



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

the **JOBURG THEATRE**



2017/18 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

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
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 2017 to 30 June 2018. JCT operates Joburg Theatre (Braamfontein), Roodepoort Theatre and Soweto Theatre including hospitality and catering operations at the Joburg Zoo.

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 2017/18 integrated report provides all of the required data and tables.

To comply with local and international sustainable reporting best practice guidelines, the 2017/18 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

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 operations in implementing its mandate. To present a complete view of our company's strategy and performance, taking into account both qualitative and quantitative matters that are material to our 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 account of the company's strategic objectives, assessment of risk and the way in which our value chain operates. Material matters are those that are both of high concern to stakeholders and which could have a significant impact on our 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 our commitment to entrench global best practices in all operations. This report also complies with the disclosure requirements of the Generally Recognised Accounting Standards (GRAP), 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, and 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 entity has applied the principle of materiality in pertinent content and disclosure. 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.

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 (NGOs), National and Provincial Government, National Arts Council, theatre practitioners, other theatres, designated targeted groups.	The provisions of various frameworks including: Municipal Finance Management Act (MFMA); Section 46(1) of the Municipal Systems Act (MSA); King IV Report on Corporate Governance (King IV), Standards of Generally Recognised Accounting Practice (GRAP);
	The Entity's mission, vision and values.	Millennium Development Goals; BBBEE Code.
	The Entity's governance framework and policy environment.	

Joburg City Theatres 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 our 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 Joburg City Theatres for the 2017/18 financial year in all our geographic regions (Braamfontein, Roodepoort and Soweto including hospitality and catering operations at the Joburg Zoo) in which the entity operate. The consolidated data incorporates all the business units managed by Joburg Theatre (SOC) Ltd. 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 Generally Recognised Accounting Practice. 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"> • The Standard of Generally Recognised Accounting Practice • The King IV Report on Corporate Governance for South Africa • The 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 2017 to 30 June 2018 is an integrated financial, social and economic report. JCT aligns to the local and international sustainability best reporting practices including the:

- 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 Reporting 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

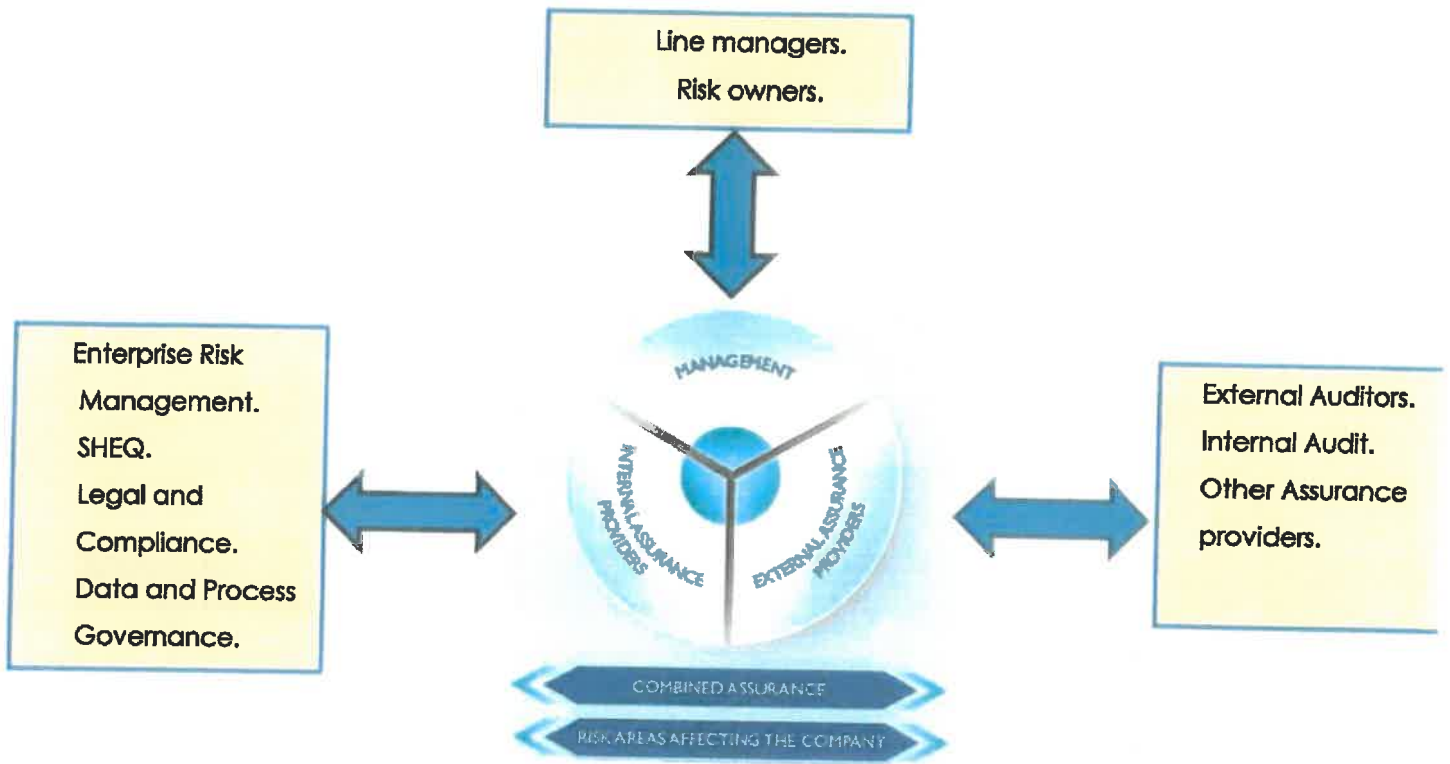
A combined framework integrates and coordinates all assurance activities, identifies all related providers, and ensures that actual assurance takes place and is reported within the entity's governance structures. JCT's combined assurance model recognises three lines of defence, namely review by management, supplemented by 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 2017/18 financial year was assessed and rated to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

Integrated Reporting Framework	MFMA: Circular 63 Annual reporting requirements
Ethical Leadership and Corporate Citizenship	Member of the Mayoral Committee's Foreword Statement and Executive Summary Report
Boards and Directors : <ul style="list-style-type: none"> - Board Independence; - Board reporting ; - Board's performance; - Board Committees; - Director's remuneration; 	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.
Audit and Risk Committees <ul style="list-style-type: none"> - Finance Competence; - Audit and Risk Committee performance; 	Service delivery performance
The Governance of Risk	Organizational Development performance
Compliance with Laws, Codes, Rules and Standards	Financial Performance
Internal Audit <ul style="list-style-type: none"> - Internal Audit Function; - Internal Controls 	Auditor-General findings
Governing Stakeholders Relationships	Appendices; Annual Financial Statements
Integrated Reporting Disclosure <ul style="list-style-type: none"> - Financial Disclosure; - Sustainability Disclosure; 	
Integrated Reporting Philosophy	

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.



1. COMBINED ASSURANCE STRUCTURE AND REPORTING LINES

Annexure A provides a graphical representation of the combined assurance structure and reporting lines within Joburg City Theatres.

Board

The Board is responsible for publishing an assessment of the state of risk management and internal controls on the recommendations of the Audit Committee.

Audit Committee

The Audit 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 statement will be prepared by the Director: Risk Assurance and Compliance. The Audit Committee will provide approval for the Combined Assurance scope and coverage plan, as well as monitor the assurance provided.

Risk Owner

The Risk Owners will ensure that the first line of defense is effective.

Risk champion

The Risk Champion will be supported by a Combined Assurance Forum.

Combined Assurance Forum

The purpose of the Combined Assurance Forum is to implement and embed the Combined Assurance Framework principles as approved by the Audit Committee.

The Combined Assurance Forum will have the following objectives:

- To provide support 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 Committee;
- Determine the desired level of assurance required by the Board through the Audit 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 Joburg City Theatres:

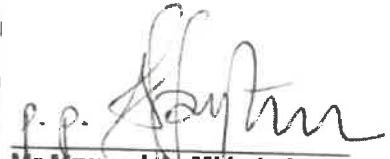
First line of defence	Second line of defence	Third line of defence
Management of Risk (Risk Owner)	Management support and oversight	Independent assurance
Nature of assurance: Line management is accountable and responsible for the management of risk and performance. A key element of this activity is the 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 management activities.	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 (Eg ISO), Regulator reviews, External Audit, External surveys, Insurance.
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. SWOT.	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 2017/18 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 Nkopane Maphiri
Chairperson
Board of Directors



Mr Mpumeliso Mkhabela
Chairperson
Audit and Risk Committee



Ms Mpho Lecoge
Chairperson
Remuneration, Social and Ethics Committee

CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE



Joburg City Theatres 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 enough 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.

This integrated report covers JCT's governance, financial, social responsibility, and broader economic and overall sustainability performance information for the financial period 01 July 2017 to 30 June 2018. The report provides a perspective of past and current performance, while giving sight of future prospects and strategies with a comprehensive summary that includes operations at Joburg Theatre, Roodepoort Theatre and Soweto Theatre including hospitality and catering at Joburg Zoo.

The report also covers:

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

Section 1: Foreword by Member of the Mayoral Committee



On behalf of Joburg City Theatres, it is my pleasure to present the integrated report for the financial year 2017/18 as an account of programmes and resources utilized.

The company continue to align to the GDS Outcomes, Priority Implementation Plans with more focus on the "Final Push Priorities" set by City of Johannesburg Metropolitan Municipality (CoJ) as the sole shareholder which is determined by the service delivery objectives in the company scorecard.

The shareholder has positively responded to the company's request for the upgrade of stage machinery at Joburg Theatre, which is 56 year old. The upgrade will ensure that the company its core business is carried out diligently.

Joburg City Theatres focuses on driving a caring, responsive, efficient and progressive developmental approach, to enable it to reach full potential as integrated and vibrant spaces. It gives me pleasure to see the increase both in output and

deliverables of the Joburg City Theatre's Youth Development programmes

Joburg City Theatres is committed to social cohesion, diversity and inclusivity. The arts can be used in all aspects of life, for many personal or public outcomes. A community or society is cohesive to the extent that the inequalities, exclusions and disparities based on ethnicity, gender, class, nationality, age, disability or any other distinctions which engender divisions distrust and conflict are reduced and/or eliminated in a planned and sustained manner. The community conversations in the arts development are an on-going project for the theatres.

Given this context, it is important that in 2017/18 the 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 of Joburg and supports social cohesion and an urban culture based on inclusivity and tolerance.

Joburg City Theatres 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.

As we consider the results for 2017/18 financial year, JCT has proudly achieved 90% on the company's Key Performance Indicators and 100% (excluding audit results which will be available in November) and 100% on 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. On behalf of th shareholder, I would like to share my gratitude to Ms Xoliswa Nduneni-Ngema, her contract ended 30 June 2018 as the Chief Executive Officer for her commitment and hard work to JCT for the past 5 years.

I look forward to the next financial year and would like to thank the Board of Directors under the leadership of Mr Nkopane Maphiri in representing the shareholder on running the affairs of the company, - to the executive management and the great team at Joburg City Theatres, stretch your hands and keep stretching them.

Cllr Nonhlanhla Sifumba
Member of the Mayoral Committee
Community Development

Section 2: Chairperson's Foreword



I have great pleasure and excitement in writing my overview for the 2017/18 as Joburg City Theatres remains committed to the mandate of the City of Joburg. This report, which serves as the Board's tool of accountability to the shareholder and the citizens of Joburg, has been prepared by management and approved by the Board, in accordance with the circular 63 of the Municipal Finance Management Act (MFMA) (2003).

This overview complements the MMC's foreword by elaborating on the general operations of JCT. During the year under review management continued to focus on the implementation of the **Transformation Agenda** and JCT's Business Model in order to sustain and improve its business strategy by finding a balance between need to be commercially viable within a changing society and transformation to ensure that its staff complement, audience, performers and programme content as well as procurement of goods and services are reflective of the diverse demography and cultures of the City of

Joburg and the South African society.

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. The strategic priorities of the City of Johannesburg are outlined in the Joburg 2040 Strategy and in the Integrated Development Plan. The Board acknowledges that Joburg City Theatres' success is crucial to the advancement of the City of Johannesburg. The strategic priorities of the shareholder will, as always, continue to drive the company's operational plans

Our programmes respond to the diverse nature of our **patrons** as they are our primary stakeholders. JCT has a specific focus on audience development and delivery of productions through the facilities to continually balance the objectives of quality product with development and the provision of opportunities for growth and transformation

Organisational Review

During the financial year under review JCT's Executive Producer resigned on 31 May 2018 and Chief Executive Officer's contract came to an end on 30 June 2018. While the recruitment of the Chief Executive Officer is underway, Chief Financial Officer was appointed as the interim CEO and Chief Operating Officer appointed as Acting Executive Officer.

Our performance in this financial year demonstrate **management team and staff's commitment** to making JCT a leading performing arts institution with significant value created for each of the company's stakeholders.

JCT continues to place a significant strategic emphasis and effort on the participation of the younger generations in the performing arts. This is to create opportunities for future **Artists and Practitioners** by education, awareness by also providing a platform to create work, perform, increase accessibility, facilitate partnerships and co-production opportunities, incubating youth projects and addressing youth unemployment.

Financial Review

The finances of JCT are managed in accordance with the Municipal Finance Management Act. For the financial year under review the JCT's revenue was R174 376 9 against a budget of R**147 146 000** The positive variance of R1.7 million is due to the revenue growth from Hospitality and Catering business, interest on investments and rentals of facilities.

JCT continues to be a leading example in terms of good governance as reflected in its positive audit outcomes and the Board has prioritized compliance and good governance in order to maintain this record while at the same time delivering effectively on our legislative mandate. In this regard the Board is pleased that JCT, once again, received an unqualified audit report with no additional matters.

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

Going into the 2018/19 financial year, the JCT Board is focused on ensuring that the JCT remains a sustainable, relevant and efficient entity of the City. The Board will be embarking in the five year strategy to improve the

JCT's competitive position, technology leadership, profitability, return on investment, employee relations and productivity, and corporate image. We are all proud to play our role as non-executive directors in the nurturing the growth of the organisation.

It is with much sadness that I turn to the tragic death of Ms Makhosazana Mbatha in April 2018. Ms Mbatha, Non-Executive Director who also served in the Board Sub-Committee: Artistic Committee, will be remembered for the significant contribution she made to JCT. I extend my sincerest condolences to her family, friends and colleagues. She will be sorely missed. We have also lost Mr Thabo Moitsheki, who has resigned in April 2018 as the Non-Executive Director, we wish him well in his future endeavors.

