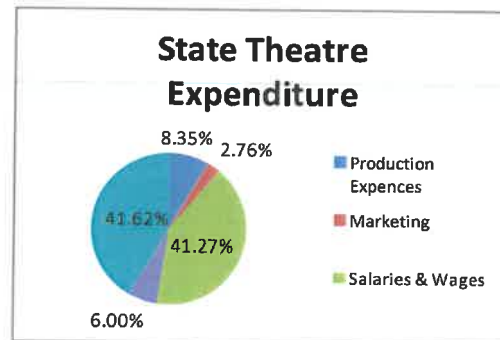
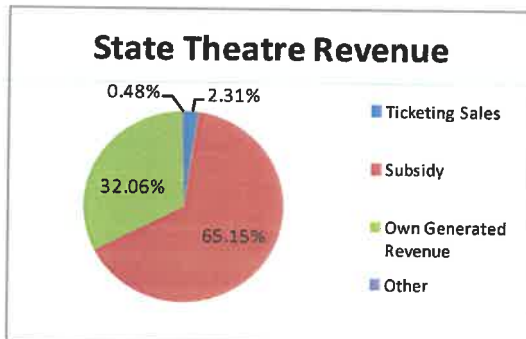
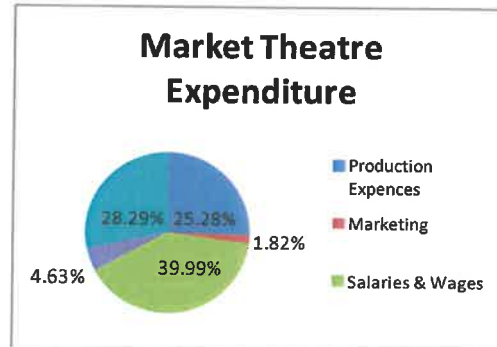
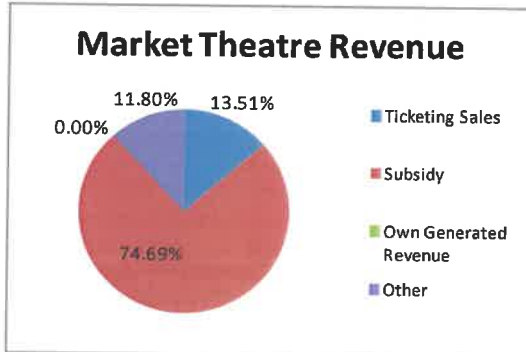
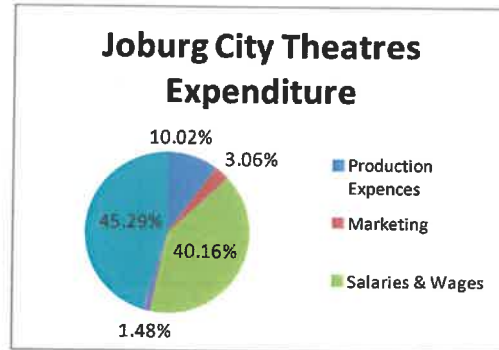
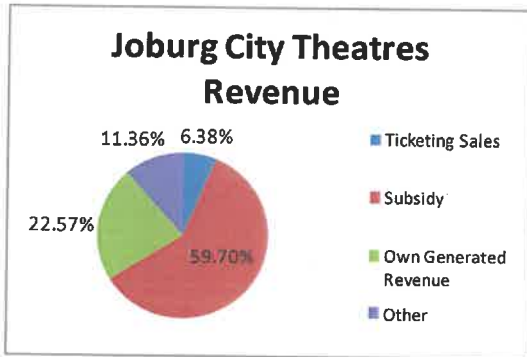
Benchmarking Ratios

Below is the benchmarking ratios to other entities within the industry based on revenue and expenditure:

	Joburg City Theatres	Joburg City Theatres %	The Market Theatre	The Market Theatre %	The S A State Theatre	The S A State Theatre %	Arts Cape	Arts Cape %	The Playhouse Company	The Playhouse Company %	TOTAL
Revenue											
Ticketing Sales	11 155 035.00	6.38%	9 200 841.00	13.51%	2 178 288.00	2.31%	1 124 429.00	1.06%	803 868.00	0.93%	24 462 461.00
Subsidy	104 432 000.00	59.70%	50 861 326.00	74.69%	61 386 650.00	65.15%	58 699 000.00	55.45%	64 060 384.00	74.04%	339 439 360.00
Own Generated Revenue	39 484 738.00	22.57%	-	0.00%	30 208 799.00	32.06%	16 252 593.00	15.35%	12 342 021.00	14.26%	98 288 151.00
Other	19 865 918.00	11.36%	8 034 357.00	11.80%	454 450.00	0.48%	29 780 556.00	28.13%	9 317 834.00	10.77%	67 453 115.00
	174 937 691.00	100.00%	68 096 524.00	100.00%	94 228 187.00	100.00%	105 856 578.00	100.00%	86 524 107.00	100.00%	529 643 087.00
Expenditure											
Production Expenses	17 471 017.00	10.02%	17 010 542.00	25.28%	7 940 155.00	8.35%	9 202 743.00	9.19%	14 223 989.00	15.58%	65 848 446.00
Marketing	5 332 585.00	3.06%	1 221 468.00	1.82%	2 622 589.00	2.76%	1 818 386.00	1.82%	1 440 296.00	1.58%	12 435 324.00
Salaries & Wages	70 049 916.00	40.16%	26 900 823.00	39.99%	39 228 853.00	41.27%	43 686 720.00	43.65%	33 428 138.00	36.62%	213 294 450.00
Repairs & Maintenance	2 577 246.00	1.48%	3 112 654.00	4.63%	5 706 489.00	6.00%	1 006 088.00	1.01%	2 359 785.00	2.59%	14 762 262.00
General Expenses	79 012 164.00	45.29%	19 031 742.00	28.29%	39 563 074.00	41.62%	44 379 249.00	44.34%	39 821 973.00	43.63%	221 808 202.00
	174 442 928.00	100.00%	67 277 229.00	100.00%	95 061 160.00	100.00%	100 093 186.00	100.00%	91 274 181.00	100.00%	528 148 684.00
Surplus/(Defecit)	494 763.00		819 295.00		-832 973.00		5 763 392.00		-4 750 074.00		

N/B: At the time of reporting, other theatres have not published their 2018/19 intergrated reports.

Pie charts below depicts the benchmarking ratios to other entities within the industry based on revenue and expenditure:



Section 6: Supply Chain Management and Black Economic Empowerment

The entity has adopted Supply Chain Management systems in compliance with the provisions of the MFMA and the National Treasury: Municipal Supply Chain Management Regulations, 2005. An SCM unit was established in September 2005 and which monitors the implementation of the entity's SCM policies in line with the regulations which seeks to modernises financial governance and improve accountability and transparency in the entity's processes. The entity's SCM policies provide for the exclusion of awards persons in the service of the state subject to the exemptions and regulations issued by National Treasury from time to time.

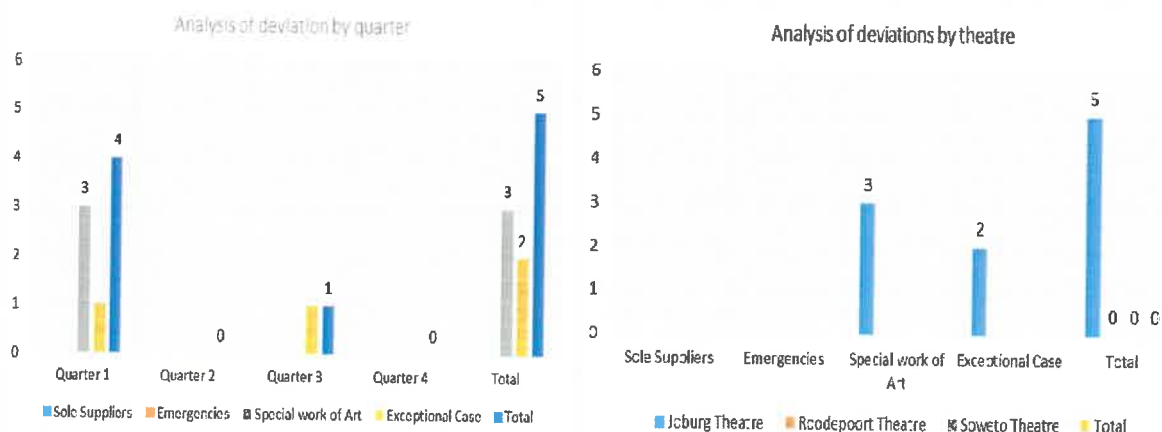
The entity has implemented the three-stage bidding processes with separate Bid specification, Bid evaluation and Bid Adjudication committees having been created.

The company SCM policy contains the following fundamental aspects:

- Adherence to the constitutional expectations regarding the procurement system
- Adherence to the Preferential Procurement Policy Framework Act
- Adherence to the Municipal Finance Management Act
- Adherence to delegation of powers as per requirements of the law
- A bid Adjudication committee was incepted in the last quarter of 2005
- All bid committees were subsequently aligned in 2006, namely Bid Specification, Bid

The Board has ensured that the procurement policy embraced the objectives of broad-based Black Economic Empowerment and the Managing Director, as the Accounting Officer of the Company, was tasked as the custodian for effective implementation. The Capital projects implemented during this period served as valuable foundations for ensuring community participation in our BEE programmes. This pace will be enhanced and the Company will continue to be sensitive to the financial constraints facing emerging black businesses.

Deviations report



Category	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Sole Suppliers	1	0	0	0	1
Emergencies	0	0	0	0	0
Special work of Art	2	0	0	0	2
Exceptional Case	1	0	1	0	2
Total	4	0	1	0	5

Category	Joburg Theatre	Roodepoort Theatre	Soweto Theatre	Total
Sole Suppliers	1	0	0	1
Emergencies	0	0	0	
Special work of Art	2	0	0	2
Exceptional Case	2	0	0	2
Total	5	0	0	5

Joburg City Theatres had a total of 5 deviations for the 2018/2019 financial year. Special works of arts and Exceptional Case which relates to professional and artistic fees on productions accounted for five (5) deviations. The company adhered to payments within 30 days

Irregular Expenditure

A detailed irregular expenditure report is covered in the CFO's report on chapter 1 section 4.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure reported in the CFO's report on chapter 1 section 4.

Section 7: Pending Litigations and Possible Liabilities

A matter is in court amounting to R9,020,000 from the lawyers of Sarah Elizabeth Bosch after she fell into the orchestra pit. Bosch's attorneys claim that the incident was caused due to negligence by Joburg Theatre. Another matter relates to a claim by Soweto Jazz International Festival for alleged breach of contract regarding the hosting of the Soweto International Jazz Festival and the claim amounts to R24 505 130. Both matters are still pending.

Section 8: Insurance Claims against/to MOE/Department

During the year under review, there were 3 incident reported as follows:

Date of Incident	Nature of Lost	Claim Number	Comments	Value
2019/02/01	Joburg Theatre Temporary & Permanent Disability Claim : M Seedat	JOTH/0219/032644/GPA	Motor bike incident	Not yet received from the insurance
2019/02/07	Joburg Theatre Broken Glass at the Lesedi Theatre	Not yet received	N/A	R 7 500.00
2018/02/13	Roodepoort Theatre quantum 2.5 vehicle hijack and recovered by the vehicle tracking company	JOTH/0219/033371/MOR	Vehicle is a code 3 Write off	R 395 500.00

Section 9: Statement on Amounts Owed By and To Government Departments and Public Entities

The table below depicts Amounts Owed by Government Departments and Public Entities

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	3 221 463	The amount is sitting under 30 days on the debtors age analysis	100% of this balance is for COJ department and COJ entities
Department of arts and culture	1 600 000	This amount is sitting over 120 days on debtors age analysis	This was sponsorship for the Africa Day celebration

The table below depicts Amounts Owed by Joburg City Theatres to Government Departments and Public Entities

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	938 886	The account is sitting under current on the creditors' age analysis.	The balance relates to amount owed to City of Johannesburg and City parks and Zoo NPC

CHAPTER SIX: *INTERNAL & EXTERNAL AUDIT FINDINGS*



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

KEY ACHIEVEMENTS

- Clean audit opinion
- Annual financial statements submitted were free from material misstatements.
- 100% resolution of 2015/16 external audit findings
- No repeat findings
- Stable internal control environment

Section 1: Progress on Internal Audit Plan

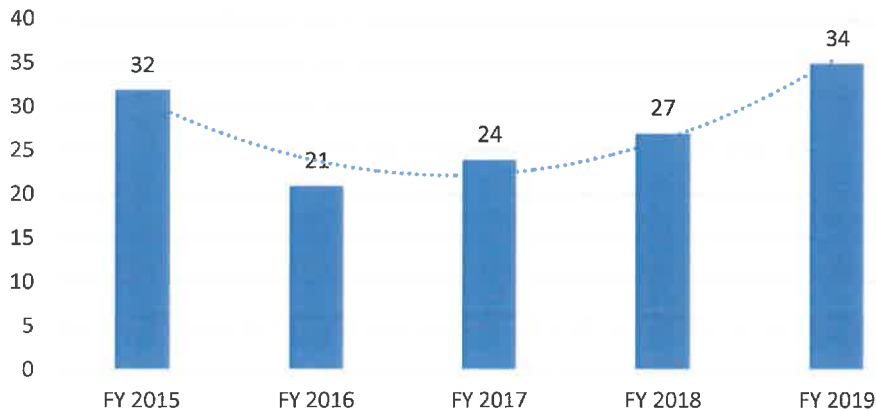
The purpose of this report is to provide status on the internal and external audit findings raised by Group Risk Assurance Services (Internal Auditors) and Auditor General (External Auditors), audit progress status of the current financial year (2018/19) and coverage plan.