JCT's Board of Directors work as a team in progressing our business and fiduciary duties. Everyone has played their part and to all I extend my sincere thanks.

Thank you to our MMC of Community Development, Councillor Nonhlanhla Sifumba and the shareholder for providing me with invaluable support during this past year for which I extend my sincere appreciation. We acknowledge continued funding of the bulk of our operational budget as well as for the funding of capital projects by the shareholder to ensure the ongoing delivery of our mandate.



Mr Nkopane Maphiri
Board Chairperson

Section 3: Chief Executive Officer's Report



In the 2017/18 financial year, Joburg City Theatres continued in its pursuit of the company's strategic intent as set out in the business plan of the year under review. The business plan sets out the mandate, vision, mission and the strategic objectives to mention a few. In the year under review the organisation has made strides towards achieving the said strategic framework. The report will summarise the performance achievements encompassed in this integrated report together with challenges that were faced by the entity throughout the year.

Performance Achievements

JCT had twenty one (21) scorecard Key Performance Indicators (KPIs) that were used to measure its performance. Of the 21 KPIs nineteen (19) KPIs were achieved. This translates to 90% achievement of the scorecard. There were two (2) KPIs that were a challenge for the entity throughout the financial year. These were procurement spend on both women and youth owned entities. A target of 30% had been set for both of these KPIs respectively. The challenge was that there were a number of permutations that affected the calculation of the achievements.

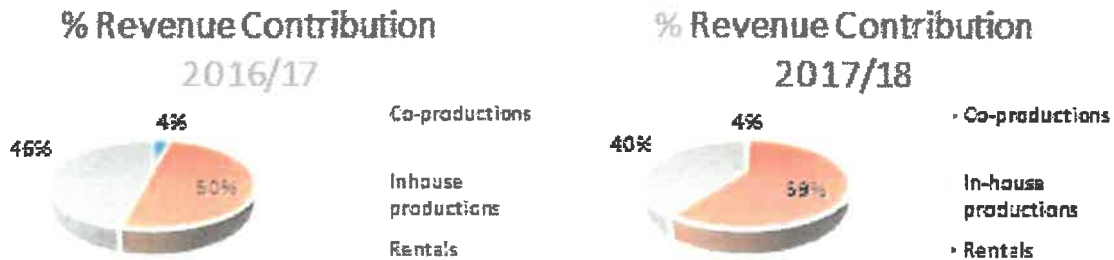
The primary contributors to the KPIs that were not achieved, were standard payments for electricity and utilities that are not procured, the recurring contracts concluded in previous periods, the unique procurement that is carried out via deviation like production related acquisitions and barter exchange agreements. These expenditures are usually large in nature and influence the calculation a great deal. Notwithstanding the challenges highlighted above, a 90% achievement of the scorecard is a source of pride and joy for JCT as it represents a step in the right direction in its endeavours to achieving the organisational objectives.

JCT had other notably achievements during the year, such as being named the number one in the integrated report assessment by Group Governance against all entities within the City of Johannesburg Metropolitan Council's control, obtained a clean audit from the Auditor General of South Africa for the fourth time consecutively for the 2016/17 financial year, and in June 2018 South African Institute of Chartered Accountants (SAICA) awarded Joburg City Theatres a certificate in recognition of its excellence in municipal finance management for achieving clean audits for a consecutive period of three years.



Service Delivery and Core Business

As an entity we have made significant progress in shifting the thinking around the programming of the three spaces that form Joburg City Theatres, particularly the content and audiences at the Joburg Theatre. The patrons were exposed to a diverse content attracting diverse audiences throughout the year. Joburg City Theatres had over one hundred and fifty (150) shows that took place in its different theatre spaces and attracted over two hundred and forty one thousands (241 000) 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 through the year under review.



The programmes in the first quarter of 2017/18 included Arts Alive Festival, a programme of COJ-Community Development, which celebrates the heritage month in our annual calendar. The programme included **Jazz on the Lake, 5th International Women Writers' Symposium, Soweto Heritage Festival with Alex Cultural Day and Urban Clash**. Other programmes for the first quarter included **King Kong, Calling Me Home, Gone Native: The Life and Times of Regina Brooks, Soweto Theatre Month-end Programming and Roodepoort Dance Festival**.

The programme highlights in the second quarter of 2017/18 included Joburg Theatre's annual pantomime **Pinocchio, Enable Through Dance, Kasi Food and Drink Festival, SA's Got Talent, Abantu Book Festival, a Michael Jackson tribute and a tribute to Gibson Kente**.



While the third and the fourth quarter continued with exciting programming that attracted scores of our theatregoers. The programming highlights for these quarters included **Woza Albert, Umshado, Be A Better Dog and Sunset Blues, Ghetto Laughs, Poetic Thursday, It's Personal, An Evening with, Soweto Arts and Crafts, Seven Colour Sundays, Africa Day Celebrations, Drakensberg Boys Choir, a tribute to Hugh Masekela, Talent Africa, Sounds of Resistance: The Liberation Concert, Sarafina, and many more**.





Youth Development

In the 2017/18 financial year, JCT continued with its key interventions in youth and community development initiatives. Through various interventions such as Applied Performing Arts and Arts Management (APAAM), Duma Ndlovu Actors' Workshops (DNA), Music Tutorial Programme (MTP), Lits'mong, JCT aims to contribute to issues of redress such as reduction of inequality and poverty through a creation of economic activities within the society by providing arts education programmes and access to theatre spaces.



JCT's intent and goal is that at the completion of the programmes the participants are able to enter into the main stream economy as arts practitioners and business people contributing positively to the economic development of our society. During the year under review, JCT trained over five hundred and twenty (520) learners in its various programmes. This represents a significant achievement for the entity in youth and community development spaces.

African Golden Horns from Region C (Kagiso/Swaneville) graduated from the APAAM programme 2016. Their production Toy Gun participated in the Mzansi Fela Festival and won the following awards, Best Director, Best Actress, Best Actor, Best supporting Actor, Best Original Concept, Best Ensemble and Best Production. The State Theatre is producing Toy Gun for a professional season from 27 September to 07 October 2018.

The **APAAM Programme** assisted the learners using tools covered in the performance module curriculum to use their own stories or other found stories as a starting point for creating a piece of theatre. Collaboratively they create and perform a piece of theatre.

The creative module curriculum makes use of creative tasks (story forming character, story synopsis and outline, use of community voices) to further develop their stories.

The programme covers modules in Technical (lights, set design and stage management) and Business (administration in the arts).



Youth Unplugged provides music skills development, networking opportunities and industry education through coaches who are industry professionals.

Shef and the Kitchen Music, a group from Orange Farm (Region G) was groomed through the Youth Unplugged music programme. The group has made strides in the music industry and has performed at the Back to the City concert in Newtown, Beam The Light Concert at the Lyric Theatre, and has now released an album, The First Recipe. The group will be having monthly live performance at the theatre to promote the album.

Shef and the Kitchen has been getting television coverage and have performed on the SABC 3 WTF Tumi. The group is currently on a drive to get votes to perform at the 2018 Standard Bank Joy of Jazz.



Human Capital Management

JCT had a total of one hundred and forty four (145) permanent and fixed term employees at 30 June 2018. The total approved structure has one hundred and sixty two (162) positions for the above category of employees. As at 30 June 2018 the vacancy rate stood at 10%. This vacancy rate did not pose a challenge for the entity as the majority of the vacant positions were not classified as critical vacancies and to this extent did not negatively impact in the operations of the entity.

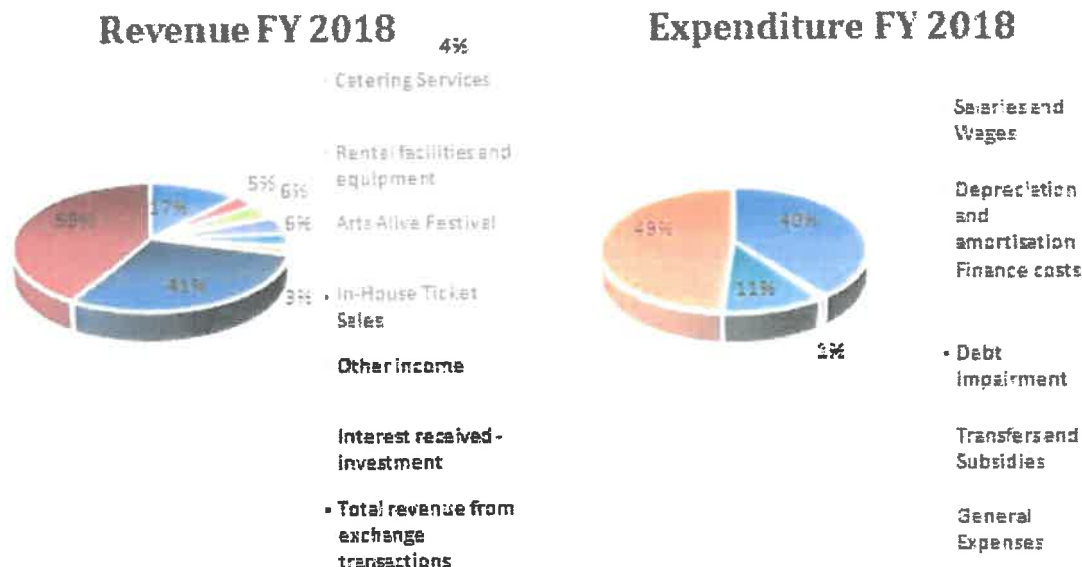
In addition to permanent and fixed term employees, JCT had one hundred and sixty one (161) temporary employees. This category of employees predominantly work as ushers for the Stage department and short-term contract workers for Hospitality and Catering department. The total number of staff compliment combining the two categories stood at three hundred and five (305) employees at 30 June 2018. JCT budgeted and spent about 40% of its total budget on employee related costs in the year under review.

The staff turnover remains relatively low at less than 5% of the total establishment. The employee profile is predominantly young with 91% younger than 55 years of age, while the remainder of 9% is 56 and 65 years of age. In terms of employment equity the ratio of men to women is still wide with females constituting 35%, while males constitute 65% of the permanent and fixed term employees.

The entity continues to have a challenge in attracting people with disabilities with the ratio of 1,4% against a target of 2%. In the 2017/18 financial year the entity has spent over three hundred thousands rands (R300 000) in the training and development of its employees. JCT understands the importance of investment in its most precious assets, its employees. To complement its development of employees JCT developed and submitted the Workplace Skills Plan (WSP) for the years starting 01 July 2018 onwards. This plan will be implemented and monitored throughout the year.

Financial Overview

JCT continued its upward trajectory in terms of incremental revenue year on year. In the 2017/18 the total revenue for the entity amounted to R174 937 691, which equated to a growth of 8% year on year. This growth derives from both subsidy and earned revenue. Earned revenue increased by 3% year on year. Increases in earned revenue growth were driven by the Hospitality and Catering business, interest on investments and rentals of facilities. The ratio of earned revenue to subsidy has been maintained at 41% exceeding the target set by shareholder of 35:65 in percentage terms. These revenue improvements have been accompanied by prudent expenditure management. Expenditure has been kept within the revenue achieved resulting in a surplus of over R500 000 after taxation. Below are charts reflecting both revenue and expenditure line items;



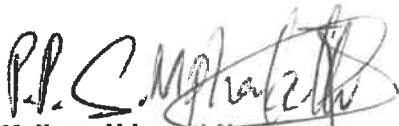
In the 2017/18 financial year the hospitality and catering services business contributed 17% of total revenue, rentals of facilities contributed 5%, arts alive festival contributed 6%, likewise in-house ticket sales ,and the

balance came from other income and interest from investments. In terms of expenditure 40% was paid to salaries and board fees, 49% to general expenses, and 11% to transfers and subsidies.

Way-forward and Conclusion

The target on youth and women procurement spend have been removed in the scorecard of 2018/2019 as there were no similar targets within the Group at the City of Johannesburg. The entity continues to monitor its performance against these critical measures for redress.

I also wish to extend my heartfelt gratitude to the MMC-COJ Community Development, Councillor Nonhlanhla Sifumba for the political direction and oversight, to the Board of Directors of Joburg City Theatres and its sub-committees for their oversight and commitment to the entity, and to Executive Management and employees for their dedication and hardwork throughout the year. Lastly, I send warm appreciation to our partners and patrons all of whom these achievements would not have been possible.



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

Section 4: Chief Financial Officer's Report



Joburg City Theatres Financial Highlights

Revenue

Joburg City Theatres performed well financially in the year 2017/18 under difficult economic conditions. The entity continued to strive to maintain a balance between commercial imperatives and the public good mandate in terms of developing and telling African stories. This is explicitly elaborated in the diversity of programming that took place during the year under review. The industry remains engulfed with stiff competition while financially the consumers of our products and services remain squeezed by the lower disposable income. Inflation has been steadily reducing while the interest rates have reduced to 10%. The rand continued to strengthen later in the year and petrol prices have been rising, and Moody's credit rating agency has kept South Africa's rating at 1 notch above the sub investment grading with a stable outlook. Despite all these aforementioned challenges Joburg City Theatres achieved excellent financial results.

JCT increased its total revenue year on year by 8% from a total of R162.2m to R174.9m. Earned revenue from normal operations increased by 3% year on year. This strong performance particularly from in-house ticket sales and hospitality and catering including expansion of the Joburg Zoo operations is mainly due to a number of marketing initiatives, and hard work that the team has put in throughout the year. JCT also implemented Arts Alive Festival on behalf of Community Development Department of the City of Johannesburg. This contributed to the revenue to the value of R10m. The management fees chargeable on these activities ranged between 10% and 15%. JCT is extremely excited and proud to have established a relationship with this sister department and sees value in the continuation thereof.

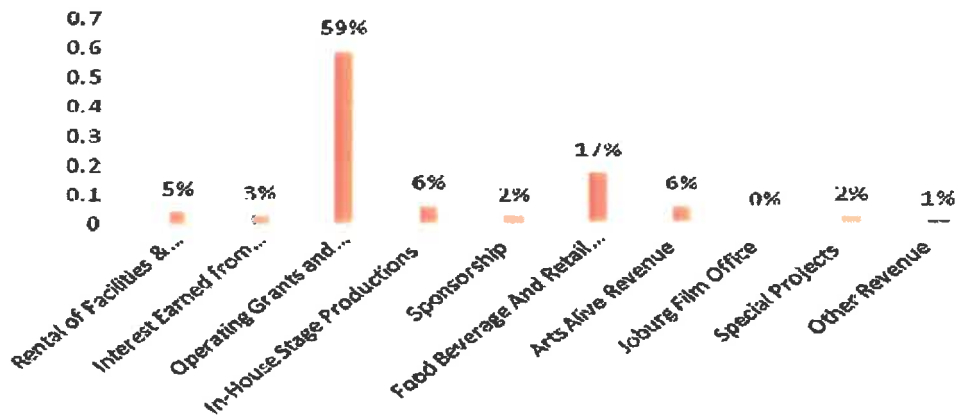
JCT has also seen a continuation of a relationship with the National Department of Arts and Culture that sponsored the Africa Day celebrations to the value of R1.3m. These associations and relationships are critical for business sustainability and also for achieving the all-important objective of transformation and content diversification.

Table below is a summary of main revenue items:

Sub Account Name	Full Year Actual (2017/18)	Full Year Budget (2017/18)	Prior Year (2016/17)	Full Year Actual to Budget	Current to Prior Year Actual %	Commentary
INCOME	174 937 691	174 146 000	162 216 728	0%	8%	The entity achieved 0% better than planned for the year and the performance is 8% better than prior year due to the reasons explained below for each revenue line item.
Rental Of Facilities & Equipment	8 032 721	7 500 000	7 487 882	7%	7%	Rentals for the year under review are 7% above target. The current year achievement is 7% better than prior year.
Interest Earned from External Investments	5 544 523	4 500 000	4 622 039	23%	20%	Target achieved and exceeded due to better rates negotiated with the bank and increased grant subsidy year on year. The interest is 23% better than plan while it is 20% better than last year.
Operating Grants and Subsidies	104 432 000	104 432 000	94 072 000	0%	11%	Subsidy is 11% better than prior year due to the Johannesburg Philharmonic Orchestra allocation of R10m in the current year
In-House Stage Productions	11 155 035	13 867 000	6 878 741	-20%	62%	The unfavourable variance of 20% compared to the budget is due to the productions not attracting as much audiences as expected. Another contributor to the unfavourable variance of 20% is lower disposable income on consumers due to economic climate which has impacted spending patterns. However the current financial year achievement is 62% better than the previous financial year due to the success of The Color Purple and other productions.
Sponsorship	1 391 304	1 688 077	831 018	-18%	67%	The variance is 18% below target. The Department of Arts and Culture increase the sponsorship for Africa Day Celebration to R1.3m which translate to a 67% increase from last year.
Catering and Hospitality	30 437 141	24 979 787	21 918 801	22%	39%	This line item is 22% above target in the year under review due to higher volumes of functions than expected. The achievement is 39% better than last year due to the expansion of the Joburg Zoo operations.
Arts Alive Revenue	10 275 555	10 000 000	13 143 333	3%	-22%	Arts Alive programme ran on behalf of Comdev a department of COJ. Current year allocation was reduced by the Department of Community Development by 22%. Notwithstanding the reduction of allocation the quality made additional revenue of 3%.
Joburg Film Office	-	-	7 050 000	0%	-100%	Joburg Film Office was a pilot project and did not proceed in the year under review.
Special Projects	2 654 536	5 819 937	5 074 913	-54%	-48%	This line item shows an adverse variance of 54% against target due to the lower volume of activities the entity ran on behalf of the City of Johannesburg than expected. Hence the actual results are 48% lower than prior year.
Other Revenue	1 014 876	1 358 199	1 138 001	-25%	-11%	The achievement is 25% below full year target and 11% below prior year. The shortfall results from lower than anticipated ticket sales for both rented and inhouse stage productions from which ticketing income is charged.

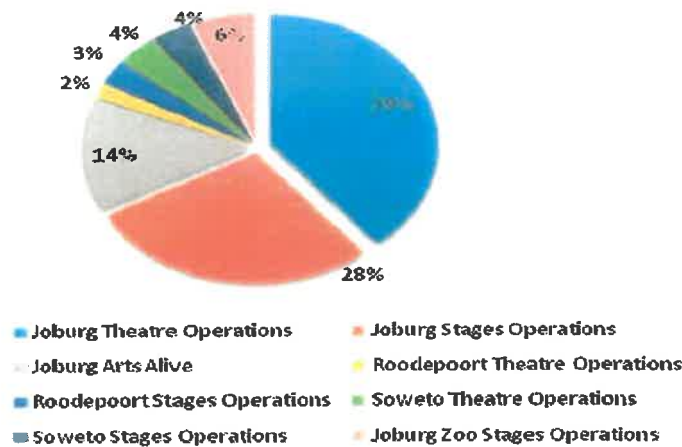
The bar graph below better depicts the main revenue contributors for the full year of 2017/18 financial year:

Revenue by category



REVENUE ANALYSIS BY SEGMENT

Analysis of earned revenue by segments



Analysis of earned revenue by segments				
Segments	2017/18	2016/17	% Up or Down	Movements
Joburg Theatre Operations	25 848 736.25	28 954 474.00	-11%	↓
Joburg Stages Operations	20 600 020.01	16 677 099.00	24%	↑
Joburg Arts Alive	10 275 554.70	13 143 333.34	-22%	↓
Roodepoort Theatre Operations	1 295 581.03	1 485 956.22	-13%	↓
Roodepoort Stages Operations	2 295 230.24	1 905 385.00	20%	↑
Soweto Theatre Operations	2 831 209.74	2 642 162.17	7%	↑
Soweto Stages Operations	2 790 200.87	3 336 317.00	-16%	↓
Joburg Zoo Stages Operations	4 569 115.52	-	100%	↑
Total earned revenue	70 505 648.36	68 144 726.73	3%	↑

Earned revenue is mainly generated from the Joburg Theatre operations with 39% of total revenue coming from this operation. The biggest contributors are the theatre operations followed by hospitality and catering at 36% and at third place is Arts Alive Festival revenue at 14%. The other operations from other regions combined make up the balance of 5% of total earned revenue. The drop above 10% at Soweto and Roodepoort theatres

was due to bookings not secured in the current year which includes amongst others Drumbeat and Wine Festival and Young Performer Awards. Overall earned revenue is 7% better than prior year and major contributor to the favourable variance is expansion of the Joburg Zoo operations and success of The Color Purple.

Expenditure

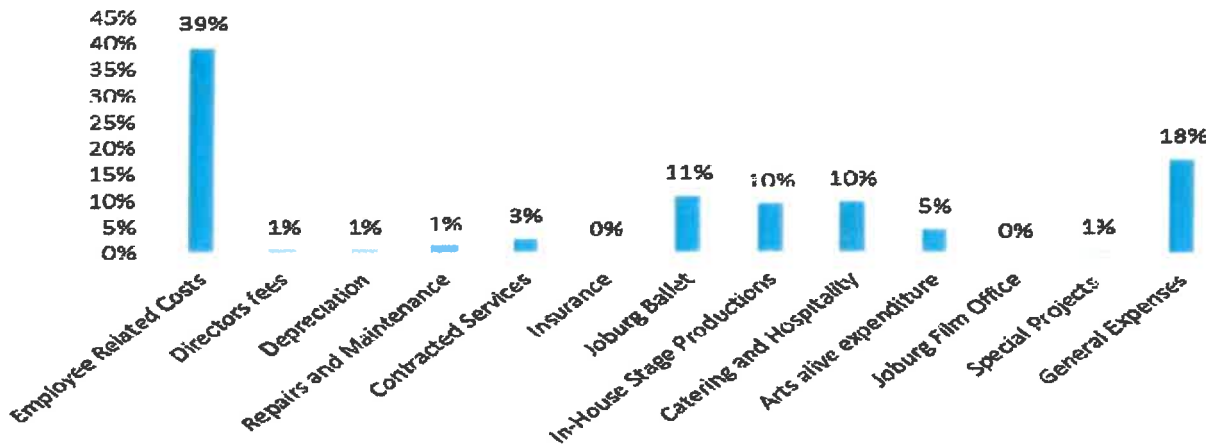
JCT continues to employ its utmost financial discipline when it comes to expenditure management. Total Expenditure for the full year results of 2017/18 is on target.

The table below depicts expenditure performance against target and the prior year:

Sub Account Name	Full Year Actual (2017/18)	Full Year Budget (2017/18)	Prior Year (2016/17)	YTD actual to budget	Current to prior year actual %	Commentary
Expenditure	174 442 886	174 146 000	155 201 564	0%	-12%	The total expenditure is 0% above current financial year budget and 12% above expenditure incurred last financial year due to the reasons explained below.
Employee Related Costs	68 807 359	69 383 438	62 050 724	1%	-11%	Employee related costs are 1% lower than the target due to vacant position. However this line is 11% above last year due to the implementation of parity by COJ and statutory increase of 7%.
Directors and Committee Members	1 324 109	1 418 564	1 249 940	7%	-6%	There is a saving of 7% on the board fees however there is an adverse variance compare to previous year due to the high volume of meetings held in the current financial year than prior year
Depreciation & Asset Impairment	1 352 067	1 600 000	1 118 509	15%	-21%	Favourable variance of 15% and 21% occurred as a result of asset base.
Repairs and Maintenance	2 577 246	2 414 277	1 293 049	-7%	-99%	Repairs and maintenance in the year under review reflects adverse variance of 7% compare to the budget and 99% compared to prior year due to the maintenance of stage machinery and equipment as well as the buildings i.e. Refurbishment of hospitality rooms and boom gate.
Contracted Services	5 074 852	5 340 069	5 359 209	5%	5%	Favourable variance of 5% compared to budget and prior year caused by the new contract prices that the entity negotiated with service providers.
Insurance	413 314	274 000	757 566	-51%	45%	The adverse variance of 51% compared to budget happened because COJ implemented new premium allocation strategy to its entities. However the entity achieved favourable variance of 45% compared to prior year. There was a settlement on the case of Mancunga to the value of R400 000 last year and nothing was incurred in the current year other than premium.
Joburg Ballet and Orchestra	19 339 330	18 496 000	8 000 000	-5%	-142%	The unfavourable variance of 5% compared to the budget has been caused by the interest earned by the beneficiaries of the grant from various financial institutions. The 142% unfavourable variance compared to prior year was caused by the additional beneficiary (Johannesburg Philharmonic Orchestra). The additional grant of R10m was approved by the council during budget process.
In-House Stage Productions	16 908 653	21 429 432	13 923 511	21%	-21%	The favourable variance of 21% compared to budget caused by the savings on shows i.e. Savings on variable costs like author's royalties; SAMRO royalties e.t.c. The entity posted an adverse variance of 21% compared to last year because two productions were presented in the current year (Pantomime and The Color Purple) and only one was presented in prior year (Pantomime).
Catering and Hospitality	17 349 357	10 201 692	11 679 498	-70%	-49%	The overspending on hospitality and catering is due to the increased levels of activities. The current year budget is 49% more than prior year due to the expansion of Joburg Zoo operations.
Arts Alive Expenditure	8 298 531	10 000 000	10 910 363	17%	24%	The entity recorded a favourable variance of 17% compared to the budget and favourable variance of 24% compared to prior year because of the allocation.
Joburg Film Office	150 000	0	2 928 015	0%	95%	Joburg Film Office was a pilot project and did not proceed in the year under review.
Special Projects	1 200 000	1 200 000	999 999	0%	-20%	Department of Economic Development allocated more funding in the year under review for EPWP project hence its 20% more than prior year.
General Expenses	31 648 068	32 388 531	34 931 181	2%	9%	Adverse variance of 2% on general expenses is not significant. Current year expenditure is down by 9% compared to prior year.

The graph below depicts the expenditure contribution for the full year of 2017/18 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 surplus of R503 168 for the year against a targeted breakeven surplus of R0m. The trading surplus is 92% below the prior year results.

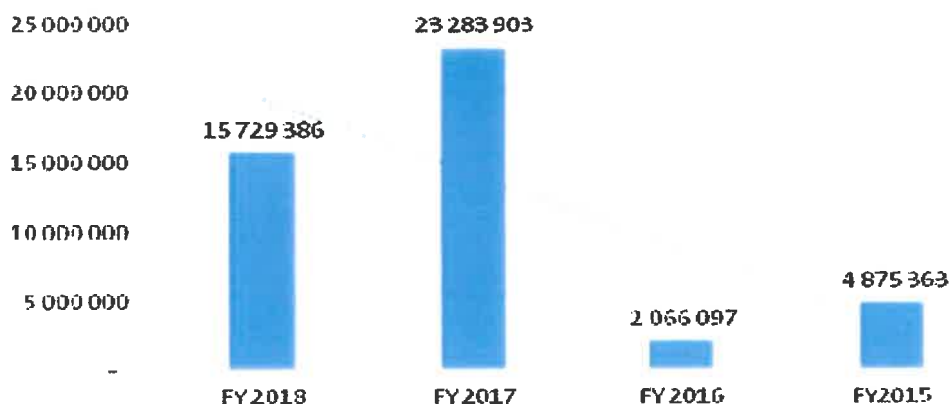
As at 30 June 2018 the accumulated surplus is sitting at R 21176 428.

Statement of Financial Position Full Year 2017/18

The entity has enough cash resources to settle its obligations and they fall due and the subsidy for the 2018/19 financial year has been received. Both Liquidity and solvency ratios have deteriorated by 16% (from 1.91:1 last year to 1.61:1 in the current year) and 13% (from 2.13:1 last year to 1.86:1 in the current year) respectively year on year. Despite the decrease on liquidity ratio year on year, it is still within the norm of 1.5 to 2.1. Current assets have gone up by 21% year on year while current liabilities went up by 44%. Total assets went up by 18% year on year while total liabilities went up by 35%.