The following table shows 8 business areas to be audited in the current financial year in terms of the coverage plan and 18 components have been completed while 1 are in progress. Some internal audit reports have been received with 34 audit findings:

BUSINESS AREA	AREA OF FOCUS	TIMELINES	STATUS
MARKETING	Marketing of all three Theatres	Q2	Completed
EXTERNAL ENVIRONMENT	Youth Development	Q2	Completed
MAITENANCE	Maintenance and security	Q2	Completed
	Health and safety	Q2	Completed
	Repairs and Maintenance	Q2	Completed
PERFORMANCE INFORMATION	Quarterly	Quarterly	Completed
HUMAN RESOURCES	Human Capital	Q3	Completed
	Leave Management	Q3	Completed
INFORMATION TECHNOLOGY	IT Application Control Review	Q3	Completed
	IT General Controls Review	Q3	Completed
COMPLIANCE TO CODE OF CONDUCT	Compliance to City's Code of conduct	Q3	Completed
FINANCE	Revenue Management (including Hospitality and Catering)	Q4	Completed
	Petty Cash	Q4	Completed
	Payroll Review	Q3	Completed
	Accounts payable	Q4	Completed
	Assets Management	Q4	Completed
	Supply Chain & Expenditure Management	Q4	Completed
	Quarterly Assurance on AFS preparation including compliance with related legislation	Q4/Q1 next FY	Report outstanding

There has been an increase of 14% internal audit findings in 2016/17, again in the prior financial year from 24 internal audit findings to 27 internal findings (12.5%), 34 Audit finding have been raised in the current year (2018/19).

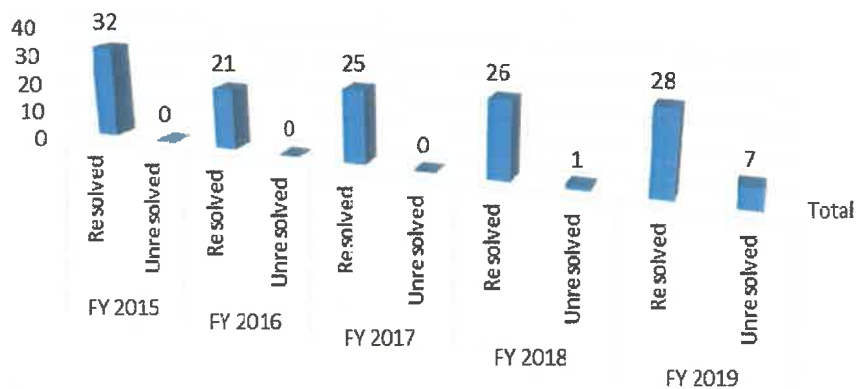
Analysis of Internal Audit Findings per financial year



Section 2: Progress on Resolution of Internal Audit Findings

Internal audit findings from financial year 2015 to 2017 have been resolved. Out of 27 audit findings that are issued in the previous financial, only 6 have not been resolved. In the current financial year out of 34 audit findings 7 are in progress.

Resolution of Internal Audit Findings



ACTION PLAN FOR INTERNAL AUDIT FINDINGS 2018/19

#	Dpt	Heading	Action Required	By Whom	When	Status	Comments
1	Youth Development	Participants enrolled into a programme without attending auditions.	The youth development department sent the identification names to the programme facilitators to certify that the learners did attend auditions in 2017.	Makhosazana Hlatswayo community and development manager	22-Feb-19	Done	The department has sent the identification names to the facilitators and documents have been made available
2	Youth Development	Participant's agreement and indemnity forms not signed.	Youth development manager contacted the listed learners and their parents to collect and return the 2018 signed indemnity forms.	Community and youth Development Manager: Soweto Theatre	28-Feb-19	Done	Started the programme in March, the assumption is that the facilitators directly to join the DNA actors workshop thus we do not have their auditions and indemnity forms.
3	Youth Development	Lesson plans in line with the approved curriculum not submitted by facilitators throughout the duration of the programme.	Facilitators instructed to submit their reports and lesson plans for 2018.	Community Development Manager: Joburg Theatre	28-Feb-19	Done	Curriculum was submitted at the GM at the end of February.
4	Youth Development	Non-submission of monthly plans and progress reports by facilitators.	Youth development department and programme facilitators met with JCT Director to help guide the process of creating a curriculum with clear and concise outcome. The curriculums are submitted to the AGM at the end of February.	List'Omon g programme facilitators and community youth development manager	28-Feb-19	Done	Curriculum was submitted at the GM at the end of February.
5	Youth Development	No signed contract between facilitators and Soweto theatre.	Request a copy of the signed contract from the HR office for Ms Lenesia Meyer of the first quarter of 2017/2018 final year. Created share folder where all youth development documents will be stored and submitted to the HR. Access to the folder is granted for AGM.	Community and youth Development Manager: Soweto Theatre	28-Feb-19	Done	A copy of the signed contract for Ms Lenesia Meyer for the 1st quarter of 2017/18 financial year has been requested from the HR office.

6	Youth Development	Code of conducts not signed	All parents of the learners have been contacted and requested to come sign of return the signed code of conduct.	Community and youth Development Manager: Soweto Theatre	28-Feb-19	Done	All the parents of the identified learners have been contacted and requested to come sign or return the signed code of conduct
7	Health and Safety	There no appointment letters for Health and Safety Representatives	We have all health and safety representatives' appointment letters, for the three theatres signed by 28 February 2019. Modify the original document as per instruction from the inspector of Machinery.	Occupational health and safety manager	28-Feb-19	Done	Evidence has been provided
8	Health and Safety	First aid has expired contents	I have moved the first aid box to the desk of Kea Phuti, who is now the first-aid for the 1st and 2nd floor- Updated medical aid boxes.	Occupational health and safety manager	01-Mar-19	Done	It must be noted that there is a first aid room next to the Admin Office which has a removable first aid box. Evidence provided.
9	Health and Safety	No signage at Joburg theatre	All the signage for the DB's and Fire Hydrants was installed.	Occupational health and safety manager	28-Feb-19	Done	signage are installed
10	Health and Safety	Discrepancies noted during fire drill	The correct reflective jackets will be purchased. All floor wardens will be retrained.	Occupational health and safety manager and general manager-building and security	29-Mar-19	Done	Jackets are purchased.
11	Security audit	No proof provided that cameras were taken out for repairs.	Printed a removal permit book and handed to Soweto theatre.	General manager-building and security	29-Mar-19	Done	Printings have been submitted.
12	Marketing	Inadequate marketing of the mobile theatre truck.	Internal advertising. External advertising sales representatives.	Marketing executive Joburg city theatre	no dates	Done	Joburg theatres have joined partnership with BONA. Supporting documents have been attached.
13	Marketing	Inadequate marketing at Roodepoort theatre	Poles are installed and posters are placed on these posters inside the theatre.	General manager Roodepoort theatre	28-Jun-19	Done	Evidence has been provided

14	Marketing	Not all theatres used to advertise all current shows	Assist with distributions of flyers on a weekly basis.	Marketing executive Joburg city theatre	No dates	Done	Evidence has been provided
15	Marketing	Stage restaurants at the Joburg zoo has no theatre advertising	Flyers are sent through a flyer distribution plan is created per show which the number of flyers printed are dependant of budget availability.	Marketing executive Joburg city theatre	No dates	Done	Documents have been made available
16	Repairs and maintenance	Defect at Joburg theatre	Repairs are done.	General manager joburg city theatre	Immediately	Done	Repairs are done
17	Repairs and maintenance	Defect at Roodepoort theatre	All fittings are placed and a par stock of bulbs to be held on premises. Doors are repaired.	General manager Roodepoort theatre	31-Apr-19	Done	Repairs are done
18	Repairs and maintenance	No evidence of inspections conducted by building manager on the work conducted by contactors at Roodepoort theatre	These documents are the RCT (Roodepoort city theatre).	General manager Roodepoort	30-Apr-19	Done	Evidence has been provided
19	Repairs and maintenance	Defects at Soweto theatre	Requested filter is replaced.	General manager Soweto theatre	01-Jun-19	Done	Documents have been made available.
20	Repairs and maintenance	No evidence of inspections conducted by building manager on the work conducted by contactors at Soweto theatre	All invoices are accompanied by a job card prior to their signature for payments verifying all work completed. A detailed RFQ are sent out and suppliers' submitted quotes to deliver the works are requested.	General manager Soweto theatre	05-Apr-19	Done	Documents have been made available.
21	Leave management	Leave management policy not aligned to the sage system	The policy has been aligned to sage system, reviewed and submitted to the board for approval.	HR manager	31-Jul-19	Done	reviewed and submitted for approval

22	Petty Cash	No odometer reading for the use of own vehicle	The entity has started the implementation of capturing odometer readings in the claims during the current financial year.	Finance Manager	Immediately	Done	Complete odometer readings are captured.
23	Petty Cash	Petty cash exceeding R2000.00	The entity is not using petty cash to pay these adhoc employees when exceeding R2000.	Finance Manager	30-Jun-19	DONE	Previous petty cash exceeding 2000 are adjusted
24	Petty Cash	Petty cash not approved by the HOD	The acting GM has now counter signed the documents in question.	Acting general manager	30-Jun-19	DONE	Petty cash has been proved by Acting General Manager
25	Asset management	Asset not found	Management investigated the existence of these assets and made available for verification.	Phumlani Nkomo	31-Aug-19	In progress	This will be complete once the asset verification is complete
26	Asset management	Assets not recorded in asset register	Management established whether assets are not part of asset previously written off, and conducted valuation if found that the assets are still in use.	Phumlani Nkomo	31-Aug-19	In progress	This will be complete once the asset verification is complete
27	Asset management	Incomplete asset transfer	Management will continue to enforce the use of the assets transfer from when assets are moved between locations.	Phumlani Nkomo	31-Aug-19	In progress	This will be complete once the asset verification is complete
28	Asset management	Assets not bar coded and some incorrectly bar coded	Management investigated the funding of the asset without barcodes and correct the barcode.	Phumlani Nkomo	31-Aug-19	In progress	This will be complete once the asset verification is complete
29	IT	No user training/ awareness on the IT policies	Training session at all 3 theatres	Raymond Potgieter and Justine Lipson	31-Aug-13	In progress	This will be complete once the IT is complete
30	IT	Physical and environmental controls not adequate	Implementation of controls	Raymond Potgieter and Justine Lipson	30-Sep-19	In progress	This will be complete once the IT is complete
31	IT	Inconsistencies between the ICP policy and the DRP	Align the DRP with the new IT policy, and have the DRP approved by the board	Justine Lipson	01-Nov-19	In progress	This will be complete once the IT is complete
32	IT	Access right not aligned to employee roles (incompatible right)	Access right must be reviewed and attached	FM	Immediately	Done	Access right is reviewed and attached

33	IT	Security settings are not adequate	Active directory has been enabled however sage does not have time-out or lockout	IT manager	Immediately	Done	Active directory has been unable to lock out users after 600 seconds (10 minutes). This will alleviate risks that the sage does not have the in active time-out
34	IT	Administrator activities not reviewed	the policy is effective 01 July 2019	Chief Operations Office	31-Jul-19	Done	COO has reviewed the activities of the SAGE, PASTEL administration on a monthly basis, through the agent reports.