	2018	2017	2016	Movements
Assets	49 787 360	42 278 033	37 362 190	↑
Current assets	35 552 161	29 362 415	24 771 108	↑
Non current assets	14 235 199	12 915 618	12 591 082	↑
Liabilities	26 826 874	19 820 716	21 920 037	↑
Current Liabilities	22 129 939	15 399 376	20 226 815	↑
Non current Liabilities	4 696 935	4 421 340	1 693 222	↑
NET Assets	22 960 486	22 457 317	15 442 153	↑
Share capital	10	10	10	↔
Loan from a shareholder	1 784 049	1 784 049	1 784 049	↔
Accumulated Surplus	21 176 429	20 673 258	13 658 094	↑

Cash balances for the last 4 years



Cash flow results for the year 2017/18 Financial Year

	FY 2018	FY 2017	FY 2016	FY 2015
Cash flows from operating activities	- 4 891 272.00	22 982 080.00	- 1 882 363.00	- 474 734.00
Net cash flows from investing activities	- 2 663 246.00	- 1 588 971.00	- 417 886.00	- 81 433.00
Cash flows from financing activities		- 175 304.00	- 509 017.00	- 488 769.00
Cash and cash equivalents at the end of the year	15 729 386.00	23 283 903.00	2 066 097.00	4 875 363.00

Capital Projects Spend

Capex expenditure budget for 2017/18 is R 8,308,543.00. JCT spent R 8,330,171.80 in the current financial year which is 100% spent. The allocated Capex budget for next financial year is R22.3m

JOBURG CITY THEATRE'S CAPEX			
PROJECT	EXPENDITURE (VAT EXCL)	BUDGET	AVAILABLE BALANCES
JOBURG THEATRE			
BUILDING RENOVATIONS AND UPGRADES	741 377.25	750 000.00	8 622.75
UPGRADE OF STAGE MACHINERY	4 395 000.00	4 395 000.00	-
TECHNICAL EQUIPMENT	999 839.01	971 000.00	- 28 839.01
INFORMATION TECHNOLOGY	967 000.00	967 000.00	0.00
TOTAL - JOBURG THEATRE	7 103 216.26	7 083 000.00	- 20 216.26
ROODEPOORT THEATRE			
BUILDING RENOVATIONS	517 931.53	527 000.00	9 068.47
STAGE EQUIPMENTS UPGRADES	116 000.00	116 000.00	-
TOTAL - ROODEPOORT	633 931.53	643 000.00	9 068.47
SOWETO THEATRE			
BUILDING RENOVATIONS	295 146.82	285 043.00	- 10 103.82
STAGE EQUIPMENTS UPGRADES	297 877.19	297 500.00	- 377.19
TOTAL - SOWETO	593 024.01	582 543.00	- 10 481.01
TOTAL CAPEX JCT 2017/18	8 330 171.80	8 308 543.00	- 21 628.80
	100%		

Audit Opinion trends-Last 5 years

	2017	2016	2015	2014	2013
Type of audit opinion	Clean audit	Clean audit	Clean audit	Clean audit	Unqualified

In conclusion

I wish to express sincere gratitude to the MMC Councillor N. Sifumba for a political direction and support, the Board of Directors and its subcommittees for oversight and strategic direction, the Executive Committee led by the Chief Executive Officer Ms Xoliswa Nduneni-Ngema and all members of staff at JCT for their sterling contribution to the success of the organisation throughout 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 2017/18.

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, in 2015, 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 R166 million and a staff complement of 145 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 2017/18 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."**

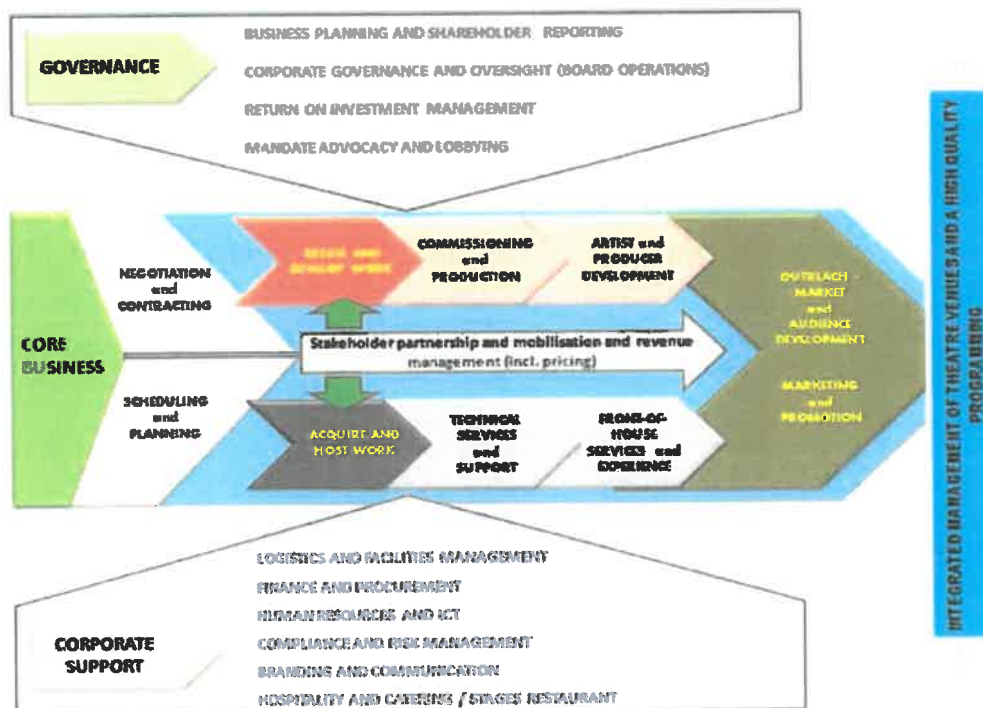
The Board and Management remain committed to achieving strong financial and operational results, ensuring good corporate governance and transparent compliance to legislation while delivering on the mission of the company:

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

We commit to:

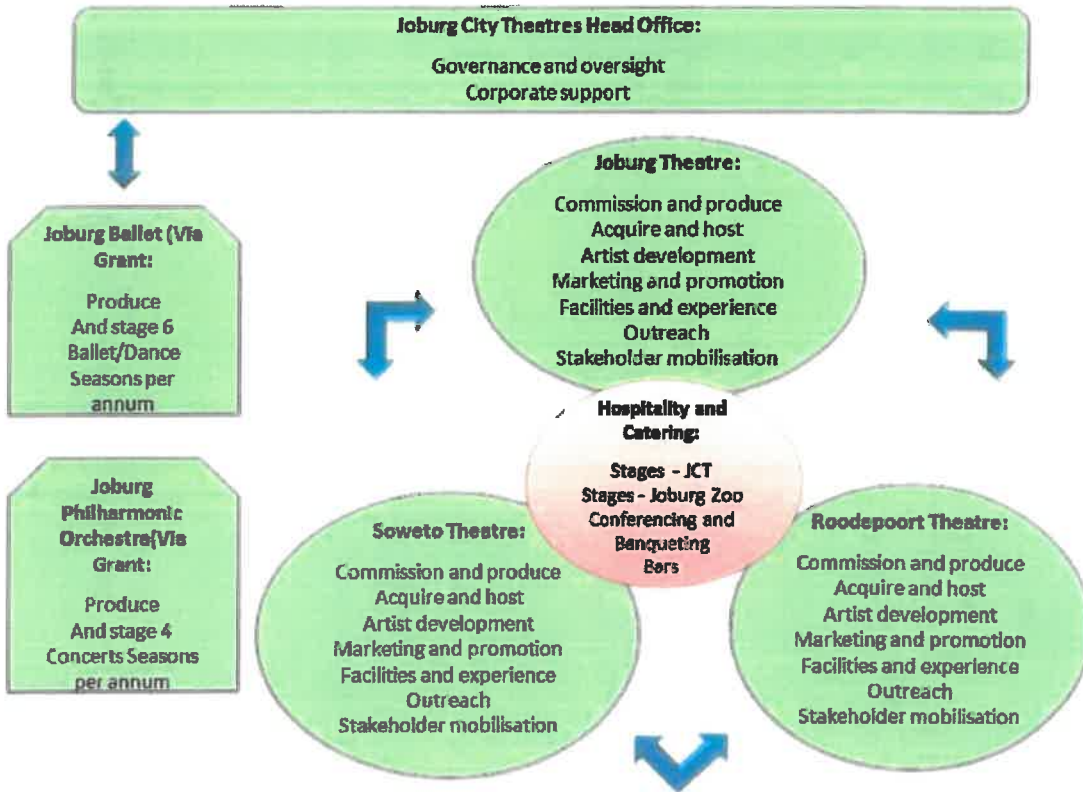
- *Conceptualise, manage, host and promote high quality performing arts and entertainment experiences and facilities;*
- *Create opportunities for affordable access and use of theatres by all communities;*
- *Provide opportunities for the youth, including the development of future arts practitioners 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.*

Value Creation Process



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:



Resource Allocation

Budget:
174.146m
R8.308m

Human Resources and Software
Servers

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.

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 2018, all such returns and notices as required and that all such returns and notices are true, correct and up to date.

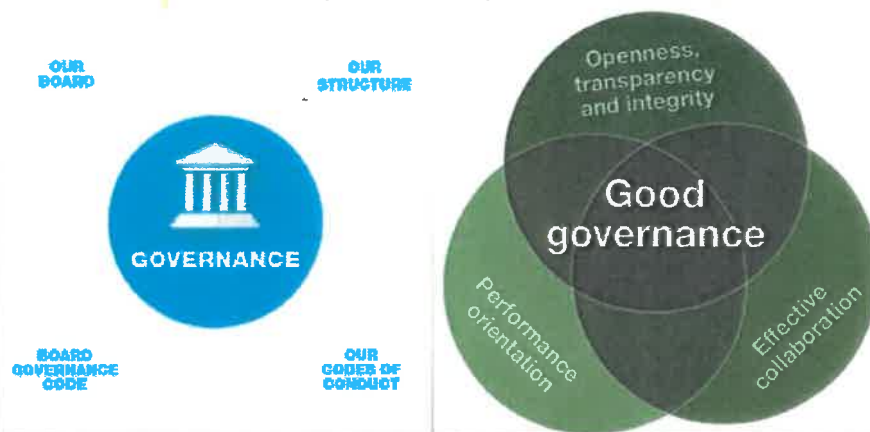
Statement of Responsibility

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 statements of Generally Recognised Accounting Practice (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 **on page 110**. The annual financial statements were approved by the Board of Directors on the **27th November 2018** and signed on its behalf by the Chairperson of the Board, Mr Nkopane Maphiri.

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 Annual 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. An annual director and peer review is undertaken, as well as a Board evaluation.

The term of office of the non-executive directors is subject to review at the Annual General Meeting. A performance evaluation of the Board is conducted at the end of the financial year. Any shortcomings are addressed and areas of strength consolidated. The performance of board committees are evaluated against the terms of reference.

Board of Directors



NKOPANE MAPHIRI
Board Chairperson



XOLISWA NDUNENI-NGEMA
Chief Executive Officer



SOLOMON MPHAKATHI
Chief Financial Officer



MPHO LECOGE
Non-Executive Director



MPUMELELO MKHABELA
Non-Executive Director



AMANDA FORSYTHE
Non-Executive Director



STELLA BALOYI
Non-Executive Director



JUNIOR RAMOVHA
Non-Executive Director



THEOPHILUS MKHUBA
Non-Executive Director



MAKHOSAZANA MBATHA
Non-Executive Director



ASHLEY HAYDEN
Non-Executive Director



THABO MOITSEKI
Non-Executive Director

NOTE:

- * Ms Xoliswa Nduneni-Ngema's employment contract as CEO ended on 30 June 2018 and Mr Solomon Mphakathi was appointed Acting CEO from 01 July 2018 until finalisation of the recruitment process.
- ** Ms. Makhosazana Mbatha was retired at the 2018 Annual General Meeting (AGM).
- *** Mr Thabo Moitsheki resigned at the 2018 AGM.

BOARD OF DIRECTORS' PROFILES

MR NKOPANE MAPHIRI (CHAIRPERSON)

Mr Maphiri is a media and communications professional with over 23 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.

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.

MR SOLOMON MPHAKATHI (ACTING CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER)

Solomon Mphakathi is a qualified chartered accountant with more than 10 years' experience in the finance and auditing field. He 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 of 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 of 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.

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.

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 MPUMELELO MKHABELA

Mpumelelo Mkhabela is a media professional who was once, as part of his career, a South African National Editors' Forum (SANEF) Chairman and an editor for the Sowetan.

Mkhabela has been a journalist since 1999. He started his career as a junior reporter at City Press. In 2001 he was appointed parliamentary correspondent, a position he held until 2007 when he joined the Sunday Times as senior political writer and later parliamentary bureau chief.

In 2010 he was appointed deputy editor of The Sunday Independent. In 2011 he was appointed editor of the Daily Dispatch before he was transferred to Sowetan as editor. He holds a BA (Hons) in Political Science from the University of Limpopo, Bachelor of Journalism (Hons) from Stellenbosch University, a certificate in finance for non-financial managers (GIBS) and an MA in International Politics (Cum Laude) from UNISA. Mkhabela is a lecturer in the Department of Political Sciences at Unisa.

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.

MS STELLA BALOYI

Stella is an entrepreneur and has twenty (20) 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.

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.

DR THEOPHILUS MUKHUBA

Dr Mukhuba is qualified with a Bachelor of Arts degree, university education diploma and a Bachelor of Arts (Honours) majoring in poetry, poetics, drama, fiction a research essay from the Rand Afrikaans University (now the University of Joburg).

He also holds a Masters of Education in Educational Linguistics and certificate courses in project management and financial management for non-financial managers.

Dr Mukhuba is a member of the South African Council of Educators. He also is a writer and publishes articles online and in journals.

MS MAKHOSAZANA MBATHA

Makhosazana holds a BA: Communication from the University of Joburg and certificates in Copywriting AAA and in social media and digital copywriting AAA.

Her background includes building and executing social media strategy, creating content for various clients on social media platforms like Twitter and Facebook as well as managing community engagement.

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.

MR THABO MOITSHEKI

Thabo comes from an education profession background and is qualified with a diploma in Arts Education. He has experience in performance management, event planning, employment equity and diversity management as well as policy development and management.

Change and Strategic management are also some of the competencies Thabo possesses. He is also the founder member of Kagiso Life Line Centre (Centre for Trauma and stress).

During the 90s stretching into the 20s, Thabo was an advisory member of the Vaal Community Radio and also a regional chairperson of NASDEV (a body for student development practitioners in Institutions of Higher Learning).