Section 3: Progress on Resolution of External Audit Findings

History of Auditor- General Findings

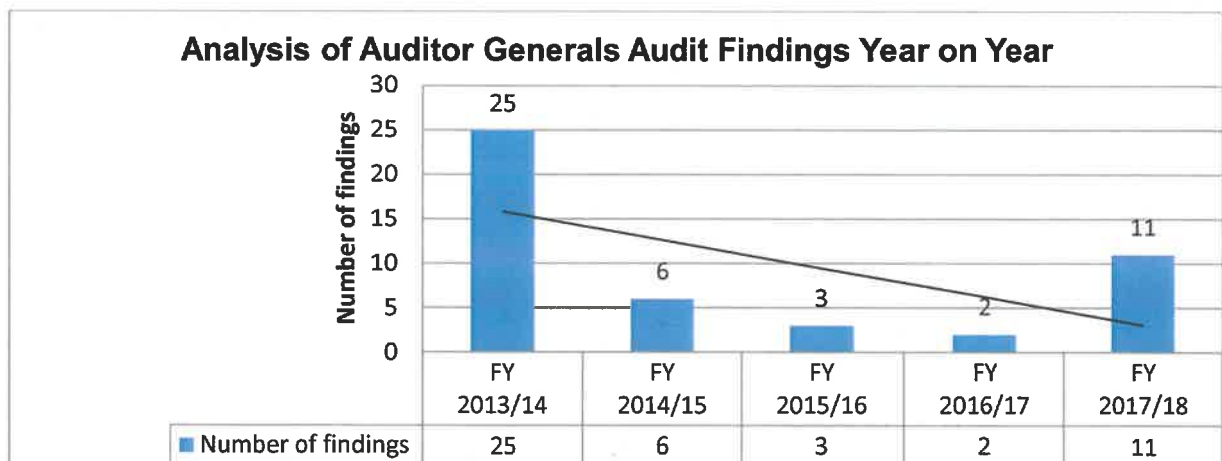
The constitution S188 (1) (b) states that the functions of the Auditor- General includes the auditing and reporting on the accounts, financial statements and financial statement and management statement of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Financial Audit Opinion	Clean	Clean	Clean	Clean	Clean	Clean
Performance Audit Opinion	Clean	Clean	Clean	Clean	Clean	Clean

As an independent assurance function, the AGSA's primary objective is to review, appraise and report on the adequacy and effectiveness of the system of internal controls regarding risk management and governance processes

Analysis of AGSA Audit Findings

There has been an increase on the external audit findings from year 2016/17 to 2017/18, they moved from 2 to 11.



Auditor General of SA raised 11 audit findings in 2017/18 financial year; only 1 have not yet been resolved. All other audit findings coming from the previous years were resolved.

Section 4: Overall State of Internal Controls

The internal Audit of Joburg City Theatres provides the Audit and Risk Committee and management with assurance that the internal controls are adequate and effective; in line with section 165 of the MFMA, the Institute of Internal Auditors (IIA) Standards and the requirements of King IV Report on Corporate Governance for South Africa. This is achieved by means of regular risk based audit assignments, as well as the identification of corrective actions and suggested enhancements to the controls and processes in respect of key risk areas identified.

In line with best practice and Municipal Management Finance Act (MFMA) requirements, Group Risk and Assurance Services (GRAS) compiled a risk-based audit coverage plan for the Joburg City Theatres which was approved by the Audit and Risk Committee on July 12th 2018. This audit coverage plan has taken into consideration areas that are perceived to be of high risk as per the risk registers for the three theatres and areas identified by management. The timelines indicated on the plan were discussed and agreed with management.

As at 30 June 2019 internal audit provided assurance on high risks identified during risk assessments by prioritising these areas during annual planning. Some of the medium and low risk areas were also audited where possible. The system of internal control was reasonably adequate and effective, for the year under review.

Commitment by the Board of Directors

The Board that has satisfied itself that the remedial actions taken on matters raised by the Auditor-General are adequate.



Chairperson

As submitted to the Auditor-General on 30 November 2019.

APPENDICES AND ANNEXURES

Section 1: Report of the Auditor-General

Report of the auditor-general to Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on Joburg Theatre (SOC) Ltd

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Joburg Theatre (SOC) Ltd set out on pages... to ..., which comprise the statement of financial position as at 30 June 2019, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Joburg Theatre (SOC) Ltd as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act)

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

Context for the opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
5. I am independent of the Municipal entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Emphasis of matter

7. I draw attention to the matter below. My opinion is not modified in respect of this matter.

An uncertainty relating to the future outcome of litigations

8. With reference to note 36 to the financial statements, the municipal entity is the defendant in various lawsuits. The municipal entity is opposing the claims. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Responsibilities of the accounting officer for the financial statements

9. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting officer is responsible for assessing the Joburg Theatre (SOC) Ltd's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

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

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipal entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2018:

Strategic objectives	Pages in the annual performance report
Strategic objective 1: Provision of opportunities for the youth, including future arts practitioners and entrepreneurs	84
Strategic objective 2: High quality performing arts and entertainment experience and facilities	85
Strategic objective 3: Affordable access to and use of theatres by communities	86

16. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the

indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected strategic objectives:

- Strategic objective 1: Provision of opportunities for the youth, including future arts practitioners and entrepreneurs
- Strategic objective 2: High quality performing arts and entertainment experience and facilities
- Strategic objective 3: Affordable access to and use of theatres by communities.

Other matters

18. I draw attention to the matters below.

Achievement of planned targets

19. Refer to the annual performance report on page(s) 1 – 127 for information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the municipal entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. I did not identify material findings on compliance with the specific matters in key legislation as set out in the general notice issued in terms of the PAA.

Other information

22. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act). The other information does not include the financial statements, the auditor's report and those selected strategic objectives presented in the annual performance report that have been specifically reported in this auditor's report.

23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor General

**Johannesburg
30 November 2019**



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected strategic objectives on the municipal entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 municipal entity’s internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Joburg Theatre’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause a municipal entity to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

Section 2: Audited Annual Financial Statements

JOBURG THEATRE

Joburg Theatre (SOC) Limited
Operates as a Municipal Entity of



Joburg Theatre (SOC) Limited 2019
Annual Financial Statements
for the year ended 30 June 2019

Auditor General of South Africa
Registered Auditors

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Entertainment and Hospitality
DIRECTORS	<p>Mr. Nkopane Maphiri (Chairperson) Ms. Ashley Hayden Ms. Mpho Lecoge Ms. Stella Baloyi Ms. Amanda Forsythe Mr. Mpumetelo Mkhabela Resigned on 17 April 2019 Mr. Junior Ramovha Prof. Theophilus Mukhuba Resigned on 17 April 2019 Mr. Masixole Mwebi CA(SA) Appointed on 17 April 2019 Ms. Kwathelani Tshikovhi Appointed on 17 April 2019 Ms. Hazel Thembelihle Nyewula Appointed on 17 April 2019 CA(SA) Ms. Xoliswa Ndaneni-Ngema CEO Appointed on 1 November 2018 Mr. Solomon Mphakathi CA(SA) (CFO)</p>
REGISTERED OFFICE	163 Civic Boulevard Braamfontein Johannesburg 2017
BUSINESS ADDRESS	163 Civic Boulevard Braamfontein Johannesburg 2017
POSTAL ADDRESS	PO BOX 31900 Braamfontein Johannesburg 2017
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
AUDITORS	Auditor General of South Africa Registered Auditors
SECRETARY	Philipa Maduka
COMPANY REGISTRATION NUMBER	2000/013032/07

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

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Statement of Financial Performance	146
Statement of Changes in Net Assets	147
Cash Flow Statement	148
Statement of Comparison of Budget and Actual Amounts	149 - 150
Appropriation Statement	151
Accounting Policies	152 - 168
Notes to the Annual Financial Statements	169 - 180

COID	Compensation for Occupational Injuries and Diseases
CAPEX	Capital Expenditure
EPWP	Expanded Public Works Programme
COJ	City of Johannesburg
GRAP	Generally Recognised Accounting Practice
OHASA	Oral Hygienists Association of South Africa
STC	Secondary Tax on Companies
IAS	International Accounting Standards
PAYE	Pay As You Earn
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
ASB	Accounting Standards Board
JCT	Joburg City Theatres
JT	Joburg Theatre

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Index

ST	Soweto Theatre
RT	Roodepoort Theatre
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CJMM	City of Johannesburg Metropolitan Municipality
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
SAMWU	South African Municipal Workers Union
PSIRA	Private Security Industry Regulatory Authority
AGM	Annual General Meeting
Board	Board of Directors

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/D13032/07)

Annual Financial Statements for the year ended 30 June 2019

Directors' Responsibilities and Approval

The Directors are required by the Municipal Finance Management Act (Act 56 of 2003) 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 the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

The annual financial statements 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 entity and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Directors set standards for internal control aimed at reducing the risk of error or deficit 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity 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 deficit.

The Directors have reviewed the entity's budget for the financial year 2019/20 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the City of Johannesburg Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that The City of Johannesburg Metropolitan Municipality has neither the intention nor the need to liquidate.

The annual financial statements set out on pages 140 to 189, which have been prepared on the going concern basis were approved by the Audit and Risk Committee.


Solomon Mphahlele, CA (SA)
Acting Chief Executive Officer


Mr. Nkopane Maphiri (Chairperson)
Chairman (Board of Directors)

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Audit and Risk Committee Report

The Audit and Risk Committee Chairperson, acting on behalf of the committee, is pleased to present the committee's report on the annual financial statements for the year ended 30 June 2019 as per Companies Act 71 of 2008 Sec 94 Paragraph 2 and King IV Paragraph 51.

Audit and Risk Committee members and attendance

The Audit and Risk Committee consists of the members listed hereunder and the chairman of the committee is not the chairman of the board of the company. The chairman of the committee periodically meets separately with the external auditor and the internal audit staff without members of executive management being present.

The Chief Executive Officer (appointed on 1 November 2018), Chief Financial Officer, Chief Operations Officer, Company Secretary, Group Risk and Assurance Services Representatives (Internal Audit and Risk Officials), Group Governance and External Auditor also attend meetings of the committee as invitees.

The following Audit and Risk Committee members served on the committee during the reporting period and met 6 times during the said period.

Name of Member	Number of Meetings Attended	Changes
Mr Mpumelelo Mkhabela (Chairperson) - Non-Executive Director	6	Resigned on 17 April
Ms. Amanda Forsythe (Non-Executive Director)	6	Resigned on 17 April
Ms Ashley Hayden (Non-Executive Director)	6	Resigned on 17 April
Ms Chrystal Cape Independent Audit Committee Member) CA(SA)	5	
Ms D Nyalunga Nyakale (Independent Audit Committee Member)		Appointed on 17 April 2019
Mr Masixole Mrwebi (Chairperson) - Non-Executive Director		Appointed on 17 April
Mr G Hove (Independent Audit Committee Member)		Appointed on 17 April

Audit and Risk Committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The objectives and functions of the committee are set out in its charter. In summary the committee:

- Aims to ensure the maintenance of adequate accounting records and effective financial reporting and internal control systems;
- Aims to ensure compliance of published financial reports with relevant legislation, reporting standards and good governance;
- Aims to ensure Joburg Theatre's assets are safeguarded;
- Has oversight of fraud and information technology risks in so far as these impact on the financial reporting process;
- Confirms the nomination and appointment of the external auditor;
- Ensuring such appointment is legislatively compliant;
- Approves the terms of engagement and fees of the external auditor as recommended by management;
- Defines and considers the non-audit services that may be rendered by the external auditor;
- Considers the external auditor's findings arising from the annual financial statement audit;
- Monitors the functioning and approves the coverage plan of the internal audit department;
- Reviews risk management and tax compliance programmes and initiatives;
- Fulfills the function of Audit and Risk Committee to the Roodepoort City Theatre NPC;
- Reviews the expertise, resources and experience of the Joburg Theatre's finance function and the expertise and experience of the Chief Financial Officer and;
- Reviews and recommends to the board the approval of the Joburg Theatre's Integrated Report.

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Audit and Risk Committee Report

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, Audit Risk Committee can report that the system of internal control over financial reporting for the period under review was adequate and effective.

Joburg Theatre aims to maintain a high standard of internal control. The sound control environment in the Joburg Theatre is founded on: strong responsibility for controls by executives; executive commitment to integrity and ethical values; and the skills and competence of executives.

The soundness of Joburg Theatre's control environment is illustrated through: management's hands-on operating style; clear communication through staff policies; assignment of authority and responsibility to appropriate levels of management; and a control consciousness throughout the entity.

Joburg Theatre's Board of Directors is ultimately responsible for the system of internal control, which is designed to ensure: effectiveness and efficiency of operations; safeguarding, verification and accountability of assets; detection and minimisation of fraud and losses; reliability of financial and operational information and reporting; and compliance with applicable laws, regulations, policies and procedures.

Joburg Theatre's Board delegates responsibility for the implementation and maintenance of the control framework to management. The Audit and Risk Committee, the internal and external auditors, assist the board in monitoring the effectiveness and adequacy of the control environment.

The Audit and Risk committee reports that during the period under review: internal control procedures were represented by management as having been substantially effective and appropriate; no material breach of internal controls and procedures was brought to its attention; key risks appeared to be adequately documented by management and appropriately monitored and reported on by the Audit and Risk Committee; policies and authority levels were represented by management as having been enforced and adhered to; and no material breaches of any laws affecting the entity were brought to its attention.

The Audit and Risk Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the management of the entity during the year under review.

Internal audit

The internal audit function provides assurance to the Joburg Theatre Board, via the Committee, on the adequacy and effectiveness of the entity's internal control and risk management practices, and the integrity of financial reporting systems. Internal audit also assists management by making recommendations for improvements to the control and risk management environment.

The principle of independence of the internal audit (Group Risk Assurance Services) is upheld and the Internal Audit Manager reports on operational matters to the Audit and Risk Committee and on administrative matters to the Chief Audit Executive at City of Johannesburg.

The scope of the internal audit department work includes: reviewing, appraising and reporting on the adequacy and effectiveness of the system of internal control; reviewing the processes and systems which are designed to ensure integrity in reporting of financial and operational information; and reviewing the adequacy of compliance with applicable policies, plans, procedures, laws and regulations.

Specific focus is placed on the system of internal control that ensures that assets and information are protected against loss, theft or misuse, as well as on those controls that ensure key transactional information is of high integrity. Internal audit also provides consultation and other services to management such as due diligence services, forensic audit services, systems auditing services, risk management services and special reviews or audits. There were no such services by Internal Audit for the period under review.

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Audit and Risk Committee Report

Audit and Risk Committee Report

The Audit and Risk Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues. The Audit and Risk Committee is of the opinion, based on the information and explanation given by management with the internal audit function and discussions with the external auditors that the internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the annual financial statements.

The Audit and Risk Committee considered the matter set out in the Companies Act and is satisfied with the independence and objectivity of the external auditors. Nothing significant, other than reported in the Directors' report, has come to the attention of the Audit and Risk Committee to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

External audit

Joburg Theatre's external auditor is Auditor General of South Africa. Fees paid to the auditor are detailed in note 23 of Joburg Theatre's annual financial statements.

The external auditor's annual audit plan, which incorporates the identification of significant risks and how they are to be addressed during the audit, is presented and approved at a meeting of the Committee before the commencement of audit fieldwork.

The Audit and Risk Committee is satisfied that the external auditor and the designated Audit Manager and Senior Manager are independent of Joburg Theatre and management and are therefore able to express an independent opinion on the fair presentation of Joburg Theatre's annual financial statements. The external auditor has unrestricted access to Joburg Theatre's records and management. The auditor furnishes a written report to the Audit and Risk Committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the Chairman of the Audit and Risk Committee.

Chief Financial Officer's expertise and experience

The Audit and Risk Committee reports in terms of the MFMA requirements that it was satisfied as to the appropriateness of the expertise and experience of Joburg Theatre's Chief Financial Officer during the reporting period.

Finance function expertise, resources and experience

Based on a consideration of the qualifications, participation in continuing professional education and relevance of the experience of key managers in the Finance department, as well as a review of the staff complement, functional responsibilities and information systems of the department, the Audit and Risk Committee evaluated the finance function, expertise, resources and experience in terms of the King IV Code and it is satisfied as to the appropriateness of the collective expertise and experience of Joburg Theatre's Finance function and the adequacy of its human and technological resources.

Annual Financial Statements

The Audit and Risk Committee has reviewed the annual financial statements of Joburg Theatre (SOC) Ltd and is satisfied that these annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended.

Mr Masixole Mrwebi CA(SA)
Chairperson of the Audit and Risk Committee

Date: _____

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Directors' Report

The directors submit their report for the year ended 30 June 2019.

1. Incorporation

The entity was incorporated on 15 June 2000 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The entity operates under four business units : Joburg Theatre, Soweto Theatre, Roodepoort Theatre and hospitality and catering. The primary business of Joburg City Theatres is to present and host productions from internally developed to externally produced shows. Hospitality and catering as a secondary business has grown substantially over the last year to over R30 million in the year under review. Joburg Theatre (SOC) Ltd trading as JCT is a wholly owned subsidiary (ME- Municipal Entity) of the City of Johannesburg Metropolitan Municipality.

Net deficit of the entity was R 5,193,476 (2018: surplus R 494,765), after taxation of R1,983,345 (2018: R 275,595).

3. Going concern

We draw attention to the fact that at 30 June 2019, the entity had an accumulated surplus (deficit) of R 17,333,676 and that the entity's total assets exceed its liabilities by R 19,117,735.

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.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the entity and that the subordination agreement referred to in note 29 of these annual financial statements will remain in force for so long as it takes to restore the solvency of the entity.

The Board of Directors of Joburg Theatre has considered the budgets and forecasts for the 2018/19 financial year approved by Council of the City of Johannesburg, and has satisfied itself that these were sufficient for the continued existence of operations of the entity at least in the foreseeable future, and therefore has concluded that the use of a going concern basis in its preparation of financial statements was appropriate.

The contractual period of Joburg Theatre's lease agreement on the use of the building is 20 years and the remaining period of this agreement is 1.5 years. New lease agreements are being drafted and will be signed in the next financial year. The use and maintenance agreement for Soweto Theatre building is in place - effective date is 01 January 2013. The operation of Roodepoort Theatre is covered by the transfer agreement signed on the 27th of November 2013.

4. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year unless otherwise it is stated in the annual financial statements, which significantly affects the financial position of the company or the results of its operations that would require adjustments to or disclosure in the annual financial statements.

5. Accounting policies

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury. The accounting policies used by JCT are detailed from page 152 to page 169.

6. Share capital

There were no changes in the authorised or issued share capital of the entity during the year under review.

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Directors' Report

7. Borrowing limitations

In terms of section 108(1) of the MFMA JCT may borrow money, but only in accordance with the entity's multi-year business plan referred to in section 87 (5)(d) , and the provision of chapter 6 of the MFMA to the extent that those provisions can be applied to JCT. (2) In applying chapter 6 to JCT, a reference in that chapter to a municipality, a municipal council or an accounting officer must be read as referring to JCT, the board of directors of JCT or the accounting officer of JCT, respectively.

8. Dividends

Joburg City Theatres as a Municipal Entity does not declare dividends.

9. Directors

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Mr. Nkopane Maphiri (Chairperson)	South African	
Ms. Ashley Hayden	South African	
Ms. Mpho Lecoge	South African	
Ms. Stella Baloyi	South African	
Ms. Amanda Forsythe	South African	
Mr. Mpumelelo Mkhabela	South African	Resigned on 17 April 2019
Prof. Theophilus Mukhuba	South African	Resigned on 17 April 2019
Mr. Masixole Mwebe CA(SA)	South African	Appointed on 17 April 2019
Ms. Kwathelani Tshikovhi	South African	Appointed on 17 April 2019
Ms. Hazel Thembehlile Nyewula CA(SA)	South African	Appointed on 17 April 2019
Ms. Xoliswa Nduneni-Ngema CEO	South African	Appointed on 1 November 2018
Mr. Solomon Mphakathi CA(SA) (CFO)	South African	

10. Secretary

The secretary of the entity is Philipa Maduka of:

Business address

Joburg Theatre Complex
163 Civic Boulevard
Braamfontein
Johannesburg
2017

Postal address

P O Box 31900
Braamfontein
Johannesburg
2017

11. Corporate governance

General

All references to the Companies Act in these annual financial statements refer to the Companies Act 71 of 2008, as amended by the Companies amendment Act 3 of 2011, unless otherwise indicated. The board is committed to business integrity, transparency and professionalism in all its activities as guided by the King IV code on Corporate Governance. As part of this commitment, the board supports the highest standards of corporate governance and the ongoing development of best practice.

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Directors' Report

7. Borrowing limitations

In terms of section 108(1) of the MFMA JCT may borrow money, but only in accordance with the entity's multi-year business plan referred to in section 87 (5)(d) , and the provision of chapter 6 of the MFMA to the extent that those provisions can be applied to JCT. (2) In applying chapter 6 to JCT, a reference in that chapter to a municipality, a municipal council or an accounting officer must be read as referring to JCT, the board of directors of JCT or the accounting officer of JCT, respectively.

8. Dividends

Joburg City Theatres as a Municipal Entity does not declare dividends.

9. Directors

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Mr. Nkopane Maphiri (Chairperson)	South African	
Ms. Ashley Hayden	South African	
Ms. Mpho Lecoge	South African	
Ms. Stella Baloyi	South African	
Ms. Amanda Forsythe	South African	
Mr. Mpumeleko Mkhabela	South African	Resigned on 17 April 2019
Prof. Theophilus Mukhuba	South African	Resigned on 17 April 2019
Mr. Masixole Mrwebi CA(SA)	South African	Appointed on 17 April 2019
Ms. Kwathelani Tshikovhi	South African	Appointed on 17 April 2019
Ms. Hazel Thembelihle Nyewula CA(SA)	South African	Appointed on 17 April 2019
Ms. Xoliswa Nduneni-Ngema CEO	South African	Appointed on 1 November 2018
Mr. Solomon Mphakathi CA(SA) (CFO)	South African	

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General

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Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Directors' Report

Board of Directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
 - non-executive directors, all of whom are independent directors as defined in the King IV Code; and
 - two executive directors.

Non-Executive Directors have access to all members of management of the entity.

Chairperson and Chief Executive Officer

The Chairperson is a non-executive and independent Director (as defined by the King IV Code).

The roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The remuneration of the executive directors of the entity; the Chief Executive Officer (appointed on 1 November 2018) and the Chief Financial Officer, is determined by the Board of directors in consultation with the Parent Municipality (CJMM).

Non-Executive Director's Meetings

The Board of Directors were scheduled to meet at least 4 times per annum and in the current financial year the Board met on 7 occasions.

Name	Board Meeting	Audit and Risk committee meeting	Remunerations, Social & Ethics Committee meeting	Other	Strategic planning session/ Business plan session
Total number of meetings held	7	6	4	10	1
Mr Nkropane Maphiri (Chairperson)	7	-	-	9	1
Ms. Hazel Thembelihle Nyweula CA(SA)	-	-	-	1	-
Ms Ashley Hayden	7	6	-	6	1
Ms Mpho Lecoge	7	-	4	7	1
Ms Stella Baloyi	6	-	4	3	-
Prof Theophilus Mukhuba	4	-	1	-	-
Ms Amanda Forsythe	7	6	-	1	1
Mr Masixole Mrwebi CA(SA)	-	-	-	1	-
Ms. Kwathehani Tshikovi	-	-	-	1	-
Mr Junior Ramovha	7	-	4	1	1
Mr Mpumelelo Mkhabela	6	6	-	3	-
Ms Xoliswa Nduneni-Ngema (CEO) (Appointed on 1 November 2018)	2	2	2	-	1
Mr Solomon Mphakathi CA(SA) (CFO)	7	6	4	-	1

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/D13032/07)

Annual Financial Statements for the year ended 30 June 2019

Directors' Report

Audit and Risk Committee

For the current financial year the members of the Audit and Risk Committee are Mr Mpumelelo Mkhabela (Non-Executive Director-Chairperson)-retired on 17 April 2019; Ms. Amanda Forsythe (Non-Executive Director)-retired on 17 April 2019; Ms. Ashley Hayden (Non-Executive Director)-retired on 17 April 2019;(Independent Audit Committee Member); Ms.Chrystal Cape CA(SA) (Independent Audit Committee Member)- reappointed on 17 April 2019, Mr Masixole Mrwebi CA(SA),(Non-Executive Director -Chairperson) appointed On 17 April 2019 and Mr G Hove (Independent Audit Committee Member) appointed on 17 April 2019.