Attendance at meetings held during the year was as follows:

Name of Member	Board Meetings (7)	Audit and Risk Committee Meetings (6)	Artistic Committee Meetings (2)	Remuneration, Social and Ethics Committee Meeting (3)	Group Audit Committee Meeting (GAC)	Chairperson's Quarterly meetings (4)	Group Performance Audit Committee (GPAC) Meeting
Nkopane Maphiri	6	-	-	-	-	3/4	-
Ashley Hayden	7	-	2	-	-	-	-
Mpho Lecoge	7	-	-	3	-	-	-
Stella Baloyi		-	-	2	-	-	-

Theophilus Mukhuba	4	-	1/2	0/1*	-	-	-
Amanda Forsythe	7	6	-	-	-	-	-
Thabo Moitsheki		-	2	-	-	-	-
Makhosazana Mbatha	4	-	2	-	-	-	-
Mpumelelo Mkhabela	7	6	-	-	4	¼ Attended on behalf of board Chairperson	1
Junior Ramovha	7	-	-	3	-	-	-
Tshidi Molala (IAC Member)	-	5/5	-	-	-	-	-
Chrystal Cape (IAC)	-	5	-	-	-	-	-
Manana Moroka** (IAC)	-	-	-	-	-	-	-

NOTES: Members only attend meetings for Committees they are nominated/required to attend by the Shareholder, for example, the ARC Chairperson should attend Group Committee meetings like GAC and GPAC.

The board meetings took place on the following dates: 17 July 2017, 13 October 2017, 28 November 2017, 19 January 2018, 9 March 2018, 16 April 2018 and 21 May 2018. These included two (2) special meetings.

The Audit and Risk Committee meetings took place on the following dates: 14 July 2017, 25 August 2018 13 October 2017, 28 November 2017, 19 January 2018 and 12 April 2018. The meetings included two (2) special meetings. ** Manana Moroka resigned on the 4th of July 2017.

The Remuneration, Social and Ethics Committee took place on the following dates: 14 July 2017, 16 January 2018 and 07 March 2018.

Prof Mukhuba was nominated to the REMSEC on the 21st of May 2018 and therefore only one meeting took place after his appointment.

The Artistic Committee meeting took place on 09 October and 15 January 2018.

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.

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 in respect of certain of the board's responsibilities. The board monitors these responsibilities to ensure effective coverage of, and control over, the operations of the entity. During the 2017/18 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
- Artistic Committee

Audit and Risk Committee

The Audit and Risk committee consist of one (1) independent audit committee members and three non-executive directors:

- Mr Mpumelelo Mkhabela (Non-Executive Director – Chairperson)
- Ms Chrystal Cape (Independent Audit Committee Member)
- Ms Amanda Forsythe (Non-Executive Director)
- Ms Margaret Moroka¹ (Independent Audit Committee Member)
- Ms Tshidi Molala² (Independent Audit Committee Member)
- Ms. Ashley Hayden³ (Non-Executive Director)

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 considers the annual financial statements of the entity to be a fair presentation of its financial position at June 30th 2018 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 municipality
- The Auditor General report
- Report of the Audit and Risk Committee
- The annual performance report of the municipality prepared by the municipality in terms of section 46 of the Municipal System Act;
- The Auditor General's audit report in terms of section 45 (b) of the Municipal Systems Act.

¹ Resigned 04 July 2017

² Resigned 01 March 2018

³ Nominated to the Committee on 21 May 2018

- An assessment by the municipality '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 maybe 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

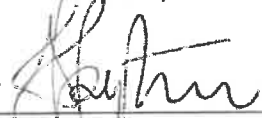
The committee is satisfied that the expertise and experience of the Chief Financial Officer is appropriate to meet the responsibilities of the position. This is based on the qualifications, levels of experience, continuing professional education and the board's assessment of the financial knowledge of 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.

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 2018, 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 Integrated Report 2017/18. The committee is satisfied that it has complied in all material respects, with its legal, regulatory and other responsibilities.


P.P.

Mr Mpumelelo Mkhabela
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 Mukhuba⁴ (Non-Executive Director)

The committee met three (3) times during the year under review.

⁴ 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.

Artistic Committee

The Artistic committee consists of the following non-executive directors:

- Prof Theophilus Mukhuba (Chairperson)
- Ms Ashley Hayden (Non-Executive Director)
- Ms Makhosazana Mbatha⁵ (Non-Executive Director)
- Mr Thabo Moitsheki⁶ (Non-Executive Director)

The committee met twice during the year under review.

The Artistic Committee's role and responsibility is to advise the Board in relation to Arts Programming matters of JCT.

Following the AGM resolution by the Shareholder for entities to maintain only statutory committees in an effort to curtail costs, the Artistic Committee was dissolved.

During the year under review, the company did not conduct any public meetings.

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.

⁵ Retired at the Annual General Meeting (AGM) held on 20 April 2018

⁶ Resigned at the 2018 AGM

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.

Fees paid to non-executive directors (including committee members) for the 2017/18 period, is listed below:

Fees paid to non-executive directors (including committee members) for the 2017/18 period, is listed below:

JOBURG THEATRE: NON-EXECUTIVE DIRECTORS (NED) AND INDEPENDENT AUDIT COMMITTEE MEMBERS (IAC)
 JULY 2016 - JUNE 2017

NAME	BOARD MEETING	CHAIRPERSON'S QUARTELY MEETING	GROUP AUDIT COMMITTEE	GROUP RISK GOVERNANCE COMMITTEE	PERFORMANCE AUDIT COMMITTEE	AUDIT & RISK COMMITTEE	REMUNERATIONS, SOCIAL & ETHICS COMMITTEE	ANNUAL GENERAL MEETING	ARTISTIC COMMITTEE	STRATEGIC PLANNING SESSION	RISK ASSESSMENT WORKSHOP	SHAREHOLDER CONTACTS MEET/AC INDUCTION	RETAINERS FEES 2016/17	TOTAL
Dates of Meetings														
Mogalese Comedy (Chairperson)	15/03/16	11/06/16											36 817.33	36 817.33
Mogalese Shakespeare (NED) (IAC Chairperson)	11/03/16		19/03/16	17/11/16	28/10/16	14/07/16	15/07/16		7/12/16	5/04/16			15 110.67	15 110.67
Mogalese Shakespeare (NED) (Finance Chair)	03/06/16						15/07/16			5/04/16			15 216.62	15 216.62
Mogalese Shakespeare (NED) (Chair)	22/06/16									5/04/16			15 216.67	15 216.67
Field Theatre (NED)	02/06/16									5/04/16			15 216.67	15 216.67
Impresso Arts Co. (NED)	11/02/16						1/05/16						15 216.67	15 216.67
Impresso Theatre (NED)	17/02/16						1/05/16			5/04/16			15 216.67	15 216.67
Impresso Theatre (NED)	11/06/16						1/05/16			5/04/16			15 216.67	15 216.67
Impresso Theatre (NED)	23/06/16						1/05/16			5/04/16			15 216.67	15 216.67
Joburg City Theatres						10/02/16		5/04/16						36 125.00
Director Chair (NED)						24/02/16		5/04/16		5/04/16	7/05/16			36 026.00
Mogalese Theatre (IAC)						20/02/16		5/04/16		5/04/16	7/05/16			49 434.00
Mogalese Shakespeare (Finance Chairperson)	04/03/16											24 000.00		24 000.00
Mogalese Shakespeare (NED)	12/03/16							12 000.00	6/08/16			24 000.00		46 000.00
Mogalese Shakespeare (NED)	12/03/16							12 000.00				24 000.00		48 000.00
Mogalese Shakespeare (NED)	12/03/16							12 000.00	9/12/16			12 000.00		33 135.00
Thamphoko Shakespeare (NED) (IAC Chair)	14/03/16							12 000.00				24 000.00		48 000.00
Thamphoko Shakespeare (NED)								12 000.00				24 000.00		48 000.00
Thamphoko Shakespeare (NED)	19/03/16							12 000.00	6/08/16			24 000.00		48 000.00
Mogalese Shakespeare (NED) (IAC Chairperson)	12/03/16		12/03/16	12/03/16				12 000.00				24 000.00		66 084.00
Impresso Theatre (NED)	14/03/16							12 000.00				24 000.00		72 000.00
Sub Totals:	313 058.00	13 408.00	51 526.00	29 132.00	26 530.00	119 763.00	42 068.26	307 400.00	39 363.00	51 926.00	27 210.00	231 076.00	147 032.44	1 197 813.28

Approved for Joburg City Theatres
 Approved on: 16 March 2017

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

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-NGEMA⁷
CHIEF EXECUTIVE OFFICER
Age: 57
Qualifications:
Bachelor of Social Science; Diploma in Marketing Management; Diploma in Public Relations
Municipal Financial Management



MR SOLOMON MPHAKATHI⁸
CHIEF FINANCIAL OFFICER
Age: 39
Qualifications:
CA(SA)
+10 years' experience in the finance and auditing field
Municipal Financial Management



MS BRIDGET MASHIKA⁹
CHIEF OPERATIONS OFFICER
Age: 44
Qualifications:
BCompt Degree
+10 years finance and governance experience
Municipal Financial Management



MS PHILIPA MADUKA
COMPANY SECRETARY
Age: 37
Qualifications:
LLB
10 years legal and company secretarial experience
governance experience
Municipal Financial Management



MS CLAIRE PACARIZ¹⁰
EXECUTIVE PRODUCER
Age: 41
Qualifications:
National Diploma in Public Relations Management
Marketing, Associate Producer and Strategic Relations Management experience,
Municipal Financial Management

⁷ Contract ended 30 June 2018

⁸ Appointed Acting CEO from 01 July 2018

⁹ Acting Executive Producer from 01 June 2018

¹⁰ Resigned 30 April 2018

The Table below discloses the 2017/18 remuneration of the Executive Management

SENIOR MANAGEMENT REMUNERATION : (JULY 2017 - JUNE 2018)

No.	Name	Basic Salary	Allowances & Contributions	Other	Bonus / Fees	Total
1	X. Nduneni - Ngema (Chief Financial Officer)	1 672 908.00	512 126.00	69 705.00	218 151.00	2 472 890.00
2	B Mashika (Chief Operation Officer)	1 168 970.00	345 075.00	108 360.00	152 436.00	1 774 841.00
3	S. Mphakathi (Chief Financial Officer)	1 436 859.00	359 904.00	116 073.00	183 370.00	2 096 206.00
4	P. Maduka (Company Secretary)	1 003 816.00	11 676.00	53 826.00	112 200.00	1 181 518.00
5	C. Pacariz (Executive Producer)	853 512.00	229 678.00	88 774.00	79 500.00	1 251 464.00
		6 136 065.00	1 458 459.00	436 738.00	745 657.00	8 776 919.00

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.

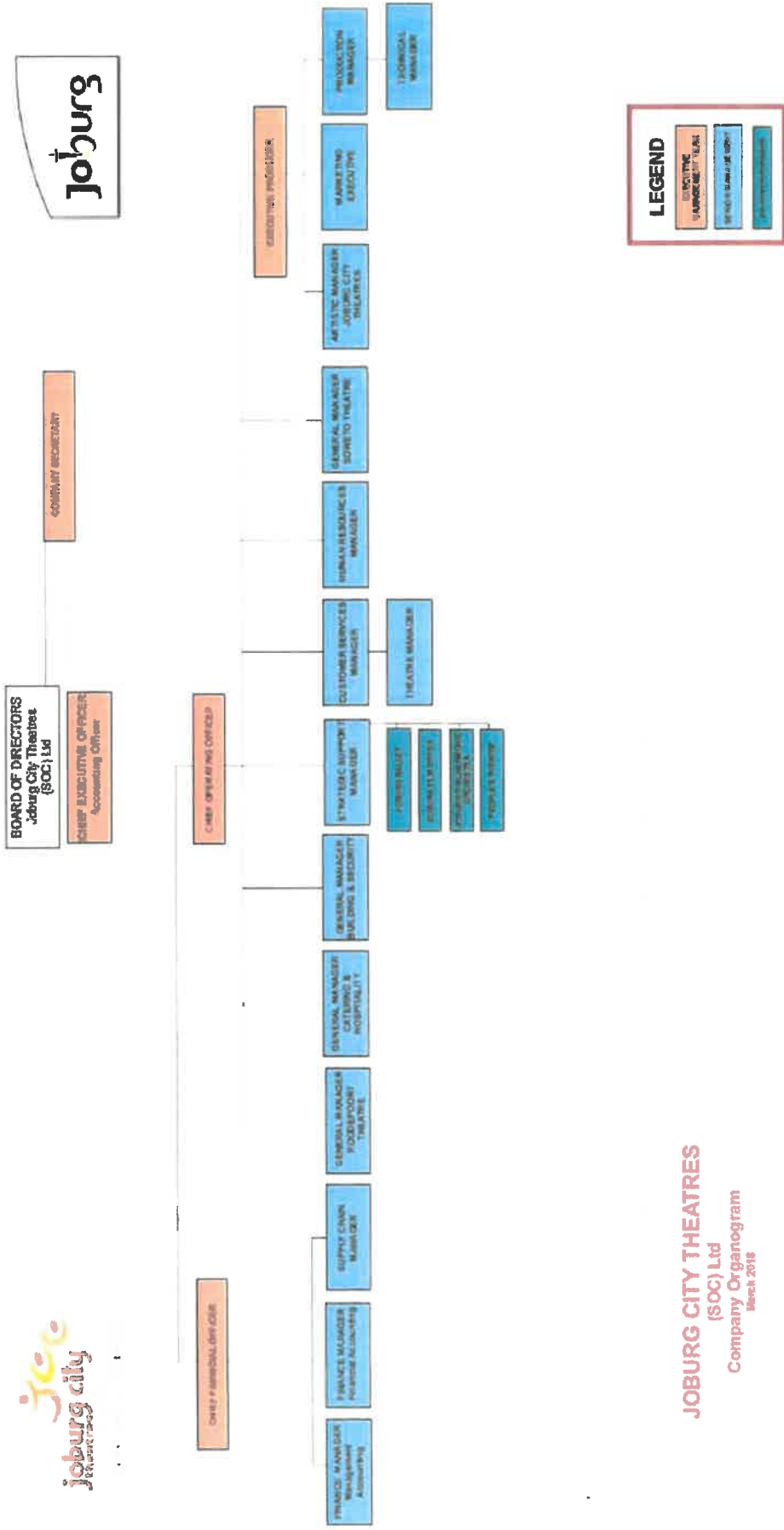
Primary function of the company secretary is to act as the link between the board and management and to facilitate good relationships with the shareholders. The company secretary is responsible for the general administration, more specifically to ensure compliance to good corporate governance practices 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;
- 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.

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.



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	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.