In terms of Section 166 of the Municipal Finance Management Act and Section 94 of the Companies Act 71 of 2008 the Audit and Risk Committee members were appointed at the Annual General Meeting held on 17 April 2019 by the City of Johannesburg Metropolitan Municipality, the City of Johannesburg, as a parent municipality, must appoint members of the Audit and Risk Committee. Notwithstanding that non-executive directors appointed by the parent municipality constituted the municipal entities' Audit and Risk Committees, National Treasury policy requires that parent municipalities should appoint further members of the entity's Audit and Risk Committees who are not directors of the municipal entity onto the Audit and Risk Committee.

Internal audit

The entity has outsourced its internal audit function to Group Risk and Assurance Services (GRAS), a department of the City of Johannesburg, who were the entity's previous internal auditors. This is in compliance with the Municipal Finance Management Act, 56 of 2003.

12. Controlling entity

The entity's controlling entity is The City of Johannesburg Metropolitan Municipality incorporated in South Africa.

13. Bankers

Nedbank Limited

Investec Limited

14. Auditors

Auditor General of South Africa will continue in office for the next financial period.

Joburg Theatre (SOC) Limited 2019


(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Company Secretary's Certification

Declaration by the Company Secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended and the Municipal Finance Management Act, Act 56 of 2003, I certify that to the best of my knowledge and belief, the company has lodged and /or filed, for the financial year under review, all such returns and notices as are required and that all such returns and notices are true, correct and up to date.



Philipa Maduka
Company Secretary

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018
ASSETS			
Current Assets			
Inventories	2	2,838,877	5,852,601
Receivables from exchange transactions	3	5,333,834	10,898,097
VAT receivable	4	2,301,833	3,075,107
Cash and cash equivalents	5	11,052,694	15,729,386
		21,527,238	35,555,191
Non-Current Assets			
Property, plant and equipment	6	14,779,470	11,902,101
Intangible assets	7	619,802	731,994
Heritage assets	8	1,602,700	1,592,700
		17,001,972	14,226,795
Total Assets		38,529,210	49,781,986
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	9	14,288,568	19,116,636
Provisions	10	2,786,043	3,016,333
		17,074,611	22,132,969
Non-Current Liabilities			
Deferred tax	11	2,336,864	4,686,935
Total Liabilities		19,411,475	26,823,904
NET ASSETS		19,117,735	22,952,082
Share capital	31	10	10
Reserves			
Investment from Shareholder		1,784,049	1,784,049
Accumulated surplus		17,333,678	21,168,023
Total Net Assets		19,117,735	22,952,082

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Performance

Figures in Rand	Note(s)	2019	2018
Revenue			
Revenue from exchange transactions			
Ticketing services	12	1,322,786	1,014,876
Catering services	12	31,926,069	30,437,141
Rental facilities and equipment	12	6,611,879	8,032,721
Arts alive festival	12	8,700,000	10,275,555
Sponsorship		-	1,391,304
In-house ticket sales	12	9,282,552	11,155,035
Other income	13	966,188	2,654,536
Interest received - investment	14	5,033,894	5,544,523
Total revenue from exchange transactions		63,843,368	70,505,691
Revenue from non-exchange transactions			
Transfer revenue			
Subsidy	15	116,447,000	104,432,000
Total revenue	12	180,290,368	174,937,691
Expenditure			
Employee related costs	18	(77,525,627)	(70,049,916)
Depreciation and amortisation	17	(1,641,029)	(1,352,067)
Debt impairment		(46,266)	(20,980)
Transfers and Subsidies	18	(20,466,500)	(19,339,330)
General Expenses	19	(87,700,870)	(83,405,039)
Total expenditure		(187,380,292)	(174,167,332)
(Deficit) surplus before taxation		(7,089,924)	770,359
Taxation	20	1,896,448	(275,595)
(Deficit) surplus for the year		(5,193,476)	494,764

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Statement of Changes in Net Assets

	Share capital	Investment from Shareholder	Accumulated surplus	Total net assets
Figures in Rand				
Balance at 01 July 2017	10	1,784,049	20,673,259	22,457,318
Changes in net assets				
Surplus for the year	-	-	494,764	494,764
Total changes	-	-	494,764	494,764
Opening balance as previously reported	10	1,784,049	21,168,021	22,952,080
Adjustments				
Acquisition of assets at no value (see note 6)	-	-	1,359,131	1,359,131
Balance at 01 July 2018 as restated*	10	1,784,049	22,527,152	24,311,211
Changes in net assets				
Surplus for the year	-	-	(5,193,476)	(5,193,476)
Total changes	-	-	(5,193,476)	(5,193,476)
Balance at 30 June 2019	10	1,784,049	17,333,676	19,117,735
Note(s)	31			

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/D/13032/07)

Annual Financial Statements for the year ended 30 June 2019

Cash Flow Statement

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Receipts			
Sale of goods and services		65,100,743	58,389,911
Grants		116,447,000	104,432,000
Interest income		5,033,894	5,544,523
		<u>186,581,637</u>	<u>168,366,434</u>
Payments			
Employee costs		(77,181,146)	(84,058,302)
Suppliers		(110,451,496)	(109,199,403)
Taxes		(483,822)	-
		<u>(188,096,254)</u>	<u>(173,257,705)</u>
Net cash flows from operating activities	21	<u>(1,514,617)</u>	<u>(4,891,271)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(3,003,252)	(1,995,221)
Purchase of other intangible assets	7	(43,823)	(668,026)
Purchases of heritage assets	8	(115,000)	-
Net cash flows from investing activities		<u>(3,162,075)</u>	<u>(2,663,247)</u>
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		<u>(4,676,692)</u>	<u>(7,554,518)</u>
Cash and cash equivalents at the beginning of the year		15,729,366	23,283,903
Cash and cash equivalents at the end of the year	5	<u>11,052,694</u>	<u>15,729,385</u>

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Ticketing services	1,319,219	-	1,319,219	1,322,786	3,567	
Catering services	30,234,191	7,420,001	37,654,192	31,926,069	(5,728,123)	1
Rental facilities and equipment	8,025,121	-	8,025,121	6,611,879	(1,413,242)	2
Arts Alive Revenue	-	8,000,000	8,000,000	8,700,000	700,000	
Sponsorship	2,189,077	-	2,189,077	-	(2,189,077)	
In-house ticket sales	14,296,504	-	14,296,504	9,282,552	(5,013,952)	3
Other income	6,288,123	1,388,999	7,677,122	966,188	(6,710,934)	4
Interest received - investment	5,300,765	-	5,300,765	5,033,894	(266,871)	
Total revenue from exchange transactions	67,653,000	16,809,000	84,462,000	63,843,368	(20,618,632)	
Revenue from non-exchange transactions						
Transfer revenue						
Subsidy	111,444,000	5,003,000	116,447,000	116,447,000	-	
Total revenue	179,097,000	21,812,000	200,909,000	180,290,368	(20,618,632)	
Expenditure						
Employee cost	(75,080,000)	(6,456,000)	(81,546,000)	(77,525,627)	4,020,373	
Depreciation and amortisation	(2,400,000)	(246,000)	(2,646,000)	(1,641,029)	1,004,971	5
Finance costs	(156,000)	156,000	-	-	-	
Debt Impairment	-	-	-	(46,266)	(46,266)	
Transfers and Subsidies	(19,586,999)	-	(19,586,999)	(20,466,500)	(879,501)	
General Expenses	(81,884,001)	(15,286,000)	(97,130,001)	(87,700,870)	9,429,131	6
Total expenditure	(179,097,000)	(21,812,000)	(200,909,000)	(187,380,292)	13,528,708	
Deficit before taxation	-	-	-	(7,089,924)	(7,089,924)	
Taxation	-	-	-	(1,896,448)	(1,896,448)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(5,193,476)	(5,193,476)	

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Explanation of major variances between budget and actual

1. Catering services show a negative variance of 15% below the budget. The shortfall is due to the newly established Metro Centre canteen which has not yet been fully operational. The Metro Centre canteen only started operating in June 2019, while it had been anticipated and budgeted to operate for 6 months.

2. Rental facilities and equipment revenue is 30% below the budget. This is due to the Soweto Theatre Amphitheatre not being operational pending the handover of the facility by JPC to JCT, although the expected income had been included in the budget. There are also show productions that did not perform as well as anticipated due to hard economic conditions.

3. In-house ticket sales are 54% below the budget. The in-house productions such as The Colour Purple did not do as well as expected despite great reviews and exceptional quality production. JCT will continue with its marketing efforts in order to improve ticket sales.

4. Other income has an unfavourable variance of (75%) . There were no special projects that took place in the current financial year. As a result none of the management fees that were budgeted were realised, resulting in a 100% unfavorable variance in that regard.

5. Depreciation and amortisation is shows a positive variance of 40% below the budget due to the asset base not increasing as anticipated.

6. General expenditure is below budget by 8%. This is due to savings on in-house productions, youth development and catering and hospitality line items. The Metro Centre canteen not being fully operational and the Soweto Amphitheatre which has not started operations have significantly contributed to the savings in projected expenditure.

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/019032/07)
Annual Financial Statements for the year ended 30 June 2019

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and budget s31 of the MFMA)	Final adjustments	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome of final budget	Actual outcome as % of original budget
2019											
Financial Performance											
Interest Received	5,300,765	-	5,300,765	-	-	5,300,765	5,033,894	(266,871)	(266,871)	95 %	95 %
- Investment revenue											
Transfers recognised - operational	111,444,000	5,003,000	116,447,000	-	-	116,447,000	116,447,000	-	-	100 %	104 %
Other own revenue	62,352,235	16,809,000	79,161,235	-	-	79,161,235	58,809,474	(20,351,761)	(20,351,761)	74 %	94 %
Total revenue	179,097,000	21,812,000	200,909,000	-	-	200,909,000	180,290,368	(20,618,632)	(20,618,632)	90 %	101 %
Employee costs	(75,000,000)	(6,458,000)	(81,458,000)	-	-	(81,458,000)	(77,525,627)	4,020,373	4,020,373	95 %	103 %
Debt impairment	-	-	-	-	-	-	(46,286)	(46,286)	(46,286)	-	-
Depreciation and asset impairment	(2,400,000)	(246,000)	(2,646,000)	-	-	(2,646,000)	(1,641,029)	1,004,971	1,004,971	62 %	68 %
Finance charges	(156,000)	156,000	-	-	-	-	-	-	-	DIV/0 %	- %
Transfers and grants	(10,586,989)	-	(10,586,989)	-	-	(10,586,989)	(20,466,500)	(9,879,511)	(9,879,511)	104 %	104 %
Other expenditure	(81,264,001)	(15,266,000)	(97,130,001)	-	-	(97,130,001)	(87,700,870)	9,429,131	9,429,131	90 %	107 %
Total expenditure	(179,097,000)	(21,812,000)	(200,909,000)	-	-	(200,909,000)	(187,380,292)	13,528,708	13,528,708	93 %	105 %
Surplus (Deficit)	-	-	-	-	-	-	(7,089,924)	(7,089,924)	(7,089,924)	-	-
Taxation	-	-	-	-	-	-	(1,896,448)	(1,896,448)	(1,896,448)	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	(5,193,476)	(5,193,476)	(5,193,476)	-	-

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

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

Other

Management is not aware of any significant risks that will cause material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs 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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/D13032/07)

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.3 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	12-15 years
Motor vehicles	Straight line	10-15 years
IT equipment	Straight line	10-13 years
Leasehold improvements	Straight line	5-15 years
Stage equipment	Straight line	15-20 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 6).

Joburg Theatre (SOC) Limited 2019

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.3 Property, plant and equipment (continued)

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6).

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

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1.4 Intangible assets (continued)

Item	Depreciation method	Average useful life
Computer software	Straight line	5-8

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 7).

1.5 Heritage assets

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Average useful life of Heritage assets is Indefinite

The entity separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 8).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

Recognition

The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

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1.5 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Derecognition

The entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as financial assets at cost.