- 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. ✓
 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.
 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.
- 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. ✓
 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.
- 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. ✓
 The board has adopted a combined assurance model in the governance of risk.
 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.
- 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. ✓
 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.
- 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. ✓
 The CoJ negotiates and contracts with pension funds for the benefit of employees. Furthermore, the company partially contributes towards the employees' pension fund.

Section 4: Risk Management and internal controls

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 2017/18 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, JCT noted the following significant highlights from a risk management perspective:

The Audit and Risk Committee confirms that the Committee has reviewed the Strategic risk profile of the ME, ensuring that these are aligned to the City-wide top strategic risks as applicable.

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 2017/18 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.

i) 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

ii) 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.

iii) 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.

iv) 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.

v) 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.




vi) 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	
Inadequate funding to produce in-house productions	The theatre is unable to pay the market rate for facilitators. This result in less youth trained.	Moderate	Low	Low	Low	Yes	
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.	Moderate	Moderate	Moderate	Moderate	Yes	

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.	↕ Moderate	↕ Moderate	↕ Moderate	↕ Moderate	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.	↕ Moderate	↕ Moderate	↕ Moderate	↕ Moderate	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.	↕ Moderate	↕ Moderate	↕ Moderate	↕ Moderate	Yes	☹️
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	↕ Moderate	↕ Moderate	↕ Moderate	↕ Moderate	Yes	☹️

Risk name	Causes/background to the risk	Residual rating				Within risk tolerance	Status of implementation of treatment plan
		Q1	Q2	Q3	Q4		
	controls and inadequate physical security controls	Moderate	Moderate	Moderate	Moderate		
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 at GRAS has a staff complement of senior qualified persons. 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 local and divisional management and the auditor-general as well as the audit committee. The Internal Audit Executive reports to the executive director: finance on a functional basis and has direct access to the chairman of the 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 2017-18 financial year.***

The results of the reviews and audits conducted throughout the financial year 2017/18 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

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.

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. The overall number of youths trained in drama for the year is 280.

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.

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. The overall number of learners that have been reached for the year is 220. 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.

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 pro-active 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 2017. 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 commencing 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 III and compliance against the checklist was for the first time developed and reported on in the entity's draft annual 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.

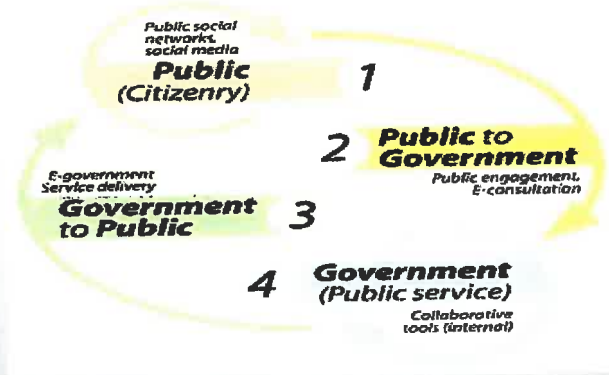
Report on Resolutions passed with the Registrar of Companies beyond expected time frame

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 90% 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 four consecutively with a certificate awarded by SAICA for Excellence in Municipal Finance Management.
- Number spot for integrated reporting within the City entities for two year in a row.
- Total revenue improvement of 10% year on year while earned revenue improved by 7%.
- The allocation of capital expenditure (100%) fully utilised for the year under review.
- A total attendance of 241 567 representing a 12% improvement from the plan/target.
- Over 150 productions staged throughout the year across all three theatres.
- Movement RSA a group within Youth Development in the Joburg City Theatres was honoured with an invitation to participate in the 10th International Festival in Donzdof, Germany. This participation culminated in two other invitations to Germany 2019 and Switzerland in 2020.
- The Color Purple showcase was top highlight in its first season in South Africa attracting full houses and great reviews from the audiences and the media alike. It far surpassed expectation on ticket sales reaching over R4m in ticket sales.
- Legacy projects have continued in the year under review with tributes to legends such as Bra Hugh Masekela, Gibson Kente, Mama Winnie Madikizela Mandela, and Tata Rholihlahla Nelson Mandela.
- The organisation has completed and submitted the Work Skills Plan that informs its training programme for the 2018/2019 financial year.

Challenges faced during the year

- Ticket sales remain a challenge particularly the sale of tickets on newly developed African stories. This productions usually require substantial investments at initial stages with lower returns on investment and require a number 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 efficiencies 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 two vacancies resulting in a load of work being shared between the remaining executives.

- **Financial**

- ✓ 8% total revenue growth year on year.
- ✓ Earned revenue increased by 7% year on year.
- ✓ 2% improvement in total net assets from R22 457 317 to R22 960 486.
- ✓ 100% spending on the adjusted capital expenditure budget of R8 308 000. 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	2018	2017	2016	2015	2014
Total Assets	R	49 778 955.00	42 278 033.00	37 362 190.00	33 598 458.00	30 616 035.00
Total Equity	R	26 826 874.00	22 457 317.00	15 442 153.00	13 931 402.00	13 877 231.00
Non-Current Assets	R	14 226 795.00	12 915 618.00	12 591 082.00	13 532 648.00	14 797 806.00
Bank Balance	R	15 729 386.00	23 283 903.00	2 066 098.00	4 875 363.00	5 920 299.00
Capital Expenditure	R	8 308 543.00	6 149 000.00	5 450 000.00	8 381 433.00	14 696 880.00
Earned Revenue	R	70 505 648.36	68 144 726.73	69 955 510.00	38 926 687.00	33 953 154.00
Subsidy	R	104 432 000.00	94 072 000.00	73 502 000.00	68 823 000.00	56 504 000.00
Surplus After Tax	R	494 805.50	7 015 162.00	295 332.00	54 726.00	2 571 511.00

- **Non-Financial:**

- JCT managed to achieve its objectives in a volatile economic climate, both locally and globally with budgets tightened all around and the City's focus on delivering basic services especially in deprived communities.
- 90% achievement on service delivery performance. 2 KPIs were not achieved 100% on capital expenditure budget.
- Youth Development programmes have increased in quality and impact. The training programmes provide enabling tools and opportunities for community theatre groups and individual artists to be practicing practitioners in the performing arts sector.
- The Soweto Theatre Music Tuition Programme established Soweto Theatre Junior Orchestra which has collaborated with astonished musicians.
- Procurement spend on SMMEs against total procurement expenditure was 56%, well above the target of 30%.

ENVIRONMENTAL AND SOCIAL						
	Unit	2018	2017	2016	2015	2014
Employees		145	145	131	146	125
Employment equity	%	84	89	86	87	86
Gender equity	%	35	33	29	31	29
Training cost	R	215,229	596,921.80	344 889	190,794.79	61,787
Broad-Based Black Economic Empowerment	%	97	96	107	93	90
Corporate social investment	R	1,748,025	2,768,539.21	2,460,064	1,464,190	1,493,633
Electricity, gas and water consumption	R	8,529,216	10,231,298.40	7,223,313	8,135,159	6,925,608

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:

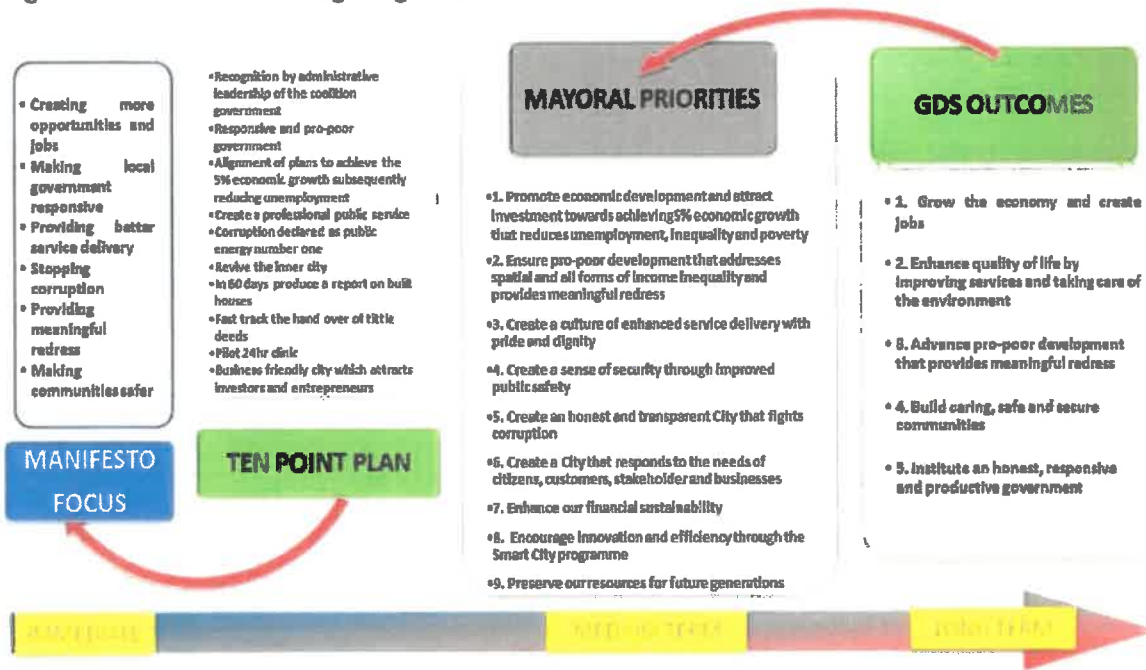
- 1) **Outcome 1:** Grow the economy and create jobs.
- 2) **Outcome 2:** Enhance quality of life by improving services and taking care of the environment.
- 3) **Outcome 3:** Advance pro-poor development that provides meaningful redress.
- 4) **Outcome 4:** Build caring, safe and secure communities.
- 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 2017/18 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)

1. Provision of opportunities for the youth, including future arts practitioners and entrepreneurs.

Objective Description

- 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.

CoJ Priority Alignment

- Promote economic development and investment activity.

**JCT Strategic Objective
(Towards achieving the mandate, mission and response to the Strategic Focus Areas)**

2. High quality performing arts and entertainment experiences and facilities.

Objective Description

- 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.

CoJ Priority Alignment

- 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.

3. Affordable access to and use of theatres by communities.

- 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.

- 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.

4. Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT.

- 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.

- 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.

- 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.

- 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 2017/18 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.

Twenty five (21) targets were set for the 2017/18 financial year and 90% was achieved.

Strategic Objective	Objective Description	Achievement
<p>1. Provision of opportunities for the youth, including future arts practitioners and entrepreneurs.</p>	<ul style="list-style-type: none"> ▪ Support local content development and support for development in the Arts. 	<p>220 Youths attended music tuition programme per annum, against a target of 220</p>
	<ul style="list-style-type: none"> ▪ Facilitate relationships and co-productions that widen the participation of local producing partners engaged with JCT. 	<p>280 attending drama tuition programme per annum, against a target of 280</p>
	<ul style="list-style-type: none"> ▪ Facilitate production partnerships with theatres in South Africa and the African Diaspora for the development of productions from African stories. 	<p>Procurement spen on youth owned against total procurement target of 30% was not met</p>
	<ul style="list-style-type: none"> ▪ Implement structured opportunities for the development of the talents and skills of young people in the arts. 	<p>Procurement spen on women owned against total procurement target of 30% was met only for two quarters</p>

Strategic Objective	Objective Description	Achievement
2. High quality performing arts and entertainment experiences and facilities.	<ul style="list-style-type: none"> ▪ 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>97% achievement of Service Level Standards</p> <hr/> <p>34 466 discounted tickets issued to school learners</p> <hr/> <p>13 106 free tickets issued to disadvantaged communities</p> <hr/> <p>4 577 discounted tickets issued to senior citizens</p> <hr/> <p>6 Ballet seasons were held</p> <hr/> <p>5 Philharmonic Orchestra were held</p>
3. Affordable access to and use of theatres by communities.	<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>241 567 attendees to theatres</p> <hr/> <p>34 466 discounted tickets issued to school learners</p> <hr/> <p>13 106 free tickets issued to disadvantaged communities</p> <hr/> <p>4 577 discounted tickets issued to senior citizens</p>
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 	<p>41%/59%</p> <p>Earned Revenue – R73,165m</p> <p>Total Revenue -R104,432m</p> <hr/> <p>68% of procurement spend on SMMEs quarterly against total procurement expenditure - target of</p>

Strategic Objective	Objective Description	Achievement
5. Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT.	revenue. <ul style="list-style-type: none"> ▪ 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. 	30% <hr/> 97% of procurement spend on BBBEE quarterly against total procurement expenditure - target of 75% <hr/> 100% CAPEX budget spent <hr/> Clean audit report <hr/>
	<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. 	<hr/> 12 Media Monitoring Reports <hr/> 18 Strategic partnerships created <hr/>

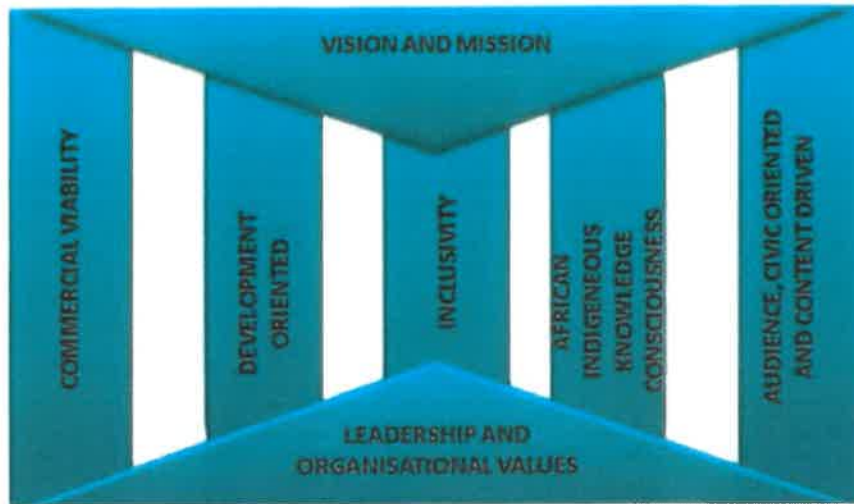
To support and drive its core strategy, JCT appreciates that values identify the principles for the conduct of the institution in carrying out its mission. JCT's values define a citizen-oriented approach for producing and delivering its services in line with the service delivery improvement priorities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

- 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 JCT Transformational Charter has been developed and is mainstreamed into the JCT planning framework:



The transformational charter was drafted within the South African context of The National Development Plan, The White Paper on Arts and Culture and the ever-changing human infrastructure within the City. JCT has traditional audiences and yet it must also be an environment which is accessible to all members of the society.