For financial instruments which are not at fair value, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

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1.6 Financial instruments (continued)

Payables from exchange transactions

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

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.7 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.

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 end of the reporting period. The company accounts for VAT on accrual basis.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A 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 surplus 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

Current and deferred taxes are recognised as income or an expense and are included in the surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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1.8 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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1.10 Impairment of cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

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1.10 Impairment of cash-generating assets (continued)

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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1.11 Impairment of non-cash-generating assets (continued)

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Share capital

Net assets instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Net assets instruments issued by the company are classified according to the substance of the contractual arrangements entered into. Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

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1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.14 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

The provision as at end of the period under review is the performance bonuses.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

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1.14 Provisions and contingencies (continued)

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because either:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
- The amount of the obligation cannot be measured with sufficient reliability.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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1.15 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipal entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipal entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipal entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

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 reporting date. 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 or service potential associated with the transaction will flow to the municipal entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

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

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

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1.16 Revenue from non-exchange transactions (continued)

Subsidy

Subsidy is recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes: (a) overspending of the total amount appropriated in the municipality's approved budget; (b) overspending of the total amount appropriated for a vote in the approved budget; or (c) expenditure from a vote unrelated to the department or functional area covered by the vote; (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose; (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or (f) a grant by the municipality otherwise than in accordance with this Act; "vote" means— (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

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Accounting Policies

1.21 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

In relation to a municipality or municipal entity, means—(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170; (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act; (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";-

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.23 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved capital budget covers the fiscal period from 2018/07/01 to 2021/06/30 while the approved opex budget covers 2018/19 financial year and indicatives for the two outer years.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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Accounting Policies

1.24 Related parties (continued)

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.25 GRAP Standards Approved and Not Yet Effective

GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

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Accounting Policies

1.26 GRAP Standards Approved and effective

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rate
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interest in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property Plant and Equipment
GRAP 18	Segment Reporting (not yet applicable to municipal entities as per Directive 5)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non Cash Generating Assets
GRAP 23	Revenue from Non Exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash Generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control

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Accounting Policies

1.26 GRAP Standards Approved and effective (continued)

GRAP 106 Transfer of Functions Between Entities Not Under Common Control

GRAP 107 Mergers

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
2. INVENTORIES		
Work in progress	1,039,833	4,652,825
Consumable stores	284,780	528,241
Trading Stock - Food and Beverage	1,514,264	671,535
	2,838,877	5,852,601
Work In Progress		
Opening Balance	4,652,825	529,361
Prior year WIP transferred	(4,652,825)	(529,361)
Current year WIP	1,039,833	4,652,825
	1,039,833	4,652,825
Consumable Stock		
Opening Balance	528,241	237,231
Stock movement for the year	(243,461)	291,010
	284,780	528,241
Trading Stock		
Opening Balance	671,535	661,104
Stock movement for the year	842,729	10,431
	1,514,264	671,535

Joburg City Theatres operate as a both receiving and production house. The expenditure on show productions prior to maturity is treated as Work in Progress (WIP) for example, the Sarafina, Jack and the beanstalk.

Consumable stores contain amongst others cleaning materials, grocery items, lighting, tapes, paints and stationery. These items are consumed by the company in the daily business operations. The amount consumed is recognised as an expense when the consumables are requisitioned from the stores. Inventories held for consumption at no charge are measured at the lower of cost and current replacement cost and are fairly valued.

Trading stock - Food and Beverage contains amongst others bar-, restaurant- and hospitality stock. Trading stock is measured at the lower of cost or net realisable value.

The amount of write-offs for inventory in the prior and current years was zero (0).

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	1,998,017	1,890,183
Accrued Income	12,974	192,120
Related Party Debtors	3,332,843	8,805,794
	5,333,834	10,898,097

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Notes to the Annual Financial Statements

	2019	2018
3. RECEIVABLES FROM EXCHANGE TRANSACTIONS (continued)		
Trade and other receivables		
Trade Debtors- represents rent receivable for use of facilities (hospitality and theatre rentals).		
Related party debtors - represents the amounts owed to Joburg City Theatres by the City of Johannesburg and Municipal Owned Entities. Included in the related party receivables is other hospitalit,rental and catering services rendered to COJ and its MOE's. Joburg City Theatres does not charge interest on related party debtors.		
Debtors are measured at fair value.		
Fair value of trade and other receivables		
Receivables From Exchange Transactions by Class		
Rental of Facilities and Equipment	90,713	-
Hospitality and Catering	2,636,848	2,682,017
City of Joburg-CAPEX	-	6,067,666
City of Joburg-Entities	9,082	57,112
Other	2,597,189	2,091,303
	5,333,832	10,898,098
Debtors Age Analysis		
90 Days +	2,476,352	61,350
60 Days	70,653	34,794
30 Days	80,097	32,488
Current	2,706,730	10,769,468
	5,333,832	10,898,098
4. VAT RECEIVABLE		
VAT	2,301,833	3,075,107
The company accounts for VAT on an accrual basis.		
5. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	120,747	100,321
Nedbank accounts balance	3,240,093	11,714,476
Investec Investment Accounts	7,691,854	3,914,589
	11,052,694	15,729,386
Current assets	11,052,694	15,729,386
Current liabilities	-	-
	11,052,694	15,729,386

Cash and cash equivalents comprise of cash on hand, current account and deposits on call accounts that are readily convertible into known amounts of cash. The effective interest rates of the cash equivalents investment as at end of the period were between 6% and 7.82%.

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Notes to the Annual Financial Statements

	2019			2018		
5. CASH AND CASH EQUIVALENTS (continued)						
The entity had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
Nedbank-current account-Joburg Theatre	331,479	296,781	1,992,526	331,479	296,781	1,992,526
Nedbank-current account-Roodepoort and Soweto Theatre	193,016	79,808	176,152	193,016	79,808	176,152
Nedbank-current account-Ticketing	92,199	77,301	38,713	92,199	77,301	38,713
Nedbank-current account-Hospitality and Catering	218,243	180,259	254,571	218,243	180,259	254,571
Nedbank-call account-Joburg Theatre	1,032,152	9,997,811	768,449	1,032,152	9,997,811	768,449
Nedbank-current account-Zoo	227,462	-	-	227,462	-	-
Nedbank-current account-Metro centre	121,685	-	-	121,685	-	-
Nedbank-call account-Roodepoort and Soweto Theatre	3,666	3,467	3,259	3,666	3,467	3,259
Nedbank-call account-Ticketing	566,557	628,174	586,857	566,557	628,174	586,857
Nedbank-call account-Hospitality and Catering	453,614	450,845	1,962,788	453,614	450,845	1,962,788
Investec-call account	7,691,854	-	2,178,739	7,691,854	-	2,178,739
Investec-Fixed account	-	3,914,819	15,242,917	-	3,914,819	15,242,917
Subtotal	10,931,947	15,629,065	23,204,971	10,931,947	15,629,065	23,204,971
Cash on hand	120,747	100,321	78,933	120,747	100,321	78,933
Total	11,052,694	15,729,386	23,283,904	11,052,694	15,729,386	23,283,904

Cash on hand is made up of petty cash and cash floats

6. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold Improvements	3,420,775	(524,258)	2,896,517	1,613,966	(187,533)	1,426,433
Furniture and fixtures	4,826,517	(2,418,227)	2,408,290	3,865,671	(1,952,131)	1,913,540
Motor vehicles	675,960	(419,044)	256,916	675,960	(377,550)	298,410
IT equipment	3,076,895	(1,283,007)	1,793,888	2,829,998	(1,040,031)	1,789,967
Stage equipment	14,456,307	(7,032,448)	7,423,859	13,006,130	(6,532,379)	6,473,751
Total	26,456,454	(11,676,984)	14,779,470	21,991,725	(10,089,624)	11,902,101

Joburg Theatre (SOC) Limited 2019

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018
6. PROPERTY, PLANT AND EQUIPMENT (continued)		
Reconciliation of property, plant and equipment - 2019		
	Opening balance	Additions
		Acquisition of assets at no value
		Depreciation
		Total
Leasehold property	1,426,433	1,806,809
Furniture and fixtures	1,913,540	632,806
Motor vehicles	298,410	-
IT equipment	1,789,967	201,738
Stage equipment	6,473,751	361,899
	11,902,101	3,003,252
		1,359,131
		(1,485,014)
		14,779,470

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	911,772	702,194	-	(187,533)	1,426,433
Furniture and fixtures	1,483,293	752,197	(274,600)	(47,350)	1,913,540
Motor vehicles	180,431	152,539	-	(34,560)	298,410
IT equipment	1,699,282	312,500	-	(221,815)	1,789,967
Stage equipment	6,943,631	75,791	-	(545,671)	6,473,751
	11,218,409	1,995,221	(274,600)	(1,036,929)	11,902,101

During the year under review the entity conducted physical verification exercise of assets and it was discovered that there were assets on the floor which were not on the asset register. These assets were brought into the asset register at a deemed cost determined in terms of directive 7.

Property, plant and Equipment written off 2019

	Cost	Accumulated Depreciation	Carrying Value
Furniture and Fixtures	162,449	(162,449)	-
Computer Equipment	9,805	(9,805)	-
	172,254	(172,254)	-

Property, plant and Equipment written off 2018

	Cost	Accumulated Depreciation	Carrying Value
Furniture and Fixtures	274,600	(274,600)	-
Repairs and Maintenance			

Repairs and Maintenance 2018/19

	Furniture and Fixtures	Stage Equipment	Computer Equipment	Vehicle	Total
	203,952	743,161	86,981	112,209	1,146,303
	203,952	743,161	86,981	112,209	1,146,303

Repairs and Maintenance 2017/18

	Furniture and Fixtures	Stage Equipment	Computer Equipment	Vehicle	Total
	895,772	461,482	81,099	51,808	1,490,161
	895,772	461,482	81,099	51,808	1,490,161

Buildings are capitalised by the City of Johannesburg.

Joburg Theatre (SOC) Limited 2019

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Notes to the Annual Financial Statements

	2019			2018		
7. INTANGIBLE ASSETS						
	2019			2018		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	872,681	(252,879)	619,802	796,082	(64,088)	731,994
Reconciliation of intangible assets - 2019						
		Opening balance	Additions	Amortisation	Total	
Computer software		731,994	43,823	(156,015)	619,802	
Reconciliation of intangible assets - 2018						
	Opening balance	Additions	Write Offs	Amortisation	Total	
Computer software	104,509	688,026	(32,775)	(7,766)	731,994	
Intangible Assets Written Off 2018						
		Cost	Accumulated Amortisation	Total		
Computer Software		32,775	(32,775)	-		
8. HERITAGE ASSETS						
	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Artwork and Historical Assets	1,707,700	-	1,707,700	1,592,700	-	1,592,700
Impairment Loss	-	(105,000)	(105,000)	-	-	-
Total	1,707,700	(105,000)	1,602,700	1,592,700	-	1,592,700
Reconciliation of heritage assets 2019						
	Opening balance	Additions	Impairment losses (recognised)/reversed directly in Net assets	Impairment losses reversed	Total	
Artwork and Historical Assets	1,592,700	115,000	-	-	1,707,700	
Impairment Loss	-	-	(105,000)	-	(105,000)	
	1,592,700	115,000	(105,000)	-	1,602,700	
Reconciliation of heritage assets 2018						
		Opening balance	Total			
Artwork and Historical Assets		1,592,700	1,592,700			

Joburg Theatre (SOC) Limited 2019

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018		
8. HERITAGE ASSETS (continued)				
Additional Information				
Heritage assets includes artwork valued R957 000 and historical assets valued at R645 700. Deemed cost was determined using fair value. A class of heritage assets is carried at its cost less any accumulated impairment losses. The assessment has been performed to test whether any impairment indicators have been triggered and there was no indication of impairment during the current financial year.				
9. PAYABLES FROM EXCHANGE TRANSACTIONS				
Trade payables	5,870,108	9,177,375		
Deferred Income	1,786,293	2,026,229		
Accrued Leave	2,753,838	2,239,664		
Sundry creditors	544,761	1,797,604		
Accrued 13th Cheque	796,416	735,617		
Year end accruals	1,598,467	1,384,404		
Related Party	938,887	875,743		
	14,288,568	19,116,636		
Trade payables consists of trade creditors due to the suppliers/service providers.				
Deferred income represents deposits for rental of facilities and ticket sales for future shows i.e. Snow White and The Color Purple				
Related party consist of OHASA , utilities and rentals due to Joburg City Parks and Zoo and City Power				
Sundry creditors is made up of third party balances i.e. PAYE, SDL, UIF, Pension Fund, Medical Aid,Samwu and Psira.				
Year end accruals consist of COJ AGM consumables, COJ conferences, staff uniforms,City Press and others.				
10. PROVISIONS				
Reconciliation of provisions - 2019				
	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus and COIDA	3,016,333	3,469,746	(3,700,038)	2,786,043
Reconciliation of provisions - 2018				
	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus	2,219,115	3,606,458	(2,809,240)	3,016,333
The bonus provision relates to the performance bonuses that the entity expects to pay the qualifying employees. The amount is based on the performance of the financial year under review which is still to be determined. The provision is management's best estimate of the entity's liability at reporting date.				
11. DEFERRED TAX				
Deferred tax liability				
Property, plant and equipment		(629,190)		(298,732)
Allowance for future expenditure section 24c		(4,828,122)		(6,417,720)
Total deferred tax liability		(5,455,312)		(6,716,452)
Deferred tax liability		(5,455,312)		(6,716,452)
Deferred tax asset		2,274,268		2,019,517
Total net deferred tax liability		(3,181,044)		(4,696,935)

Joburg Theatre (SOC) Limited 2019

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Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019	2018
12. REVENUE		
Ticketing services	1,322,788	1,014,876
Catering services	31,928,069	30,437,141
Rental facilities and equipment	6,611,879	8,032,721
Arts Alive	8,700,000	10,275,555
Sponsorship	-	1,391,304
In-house ticket sales	9,282,552	11,155,035
Other income	988,188	2,654,536
Interest received - investment	5,033,894	5,544,523
Subsidy	116,447,000	104,432,000
	180,290,368	174,937,691

The amount included in revenue arising from exchanges of goods or services are as follows:

Ticketing services	1,322,788	1,014,876
Catering services	31,928,069	30,437,141
Rental facilities and equipment	6,611,879	8,032,721
Arts Alive	8,700,000	10,275,555
Sponsorship	-	1,391,304
In-house ticket sales	9,282,552	11,155,035
Other income	988,188	2,654,536
Interest received - investment	5,033,894	5,544,523
	63,843,368	70,505,691

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue		
Subsidy from City of Joburg	116,447,000	104,432,000

13. OTHER INCOME

Other income	988,188	2,654,536
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The table below provides the breakdown of other income:

The table below provides the breakdown of other income:

Mobile Theatre Truck	133,250	332,026
EPWP	-	1,699,936
Management fees	-	55,457
Miscellaneous	854,938	567,119
	988,210	2,654,536

Notes to the Annual Financial Statements

	2019	2018
14. INTEREST RECEIVED - INVESTMENT		
Interest revenue		
Bank	5,033,894	5,544,523
Interest income is calculated using the effective interest rate between 6% to 8%		
The table below shows the interest received from two bank accounts :		
Bank		
Investec bank Limited	3,237,675	3,702,528
Nedbank Limited	1,796,219	1,841,995
	5,033,894	5,544,523
15. SUBSIDY		
Operating Grants and Subsidies		
Joburg Theatre	88,537,245	81,184,679
Rodepoort Theatre	8,828,305	8,004,748
Soweto Theatre	18,081,450	15,242,573
	116,447,000	104,432,000
The subsidy received from the City of Johannesburg Metropolitan Municipality is in terms of the service delivery agreement to provide services in accordance with the agreed obligations for operating Joburg Theatre; Rodepoort Theatre and Soweto Theatre.		
16. EMPLOYEE RELATED COSTS		
Salaries and Wages	76,413,254	68,725,807
Employee costs included in other expenses	1,112,373	1,324,109
	77,525,627	70,049,916
Employee Costs Breakdown		
Net Salary	41,865,964	35,887,054
PAYE	12,472,308	11,360,800
SDL	700,139	852,463
UIF	782,507	747,085
Medical Aid	4,749,508	4,584,828
Pension Contribution	11,735,896	10,682,543
Third Parties	228,536	623,201
13th cheque leave accrual and performance bonus	3,621,783	4,207,833
Other	256,613	-
	76,413,254	68,725,807
Committee Fees Breakdown		
Fees	1,090,373	1,324,109
Chief Executive Officer		
Annual Remuneration	1,390,800	1,672,908
Performance Bonuses	234,207	218,151
Contributions to UIF, SDL, Medical Aid and Pension Funds	15,122	512,128
Other	-	69,705
	1,640,129	2,472,890
Chief Operating Officer		

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Notes to the Annual Financial Statements

	2019	2018
16. EMPLOYEE RELATED COSTS (continued)		
Annual Remuneration	1,250,798	1,168,970
Discretionary Bonuses	163,656	152,438
Contributions to UIF, SDL, Medical Aid and Pension Funds	381,650	345,075
Other	198,058	108,360
	1,994,171	1,774,841
Chief Financial Officer		
Annual Remuneration	1,535,092	1,436,859
Performance bonus	201,160	183,370
Contributions to UIF, SDL, Medical Aid and Pension Funds	412,585	359,904
Other	100,103	116,073
	2,248,940	2,096,206
Executive Producer		
Annual Remuneration	-	853,512
Performance Bonuses	-	79,500
Contributions to UIF, SDL, Medical Aid and Pension Funds	-	229,678
Other	-	88,774
	-	1,251,464
Company Secretary		
Annual Remuneration	1,074,083	1,003,816
Performance Bonuses	140,534	112,200
Contributions to UIF, SDL, Medical Aid and Pension Funds	14,238	11,676
Other	12,000	53,826
	1,240,855	1,181,518
17. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	1,641,029	1,352,067
18. GRANTS AND SUBSIDIES PAID		
Subsidies		
Grants Paid	20,466,500	19,339,330
Subsidies comprises of:		
Joburg Ballet	9,331,147	8,873,176
Joburg Philharmonic Orchestra	11,135,354	10,486,154
	20,466,501	19,339,330

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	2019	2018
19. GENERAL EXPENSES		
Auditors remuneration	1,185,311	655,233
Bank charges	552,497	660,636
Cleaning	2,539,031	2,338,272
Computer expenses	198,554	180,303
Consulting and professional fees	151,328	527,474
Consumables	3,080,044	3,120,450
Community Development	1,083,868	1,748,025
Entertainment	655,534	676,565
Building signage; framing and printing	2,891,795	2,637,555
Insurance	638,001	755,797
Employee Uniforms	69,945	264,136
IT expenses	677,059	703,943
Marketing and show contributions	7,085,305	5,332,585
Ticketing	1,154,624	1,279,632
Motor vehicle expenses	2,123,479	1,823,603
Licences	447,181	378,465
Productions	19,102,138	17,471,017
Printing and Stationery	848,662	325,821
Security	2,163,548	1,954,615
Subscriptions and membership fees	155,515	116,235
Business travel	475,108	105,547
Electricity	8,586,323	8,529,216
Gas	479,484	485,274
Sewerage and waste disposal	2,104,632	1,222,762
Employee Wellness & Training	82,750	215,229
Arts Alive and Special Projects	7,227,830	8,298,531
Accommodation	285,563	-
Impairment Loss	105,000	-
Other hospitality and catering expenses	6,309,263	6,978,980
Repairs and Maintenance	2,379,244	2,577,246
Cost of Sales	12,862,254	12,041,892
	87,700,870	83,405,039
20. TAXATION		
Major components of the tax (income) expense		
Deferred		
Movement in temporary differences	(1,896,448)	275,595
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting (deficit) surplus	(7,089,924)	770,359
Tax at the applicable tax rate of 28% (2018: 28%)	(1,983,345)	215,700
Tax effect of non-deductible/non-taxable items		
Leasehold improvements 2018 (R205 505) at 28%	94,283	57,541
Under/(Over) Provision for prior year	(7,386)	-
	(1,896,448)	273,241

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	2019	2018
21. CASH USED IN OPERATIONS		
(Deficit) surplus	(5,193,476)	494,764
Adjustments for:		
Depreciation and amortisation	1,641,029	1,352,067
Debt impairment	46,266	20,980
Movements in provisions	(230,290)	797,218
Impairment Loss	105,000	-
Changes in working capital:		
Inventories	3,013,724	(4,424,905)
Receivables from exchange transactions	5,564,263	(7,842,297)
Debt impairment	(53,210)	(20,980)
Tax	(1,896,449)	275,597
Deferred Tax	(463,619)	-
Payables from exchange transactions	(4,628,068)	5,936,375
VAT	780,213	(1,490,090)
	(1,514,617)	(4,891,271)
22. AUDITORS' REMUNERATION		
Current year audit fees	1,185,311	655,233
Amount paid-Current Year	(1,185,311)	(655,233)
Closing balance	-	-

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	2019	2018
23. RELATED PARTIES		
Relationships		
Directors	Refer to directors' report	
100% controlling entity	The City of Johannesburg Metropolitan Municipality	
100% owned by COJ	Joburg Theatre (SOC) Ltd	
100% owned by COJ	City Power Johannesburg (SOC) Ltd	
100% owned by COJ	Johannesburg Water (SOC) Ltd	
100% owned by COJ	City of Johannesburg Property Company (SOC) Ltd	
100% owned by COJ	Johannesburg City Parks NPC and Zoo	
100% owned by COJ	Johannesburg Development Agency (SOC) Ltd	
100% owned by COJ	Johannesburg Metropolitan Bus Services (SOC) Ltd	
100% owned by COJ	Johannesburg Roads Agency (SOC) Ltd	
100% owned by COJ	Johannesburg Social Housing Company (SOC) Ltd	
100% owned by COJ	Pikitup Johannesburg (SOC) Ltd	
100% owned by COJ	Joburg Market (SOC) Ltd	
100% owned by COJ	Metropolitan Trading Company (SOC) Ltd	
Related party balances		
Amounts included in Trade receivable regarding related parties		
City of Johannesburg Metropolitan Municipality	2,470,305	8,749,683
Johannesburg City Parks NPC and Zoo	9,083	57,110
Pikitup Johannesburg (SOC) Ltd	55,690	-
City Power Johannesburg (SOC) Ltd	771,485	-
Johannesburg Roads Agency (SOC) Ltd	26,280	-
The Entity does not charge inter companies any interests.		
Amounts included in Trade Payable regarding related parties		
City of Johannesburg Metropolitan Municipality	805,711	816,983
Johannesburg City Parks NPC and Zoo	133,175	55,952
Johannesburg Social Housing Company (SOC) Ltd	-	2,808
Amounts in trade and other payables regarding related parties from City of Johannesburg Metropolitan Municipality comprises of OHASA services, Group Risk and Assurance and utilities.		
Related party transactions		
Sales to related parties		
City of Johannesburg Metropolitan Municipality	142,342,758	125,717,274
Johannesburg Water (SOC) Ltd	154,355	35,120
Metropolitan Trading Company (SOC) Ltd	15,887	8,213
Johannesburg City Parks NPC and Zoo	72,483	233,412
Joburg Market (SOC) Ltd	-	44,285
City of Johannesburg Property Company (SOC) Ltd	4,232	22,977
Johannesburg Social Housing Company (SOC) Ltd	8,019	-
City Power Johannesburg (SOC) Ltd	177,019	-
Johannesburg Roads Agency (SOC) Ltd	65,943	-
Pikitup Johannesburg (SOC) Ltd	3,235	-
Johannesburg Metropolitan Bus Services (SOC) Ltd	8,703	-
Rent paid to related parties		
Johannesburg City Parks NPC and Zoo	325,004	330,736

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	2019	2018
23. RELATED PARTIES (continued)		
Purchases from related parties		
City of Johannesburg Metropolitan Municipality	998,251	650,619
Pikitup Johannesburg (SOC) Ltd	250,681	174,496
City Power Johannesburg (SOC) Ltd	8,186,193	7,282,972
Johannesburg Water (SOC) Ltd	1,678,718	1,089,263
City of Johannesburg Property Company (SOC) Ltd	1	1
Johannesburg Roads Agency (SOC) Ltd	214,004	-
• Buildings are leased from City of Johannesburg Property Company (Pty) Ltd at R1 and all lease and user agreements are in place.		
24. PAYE AND UIF		
Opening Balance	886,441	661,273
Current year payroll and deductions	13,254,815	13,128,345
Amount paid - Current Year	(12,344,828)	(12,241,904)
Amount Paid - Previous Year	(886,441)	(661,273)
Closing balance (Included in sundry creditors)	909,987	886,441
25. PENSION AND MEDICAL AID DEDUCTIONS		
Opening Balance	1,250,395	1,091,281
Current year payroll and Council contribution	16,485,404	16,550,358
Amount paid - Current year	(15,061,514)	(15,290,963)
Amount paid - Previous year	(1,250,395)	(1,091,281)
Closing balance (Included in sundry creditors)	1,423,890	1,259,395