It was imperative to look and debate all the scenarios, to ensure that there is no emphasis made on an attribute at the expense of the others. JCT need to find a balance to be commercially viable within a changing society and hence transformation should never be a side show, but part of the business plan.

Below is a plan on how The Joburg City Theatres intend to bring this charter into life in all they do, and therefore is carried forward into the planning framework.

Transformational Pillar	Initiatives	Target	Achievement	Link to JCT Strategic Objective
Commercial viability	<ul style="list-style-type: none"> ▪ Put a business case to the shareholder for the revision of the subsidy to implement transformation (65 / 35%). ▪ Leveraging resourcing from other departments through developing programs that target other departments programs (e.g. Education, Water Affairs). ▪ Sponsorships. ▪ Fundraising. ▪ Events and corporate functions. 	65% / 35%	41% / 59%	<ul style="list-style-type: none"> ▪ Good governance, financial sustainability and sound management ▪ The mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT
Development orientated	<ul style="list-style-type: none"> ▪ To redress the imbalances of the past. ▪ Developing and affirming African content. ▪ Integrating diversity in African content for nation building. ▪ Product development. 	3 incubated productions annually.	3 incubated productions annually.	<ul style="list-style-type: none"> ▪ High quality performing arts and entertainment experiences and facilities. ▪ The provision of opportunities for future arts practitioners and entrepreneurs.
Inclusivity and representivity	<ul style="list-style-type: none"> ▪ To champion social cohesion. ▪ To be accessible to previously disadvantaged communities. ▪ To promote diversity in content creation and curatorship. ▪ To champion and harness a multi-cultural public space. ▪ Create cultural experiences for traditional audiences to go to Soweto Theatre. 	4 Annual community outreach programs.	4 Annual community outreach programs.	<ul style="list-style-type: none"> ▪ Affordable access to and use of theatres by communities.

Transformational Pillar	Initiatives	Target	Achievement	Link to JCT Strategic Objective
African indigenous knowledge consciousness	<ul style="list-style-type: none"> ▪ Preserving and celebrating African Heritage. 	10 African stories.	10 African stories.	<ul style="list-style-type: none"> ▪ The provision of opportunities for future arts practitioners and entrepreneurs
Audience, civic orientated and content driven	<ul style="list-style-type: none"> ▪ Dialogues. ▪ Workshops. ▪ Events. ▪ Audience development. ▪ Content development. 	Number of relevant content and diverse programmes – 4 per annum.	Number of relevant content and diverse programmes – 4 per annum.	<ul style="list-style-type: none"> ▪ High quality performing arts and entertainment experiences and facilities. ▪ The provision of opportunities for future arts practitioners and entrepreneurs.

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 BUSINESS	SERVICE STANDARD	ACHIEVEMENT	PROGRESS / COMMENTS
<ul style="list-style-type: none"> Creation of theatres accessible to people living with disabilities 	<ul style="list-style-type: none"> 100% accessibility 	100%	Joburg City Theatres continues to provide appropriate access and parking to our patrons living with disabilities.
<ul style="list-style-type: none"> Customer satisfaction 	<ul style="list-style-type: none"> 90 - 100% satisfaction 	90%	A customer satisfaction survey consistently runs across all 3 websites – www.joburgtheatre.com / www.sowetothatre.com / www.roodepoorttheatre.com . Customer satisfaction remains stable and receives excellent reviews also on www.tripadvisor.com
<ul style="list-style-type: none"> Access to information 	<ul style="list-style-type: none"> JCT app must be developed 	100%	The App is loaded for both Android and Apple devices, and available for download.
<ul style="list-style-type: none"> Query resolution 	<ul style="list-style-type: none"> Within 24 hours of logged call 	90%	A Customer Services log book has been created in order to monitor complaints and compliments received by the theatre. 12 different areas of concern are monitored. All complaints and compliments are responded to, and issues arising addressed appropriately. Customers can expect a response within 24 hours, except over a Sunday or public holiday. Email queries are preferred following a telephone query, so that there is a written trail of progress and resolution.
<ul style="list-style-type: none"> Prompt start times 	<ul style="list-style-type: none"> Ensure shows start on time 	97.31%	The log book is updated on a regular basis, and is available for inspection from the Customer Services manager.
<ul style="list-style-type: none"> Cancellation of productions 	<ul style="list-style-type: none"> 98 -100% showing of scheduled productions 	99.06%	97.31% of service standard met 99.06% of service standard met
<ul style="list-style-type: none"> Safety of patrons 	<ul style="list-style-type: none"> 100% compliance to health and safety legislation 	100%	Theatre cancelled a festival: Soweto International Jazz Festival in June 2018 as the JOC requirements were not of a suitability standard to ensure the safety of both performers and patron. JCT had offered on numerous times to assist the event organisers to comply with JOC requirements, but the promoter had declined all offers of assistance.

Section 5: Performance against Predetermined objectives

Performance Information For The Year Ended 30 June 2018

BIP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	2017/18 Performance Targets				Comment		
						Q1 Jul - Sep 2018	Q2 Oct - Dec 2018	Q3 Jan - Mar 2018	Q4 Apr - Jun 2018			
Strategic Objective 1: Provision of opportunities for the youth, including future art practitioners and entrepreneurs												
Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	Increased Entrepreneurial support of small businesses through procurement	Percentage of procurement spend on SMMEs quarterly against total procurement expenditure	Business Support to SMMEs	Financial statements Procurement reports	CFO	Quarterly	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	Target achieved in all 4 Quarters	
		Percentage of procurement spend on BBEE quarterly against total procurement expenditure	Business Support to BBEEs	Financial statements Procurement reports	CFO	Quarterly	75% of procurement spend on BBEE quarterly against total procurement expenditure	75% of procurement spend on BBEE quarterly against total procurement expenditure	75% of procurement spend on BBEE quarterly against total procurement expenditure	75% of procurement spend on BBEE quarterly against total procurement expenditure	Target achieved in all 4 Quarters	
		Percentage of procurement spend on youth owned quarterly against total procurement expenditure	Business support to youths	Financial statements Procurement reports	CFO	Quarterly	97%	30% of procurement spend on youth owned against total procurement expenditure	30% of procurement spend on youth owned against total procurement expenditure	30% of procurement spend on youth owned against total procurement expenditure	30% of procurement spend on youth owned against total procurement expenditure	Target not achieved in all 4 Quarters
		Percentage of procurement spend on women owned quarterly against total procurement expenditure	Business support to women	Financial statements Procurement reports	CFO	Quarterly	2.5%	30% of procurement spend on women owned against total procurement expenditure	30% of procurement spend on women owned against total procurement expenditure	30% of procurement spend on women owned against total procurement expenditure	30% of procurement spend on women owned against total procurement expenditure	Target achieved in first and second quarter, not achieved in third and fourth quarter
		Number of youths attending music tuition programme	Youth development in the art sphere	Attendance registers Tutor reports on programme content Programme summary	Executive Producer, Artistic Manager	Quarterly	200	200 youths attending music tuition programme per annum	200 youths attending music tuition programme per annum	220 youths attending music tuition programme per annum	220 youths attending music tuition programme per annum	Target achieved in all 4 Quarters
							97%	31%	11%			
							200	200	220	220		
							250	250	280	280		
							250	250	280	280		

2017/18 Performance Targets						
IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	Reporting Period
						Q1 Jul - Sep 2018
						Q2 Oct - Dec 2018
						Q3 Jan - Mar 2018
						Q4 Apr - Jun 2018

IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	2017/18 Performance Targets				Comment		
						Reporting Period	90% achievement service level standards	90% achievement service level standards	90% achievement service level standards		90% achievement service level standards	
Enhance quality of life by improving services and taking care of the environment	Driving the "Service with Pride and Dignity" campaign	% achievement on service level standards	Service standards turnaround time improvement (1)	Ticket reports	COO	Quarterly	97%	97%	97%	97%	90% achievement service level standards	Target achieved in all 4 Quarters
						4 Arts and Culture festivals held / in-house productions held	6	10	15	15 Arts and Culture festivals held / in-house productions held	Target achieved in all 4 Quarters	
Improved audience development and accessibility to venues	Promote positive social local content	Number of Arts and Culture festivals and themed productions held / in-house production	To make venues more accessible Promotion of positive social local content	Quarterly report Contracts and marketing material	COO	Quarterly	2	4	5	6	6 ballet seasons	Target achieved in all 4 Quarters
						2	4	5	6	6 ballet seasons	Target achieved in all 4 Quarters	
Number of Ballet seasons at JCT	Improved access to professional concerts of classical and choral music	Number of Philharmonic Orchestra seasons at JCT	Improved access to professional concerts of classical and choral music	Quarterly report Contracts and marketing material	Executive Producer	Quarterly	1	2	3	4	4 Philharmonic Orchestra seasons	Target achieved in all 4 Quarters
						1	2	3	4	4 Philharmonic Orchestra seasons	Target achieved in all 4 Quarters	

CORE BUSINESS	SERVICE STANDARD
Creation of theatres accessible to people living with disabilities	100% accessibility
Customer satisfaction	90 - 100% satisfaction
Access to information	JCT App must be implemented/operational
Query resolution	Within 24 hours of logged call
Prompt start times	Ensure all shows start on time
Cancellation of production	98 - 100% showing of scheduled productions
Safety of patrons	100% compliance to health and safety legislation

MIP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	2017/18 Performance Targets				Comment		
						Q1 Jul - Sep 2018	Q2 Oct - Dec 2018	Q3 Jan - Mar 2018	Q4 Apr - Jun 2018			
Strategic Objective 3: Affordable access to and use of theatres by communities												
Ensure poor development that addresses spatial and all forms of income inequality and provides meaningful redress	Improved audience development and accessibility to venues	Number of discounted tickets issued to school learners	Affordable tickets, public access to theatres	Ticket reports	COO	Quarterly	8,500 discounted tickets issued to school learners	20,000 discounted tickets issued to school learners	25,000 discounted tickets issued to school learners	30,000 discounted tickets issued to school learners	Target achieved in all 4 Quarters	
							8 557	23 325	28 724	34 466		
						Quarterly	2,000 free tickets issued to various communities	5,500 free tickets issued to various communities	7,500 free tickets issued to various communities	10,000 free tickets issued to various communities		Target achieved in all 4 Quarters
							3 628	8 536	10 543	13 106		
Quarterly	2,000 discounted tickets issued to senior citizens	3,000 discounted tickets issued to senior citizens	3,500 discounted tickets issued to senior citizens	4,500 discounted tickets issued to senior citizens	Target achieved in all 4 Quarters							
	2 049	3 223	3 549	4 577								
Quarterly	45,000 attendees to theatres	120,000 attendees to theatres	150,000 attendees to theatres	215,000 attendees to theatres		Target achieved in all 4 Quarters						
	66 638	152 423	178 383	241 367								

IDP Programme	Outcome	Key Performance Indicator	Key Intervention	Means of Verification	Unit Responsible for Reporting	2017/18 Performance Targets				Comment
						Q1 Jul - Sep 2018	Q2 Oct - Dec 2018	Q3 Jan - Mar 2018	Q4 Apr - Jun 2018	
Strategic Objective 4: Good governance, financial sustainability and sound management										
Preserve our resources for future generations	Improved financial planning and management	100% CAPEX budget spent	Capital project programme	CAPEX expenditure report	CFO	Quarterly	R 1,033m	R2,410m	R 8,308,543	Target achieved in all 4 Quarters Adjusted Capex amount to R 8,308,543 in the quarter 4.
				Financial statements			Actual 31% Spent Capex spend R1,056m against a target of R1,033m	Actual 80% Spent Capex spend R2,742m against a target of R2,410m	Actual 100% Spent Capex spend R 8,308,543 against a target of R 8,308,543	
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	Financial sustainability	Financial statements	CFO	Annually	R48,132m	R98,289m	R160,439m	Target achieved in all 4 Quarters
			Improved and sound financial management	Income reports			Actual 45% / 55% Earned revenue R44,814m Total revenue R98,289m	Actual 41% / 59% Earned Revenue R50,628m Total revenue R138,305m	Actual 41% / 59% Earned Revenue R58,714m Total revenue R178,018m	
Institute an honest, responsive and productive government	Internal control improvement process	Unqualified audit opinion	Clean audit outcome	External audit opinion and report	CFO	Annually	Unqualified audit opinion with zero audit report findings	Unqualified audit opinion report with zero findings obtained	Unqualified audit opinion with zero audit report findings	Target achieved in second quarter
	Audit mitigation initiatives	% of predetermined objectives achieved	Strategy improvement plans	Quarter reports / evidence files	COO	Annually	85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	Target achieved in all 4 Quarters
	Improved code of conduct	% delivery on reported cases of corruption	Lawful and ethical conduct in the workplace	Financial statements / Procurement reports	CFO	Quarterly	100% delivery on reported cases of corruption	100% delivery on reported cases of corruption	100% delivery on reported cases of corruption	Target achieved in all 4 Quarters

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
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	Monitoring perceptions and media reporting	Monthly media monitoring reports	Executive Marketing Manager	Monthly	3 media monitoring reports	6 media monitoring reports	9 media monitoring reports	12 media monitoring reports	Target achieved in all 4 Quarters
							3	6	9	12	
Enhance quality of life by improving services and taking care of the environment	Improved stakeholder mobilisation	Number of strategic partnerships created	Partnerships / Collaborations / productions / programmes / events	Signed MoA / MoU / contract	Executive Producer	Quarterly	4 strategic partnerships created	10 strategic partnerships created	13 strategic partnerships created	18 strategic partnerships created	Target achieved in all 4 Quarters
							6	11	15	20	

Summary

Quarterly KPIs	19
Annual KPIs	02
Total number of KPIs	21
Number of KPIs Not Achieved	02
Number of KPIs Achieved	23
Total achieved constitutes	90%

N/B: Both 2 Annual KPIs were measured and achieved during the second quarter assessment

The Youth & Women spend are new targets in the scorecard of the company and based on the analysis done it would require a structural change in calculation of these figures to be approved in order to be fairly reported. The biggest challenge is that bulk of JCT expenditure items are COJ, Eskom, Egoli Gas, Auditor General etc or the uniqueness or speciality services required like the procurement of artists and other specialist theatre services (lights, sound, sets). Some of the procurement is influenced by barter arrangements the entity has entered into with service providers because of the nature of services required and this is the case with billboards & freeway posters (location & location), radio and other strategic media partners, like newspapers and magazines.