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	2019	2018			
26. DIRECTORS' EMOLUMENTS					
Non-Executive Directors					
Non-Executive					
2019					
	Directors' fees	Committees fees	Chairperson's Quarterly Meetings with MMC	Other fees (Consultancy fees to subsidiary)	Total
Mr. Nkopane Maphiri (Chairperson)	140,000	14,000	16,000	23,000	193,000
Ms. Ashley Hayden	96,000	40,000	-	23,000	159,000
Ms. Mpho Lecoge	96,000	38,000	-	23,000	157,000
Ms. Stella Baloyi	84,000	30,000	-	5,000	119,000
Ms. Amanda Forsythe	96,000	30,000	-	12,000	138,000
Mr. Mpumelelo Mkhabela	84,000	52,000	-	5,000	141,000
Mr. Junior Ramovha	100,000	20,000	-	12,000	132,000
Prof. Theophilus Mukhuba	48,000	5,000	-	-	53,000
Mr. Masixole Mrwebi CA(SA)	-	-	-	-	-
Ms. Kwathelani Tshikovihi	-	-	-	-	-
	744,000	229,000	16,000	103,000	1,092,000
2018					
	Directors' fees	Committees fees	Other fees (Consultancy fees to subsidiary)	Total	
Mr. Nkopane Maphiri (Chairperson)	80,000	40,000	16,000	136,000	
Ms. Ashley Hayden	60,000	48,168	-	108,168	
Ms. Mpho Lecoge	60,000	72,500	-	132,500	
Ms. Stella Baloyi	60,000	42,252	-	102,252	
Ms. Amanda Forsythe	60,000	78,025	-	138,025	
Mr. Mpumelelo Mkhabela	60,000	155,420	12,000	227,420	
Mr. Junior Ramovha	60,000	60,336	-	120,336	
Prof. Theophilus Mukhuba	38,000	45,125	-	81,125	
Mr. Thabo Moitsheki	60,000	39,209	-	99,209	
Ms. Makhosazana Mbatha	48,000	36,168	-	84,168	
	584,000	617,203	28,000	1,229,203	

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27. RISK MANAGEMENT

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the entity consists of cash and cash equivalents disclosed in note 5, and equity as disclosed in the statement of financial position.

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, and to sustain future development of the business. The Board reviews the capital structure on a quarterly basis. As part of the review, the Board considers the cost of capital and the risk associated with each class of capital.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Net Assets

Share Capital

Investment from Shareholder

	10	10
	1,784,049	1,784,049
	<u>1,784,059</u>	<u>1,784,059</u>

Financial risk management

The Company does not trade in financial instruments, but in the ordinary course of business operations, the company is exposed to a variety of financial risks arising from the use of financial instruments. These include:

- Market risk (comprising interest rate risk and foreign currency risk);
- Liquidity risk;
- Credit risk; and
- Capital risk.

The Audit & Risk Committee is responsible for the establishment and oversight of a risk management framework which is applicable to the company. This framework is formally documented, and stipulates the responsibilities and processes for monitoring and managing the risk to which the company is exposed.

The company measures and monitors treasury related risks (i.e. liquidity, foreign exchange, interest rate, covenants, counterparty, etc) affecting it and reports on these risks to Audit and Risk Committee on a periodic basis. The Audit and Risk Committee provides the Company guidance with respect to managing these risks. However, the Company's management is empowered, within the relevant approvals frameworks, to make decisions regarding how to manage these risks, as well as taking ownership for the implementation of any related action. The Audit and Risk Committee reports to the Board of Directors of Joburg City Theatres on risk management strategies.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its obligations as they become due. The entity manages liquidity and risk by effectively managing its working capital, capital expenditure and cash flows. The entity finances its operations through a mixture of retained income, bank funding and financing from COJ. The entity manages liquidity risk through forecasting and monitoring cash flow requirements on a monthly basis.

Trade and other Payables

Trade and Other Payables from Exchange Transactions

	14,308,758	19,116,638
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27. RISK MANAGEMENT (continued)

Interest rate risk

The entity's interest rate risk arises from interest on the cash and cash equivalents. Exposure to interest rate risk is monitored on a continuous and proactive basis. As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Cash and Cash Equivalents

Bank Balances from Call Accounts and Fixed Deposits

11,052,694 15,720,386

Credit risk

Credit risk, or the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations, is managed by monitoring procedures in line with the accounts receivable and collection policy of Joburg City Theatres. Credit risk primarily arises from receivables, prepayments and cash and cash equivalents. The entity's maximum exposure to credit risk is represented by the carrying values of these financial assets.

Trade and other receivables

Trade and Other Receivables

5,333,832 10,898,096

VAT

2,322,022 3,075,107

7,655,854 13,973,203

Foreign exchange risk

The entity's transactions are predominantly entered into in Rands. However, the entity's operations utilise various foreign currencies in respect of expenses incurred. Consequently the entity is exposed to exchange rate fluctuations that have an impact on cash flows. These operations are exposed to foreign currency risk in connection with future commercial transactions, recognised assets and liabilities and net investments in other currencies other than Rand.

Transactions are at spot rate and therefore no foreign gain/loss.

28. GOING CONCERN

We draw attention to the fact that at 30 June 2019, the entity had an accumulated surplus (deficit) of R 17,333,676 and that the entity's total assets exceed its liabilities by R 19,117,735.

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.

29. COST OF SALES

Sale of goods

Cost of goods sold

12,862,254 12,041,892

30. OPERATING LEASE

Operating Lease Commitments

Up to 1 year

1,656,943 356,167

2-5 years

1,470,038 61,400

3,126,981 417,567

Joburg Theatre (SOC) Ltd leases consist of cash vaults machines from Nedbank Limited and digital copier machines from Konica Minolta. The operating lease increased from the prior year by 649% due to the fleet lease agreement between Joburg Theatre (SOC) Ltd and Afrent.

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	2019	2018
31. SHARE CAPITAL		
Authorised		
10 Ordinary shares of R1 each	10	10
Reconciliation of number of shares issued:		
Reported as at 01 July 2018	10	10
Issued		
Ordinary	10	10
10 Ordinary shares of R1 each, as reflected in the company's share certificate.		
32. FINANCIAL INSTRUMENTS DISCLOSURE		
Categories of financial instruments		
2019		
Financial assets		
	At fair value	Total
Trade and other receivables from exchange transactions	5,333,832	5,333,832
Cash and cash equivalents	11,052,694	11,052,694
VAT Receivable	2,322,022	2,322,022
	18,708,548	18,708,548
Financial liabilities		
	At fair value	Total
Trade and other payables from exchange transactions	14,308,756	14,308,756
Residual interest		
	At cost	Total
Investment from shareholders	1,784,049	1,784,049
2018		
Financial assets		
	At fair value	Total
Trade and other receivables from exchange transactions	10,898,096	10,898,096
Cash and cash equivalents	15,729,388	15,729,388
Vat Receivable	3,075,107	3,075,107
	29,702,589	29,702,589
Financial liabilities		
	At fair value	Total
Trade and other payables from exchange transactions	19,116,636	19,116,636
Residual interest		
	At cost	Total
Investment from shareholders	1,784,049	1,784,049

33. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

Paragraph 12(1)(d)(i) of Government gazette No. 27838 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

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33. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the directors and includes a note to the financial statements.

The goods and services listed were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented, approved by the CEO and reported to the board of directors for noting.

Sole Supplier

The following deviations were as a result of service providers being sole suppliers for the required goods or services as per regulation 36 1 (b) of the supply chain management regulations

Name of Sole Supplier	Amount
Flavour Lab (sauces and spices products)	116,600
Slo Jo (unique range of syrup and powders)	141,629
Ola Cool Runners (ice Cream)	61,897
Frozen Drinks Africa (ice drink)	430,888
DWR Distribution CC	999,841
2Can Man Pty Ltd	13,762
Synergy Business Events	30,106
Teak Ice CC	1,834
	<u>1,796,557</u>

Special Work of Art

The following deviations were due to acquisition of special works of art or historical objects where specifications are difficult to compile as per regulation 36 (1) (iii) of the supply chain management regulations.

Name of Special Work Art	Amount
In-house stage Productions	14,694,157
Contributions to marketing partners/arrangements for productions	2,603,957
Acquisition of Artists for arts alive festival	11,381,206
	<u>28,679,322</u>

Sole Suppliers

The following deviations were due to emergencies as per regulation 36 (1) (i) of the supply chain management regulation.

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	2019	2018
33. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)		
Any exceptional case where it is impractical or impossible to follow the official procurement processes		
<i>Any exceptional case where it is impractical or impossible to follow the official procurement processes in terms of regulation 36 1(a)(v)</i>		
Name of Service Provider	Description of minor breach	
Various Supplier	Repairs & Maintenance	955,748
Various Service Provider	Annual License Renewal	623,117
		<u>1,578,865</u>
34. IRREGULAR EXPENDITURE		
Reconciliation of irregular expenditure		
Opening balance at Joburg City Theatres	349,401	-
Current Year Movement	902,942	349,401
	<u>1,252,343</u>	<u>349,401</u>

The City of Johannesburg resolved that the contract for the provision of fleet services be centralised at Group level, entities were therefore directed to use the centralised fleet contract that the City had secured with Avis Fleet Services, an SLA was entered into between the entities and City of Johannesburg. The contract has been declared irregular at Group level due to non-Compliance with section 116 of the MFMA. The entity incurred expenditure on this contract and is therefore required to disclose irregular expenditure.

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	2019	2018
35. COMMITMENTS		
Commitments in respect of capital expenditure:		
Authorised and contracted for		
• Property, plant and equipment	12,976,334	26,320,934
Total capital commitments	12,976,334	26,320,934
Already contracted for but not provided for	12,976,334	26,320,934
Authorised operational expenditure		
Already contracted for but not provided for		
• Cleaning Services	-	1,390,172
• Consultant and other contracted services	2,508,654	642,317
• Cash Vaults	487,557	310,571
• Fleet	1,806,454	-
Total operational commitments	4,782,665	2,343,060
Already contracted for but not provided for	4,782,665	2,343,060
Total commitments	4,782,665	2,343,060
Total commitments		
Authorised capital expenditure	12,976,334	26,320,934
Authorised operational expenditure	4,782,665	2,343,060
	17,758,999	28,663,994

This committed expenditure relates to operational and capital expenditure. These commitments will be funded by the subsidy, available bank facilities, retained surpluses, existing cash resources and funds internally generated.

36. CONTINGENCIES

Litigation and Claims

During 2018, Joburg Theatre was served with summons for an alleged breach of contract regarding the Soweto Jazz Festival. The Plaintiff in the matter sought an amount of R24 505 130 in damages based on the alleged breach of contract. The matter is sub judice.

The matter is being disclosed as a potential liability that may be incurred depending on the outcome of the pending court determination.

A public liability claim of R9,020,000, from the lawyers of Sarah Elizabeth Bosch after she fell in to the orchestra pit. Bosch's attorneys claim that the incident was caused due to negligence by Joburg Theatre. The matter has gone to court and JCT is awaiting an outcome.

The amounts have not been provided for as this is considered as a potential obligation that may be incurred depending on the outcome of a future event.

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37. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure

Opening balance	28,399	-
Fruitless and Wasteful expenditure current year	53,918	28,399
Approved by Council or condoned	-	-
Transfer to receivables for recovery	(33,458)	-
Unauthorised expenditure awaiting authorisation	-	-
	48,859	28,399

An amount of R28,399 for travel and accommodation that was cancelled after failing to secure visa applications on time. The expenditure has been recovered from the concerned employees.

An amount of R48,859 relates to the interest on underpayment of the provisional tax. The entity has lodged a dispute for the amount to be reversed as the difference on provisions was caused by the change in accounting policy in prior year.