As submitted to the Auditor-General on 31 August 2018

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 alligned 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.sowetothetre.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

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	1,171,464	The account is sitting under current on the creditors' age analysis.	The balance relates to amount owed to Group Corporate Services for OHASA & MFMA training, Group Assurance Services for internal audit services, insurance services, Group Revenue for the utilities and Jhb City Parks for rental

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 17	Comments
Mr Nkopane Maphiri	NED	COJ	-	-	Not an Account Holder
Mr Mpumelelo Mkhabela	NED	COJ	5010722567	Current	
Ms Mpho Lecoge	NED	COJ	-	-	Not an Account Holder
Dr Theophilus Mukhuba	NED	COJ	-	-	Not an Account Holder
Ms Ashley Hayden	NED	COJ	400918405	Current	
Mr Junior Ramovha	NED	COJ	401295055	Current	
Ms Makhosazana Mbatha	NED	COJ	-	-	Not an Account Holder
Ms Stella Baloyi	NED	COJ	-	-	Not an Account Holder
Ms Amanda Forsythe	IAC	COJ	207202349	Current	
Ms Tshidi Molala	IAC		Account with Sectional Title Management		
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
Ms Claire Pacariz	EP		Account with Sectional Title Management		

Statement on amounts owed by Government Departments and Public Entities

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	2,370,136	93% is sitting under 30 days on the debtors age analysis and 7% is sitting over 60 days on the debtors age analysis	100% of this balance is for COJ department and COJ entities
Department of arts and culture	100,000	This department is sitting under 30 days on debtors age analysis	This was sponsorship for the Africa Day celebration

Section 7: Recommendation and Plans for next financial year

Action
Management and promotion of high quality performing arts and entertainment facilities
Provision of supportive hospitality infrastructure and services
Enable Joburg residents to access and benefit from quality arts and culture facilities and experiences
Hosting and showcasing of revenue generating local and international productions that have a positive impact on the financial sustainability of Joburg City Theatres, whilst also exposing Joburgers to globally recognised professional entertainment
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
Promotion and development of local content and local markets through programmes that advance social cohesion and support the transformation of society
In-house and/or co-production and staging of arts and entertainment productions in collaboration with local arts practitioners, entrepreneurs and enterprises
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
Conceptualise, create, produce, market and disseminate content both through own facilities and by taking shows to communities
Generate revenue over and above the subsidy received from the city through the effective delivery of the above services

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 145 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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2018	2017 Restated ¹
16. EMPLOYEE RELATED COSTS		
Salaries and Wages	68,725,807	62,066,919
Employee costs included in other expenses	1,324,109	1,233,745
	70,049,916	63,300,664
Employee Costs Breakdown		
Net Salary	35,867,054	27,285,272
PAYE	11,380,800	8,248,490
SDL	652,463	425,668
UIF	747,085	485,711
Medical Aid	4,684,828	3,790,272
Pension Contribution	10,682,543	8,974,257
Third Parties	623,201	447,016
13th cheque leave accrual and performance bonus	4,207,833	3,989,257
	68,725,807	53,606,143
Committee Fees Breakdown		
Net Salary	1,324,109	954,798
PAYE	-	285,835
SDL	-	13,114
	1,324,109	1,233,745
In the current financial year, PAYE was not deducted from the Board members's fee.		
16. EMPLOYEE RELATED COSTS (continued)		
Chief Executive Officer		
Annual Remuneration	1,872,008	1,658,224
Performance Bonuses	218,151	211,977
Contributions to UIF, SDL, Medical Aid and Pension Funds	512,126	470,062
Other	69,705	64,925
	2,472,090	2,305,189
Chief Operating Officer		
Annual Remuneration	1,168,970	1,088,832
Performance Bonuses	152,436	148,122
Contributions to UIF, SDL, Medical Aid and Pension Funds	345,075	390,232
Other	108,360	45,368
	1,774,841	1,612,554
Chief Financial Officer		
Annual Remuneration	1,458,869	1,335,705
Performance bonus	183,370	182,067
Contributions to UIF, SDL, Medical Aid and Pension Funds	359,004	347,031
Other	116,073	65,784
	2,096,206	1,920,567
Executive Producer		
Annual Remuneration	863,512	954,000
Performance Bonuses	79,500	77,250
Contributions to UIF, SDL, Medical Aid and Pension Funds	229,678	287,487
Other	68,774	-
	1,251,464	1,298,737
The Executive Producer resigned on 30 April 2018 hence current year remuneration is less than previous year.		
Company Secretary		
Annual Remuneration	1,003,816	935,000
Performance Bonuses	112,200	-
Contributions to UIF, SDL, Medical Aid and Pension Funds	11,878	21,961
Other	63,826	38,958
	1,181,518	985,919

Employee related costs for JCT 2016/2017

Employee Costs Breakdown	2017/18	Ratio	2016/17	Ratio	2015/16	Ratio
Net Salary	35 867 054	52%	27 265 272	51%	24 165 268	55%
PAYE	11 360 800	17%	8 248 490	15%	6 829 640	16%
SDL	652 463	1%	425 868	1%	368 215	1%
UIF	747 085	1%	465 711	1%	419 726	1%
Medical Aid	4 584 828	7%	3 790 272	7%	3 205 052	7%
Pension Contribution	10 682 543	16%	8 974 257	17%	5 796 183	13%
Third Parties	623 201	1%	447 016	1%	506 573	1%
13th Cheque, Leave Accrual and Performance Bonuses	4 207 833	6%	3 989 257	7%	2 763 501	6%
	68 725 807		53 606 143		44 054 158	
Committee Fees Breakdown						
Net Salary	1 324 109	100%	954 796	77%	605 514	75%
PAYE	-		265 835	22%	198 385	24%
SDL	-		13 114	1%	7 935	1%
	1 324 109		1 233 745		811 834	
Total employee related costs	70 049 916		54 839 888		44 865 992	
Total expenditure	174 167 333		152 473 446		143 047 326	
Total revenue	174 937 691		162 216 726		143 457 510	
Employee related cost ratio	40%		36%		31%	
Employee related cost to revenue ratio	40%		34%		31%	
Number of employees	305		305		255	
Average employee related costs per employee	229 671.86		179 802.91	28%	175 945.07	2%
Average revenue per employee	573 566.20		531 858.12	8%	562 578.47	-5%

Section 2: Key Vacancies

All critical vacancies are filled.

The current approved structure has 162 positions, out of which 145 have been filled and 18 positions are vacant. A detailed analysis has been provided in the table below:

Detailed analysis on occupancy and vacancy report as at 30 June 2018

Department	Approved Positions	Occupied Positions	Vacant Positions	Temporary Staff	Interns / Learners
Governance	6	6	0	0	0
Human Resources	3	3	0	0	1
Stage	28	24	4	0	1
Finance and SCM	13	13	0	0	3
Building and Security	30	29	1	3	1
Customer Services	11	11	0	27	2
Client Services (Programming)	9	8	1	0	1
Catering and Hospitality	31	21	10	98	0
Soweto Theatre	17	16	1	17	5
Roodepoort Theatre	14	14	0	16	0
Total	162	145	17	161	14
Vacancy Occupancy %		90%	10%		

JCT is operating at 90% occupancy rate against the approved staff establishment with the remaining 10 % recorded as vacancy rate. In addition to the above staffing, 9% of human capacity resource comprises of Interns / Learners which are placed within various departments.

As at 30 June 2018, JCT has 306 employees. The workforce profile is presented as follows: 145 of staff are permanent employees and 161 are temporary fixed term employees. Temporary employees are divided into gardeners, ushers and Hospitality and Catering employees. As of 30 June 2018, the total number of ushers across the three theatres was 55 as reflected in the above table. Ushers are ad hocs who are not full time employees. They are contracted and required to work and/or called per show. They are paid an hourly rate. The theatre has contracted 8 gardeners (former Jozi At Work employees)

The second largest group of temporary employees are found in the Hospitality and Catering department. The total number stands at 98 as of 30th June. This group of employees consist of waitress, 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 fluctuations 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 but for the employees. Their fixed term contracts are based on their current valid work permits.

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	-	-	-	1	3	-	-	0	3	4
Senior Management	7	1	2	2	12	2	-	-	1	3	15
Professionally Qualified / Middle Management	10	-	-	6	16	11	2	-	-	13	29
Skilled Technically and Academically Qualified	20	2	1	4	27	10	-	-	-	10	37
Semi-Skilled	32	-	-	1	33	13	-	-	-	13	46
Unskilled	5	-	-	-	5	9	-	-	-	9	14
Total	75	3	3	13	94	48	2	-	1	51	145
% of Gender Representation	52%	2%	2%	9%	65%	33%	1.4%	0%	0.6%	35%	

Employment Equity and Economically Active Population (EAP) Targets

Description	Total number of employees	Gauteng EAP EE Target %	JCT EE Actual %	Variance
Africans	122	80.0%	84%	+4%
Coloureds	5	3.0%	3.4%	+0.4%
Indians	3	2.9%	2%	-0.9%
Whites	15	14.2%	10%	- 4.2%
Persons with disability	2	2%	1.4%	- 0.6%
Male	94	50%	65%	+15%
Female	51	50%	35%	-15%

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 1.4%.

As we look to 2018-19 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
	A	C	I	W	A	C	I	W	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally Qualified / Middle Management	-	-	-	-	-	1	-	-	1
Skilled Technically and Academically Qualified	-	-	-	-	-	-	-	-	-
Semi-Skilled	-	-	-	-	-	-	-	1	1
Unskilled	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	1	-	1	2

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.

Gender representation

Gender	African		Coloured		Indian		White		TOTAL	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Male	44.8%	52%	1.7%	2%	1.8%	2%	7.9%	9%	50%	65%
Female	35.2%	33%	1.3%	1.4%	1.1%	0%	6.3%	0.6%	50%	35%
TOTAL	80.0%	85%	3.0%	3.4%	2.9%	2%	14.2%	9.6%	100%	100%

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

The entity is committed to the maintenance of standards by supporting and training staff through its world-class skills development programme. This programme aims to develop both technical and people skills required for the company to conduct its business on an effective basis. Our skills development programmes are in line with the requirements of the Skills Development Act and our workplace plan (WSP) is aligned to our business plan and focus is placed on occupational specific programmes, management development and legally required training.

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. 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 company's skills development programmes are in line with the requirements of the Skills Development Act and its workplace plan (WSP) is aligned to the business plan and focus is placed on occupational specific programmes, management development and legally required training. The implementation of the Workplace Skills Plan is on track. All grants due to JCT are claimed and received annually from CATHSETA.

Table 15: Training attended as 30 June 2018

Occupational Levels	Training intervention	Target Participants	Number of staff	Costs
Top Management	Leadership Development	Executives	3	R116 000.00 <i>(paid by COJ)</i>
Senior Management	Leadership Development, Skills Development induction, Theatre lighting & Customer Services	Managers, SDC members	4	R61 989.13
Professionally Qualified / Middle Management	Skills Development induction, Theatre lighting & Customer Services	Technical Managers, Lighting & Sound Technicians & Stage Crew	7	R9 186.13
Skilled Technically and Academically Qualified	Municipal Finance Programme, SDF Programme, Skills Development induction, Theatre lighting & Customer Services	HR Administrator & Stage Crew	18	R85 205.19
Semi-skilled	Skills Development induction, Theatre lighting & Customer Services	Receptionists & Office Administrators, SDC members, Stage Crew	15	R23 667.39
Unskilled	Customer Services training	Box Office workers & Stage door keepers	4	R7 800.00
Total			51	R303 847.84

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

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

JCT is gradually becoming a unionised environment. Employees are affiliated to South African Municipal Workers Union (SAMWU). A total of 57 employees are members of South African Municipal Workers Union. The rest of the employees are not affiliated to any union. JCT's Human Resources Manager's office deals with employee / employer related issues and thereby maintaining direct lines of communication with employees. All entity's labour disputes are referred to South African Local Bargaining Council (SALGBC) for conciliation and/or arbitration.

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.

Labour Relations Cases

Department	Nature	Progress and Outcome
Building & Security	Assault	Employee was suspended. Disciplinary Hearing was held on 27 March 2018. Employee was dismissed on 7 May 2018. Unfair dismissal referred to SALGBC.

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. The section below provides a detailed overall leave management and analysis.

Overall Company Leave Analysis as at 30 June 2018

Occupational Levels	Leave Accrued	Leave Taken	Balance of Leave
Senior management (Levels 1-3)	3934.93	2992.25	942.68
Other Employees (Levels 4 and below)			
GRAND TOTAL	3934.93	2992.25	942.68

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.

JCT in partnership with Discovery Health conducts or holds Wellness Day annually. Discovery Health conducted Wellness Day at Roodepoort Theatre on 16 October 2017. 123 employees attended the Discovery Wellness Day. The Wellness Day Report provides information on the company's health and wellness measurements. The health of the employees was assessed based on four lifestyle risks (i.e. smoking status, alcohol consumption, nutritional intake and physical activity) and six clinical risks (i.e. body mass index, waist circumference, blood pressure, cholesterol, glucose and chronic diseases). However as part of the organizations strategy for employee wellness and internal communications:

- 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

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.

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.

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.

8.3 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.

Actuarial impact analysis

The company employed the services of an actuary to assess the current and future expected cost to the organisation, resulting directly and indirectly from HIV/AIDS. The company recognises the cost involved to both the company and the community of not taking progressive steps in combating the disease has therefore allocated an additional [R 5 million] worth of resources from its annual budget to fighting the disease. The HIV/AIDS committee has approved the budget.

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 15 employees.
- E-Joburg Pension Fund has 122 employees.
- Mutual Gratuity Pension Fund (MGF) has 8 employees.

The total number of employees on pension fund is 145.

9.2 Medical Aid Funds

The company also administers three accredited medical aid schemes and pays a minimum of 50%, 60% and 75% monthly premium contribution on behalf of its members. Currently 64 employees are members of the schemes as follows:

- Discovery has 62 employees, of which 37 receive 50% employer contributions, 21 receives 75%, 1 receives 60% while 3 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

Five (5) employees still receive monthly housing allowances with their salaries (a contractual policy that ceased for any new employees from July 2000), and 56 employees 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

- ✓ 8% total revenue growth year on year.
- ✓ Earned revenue increased by 7% year on year.
- ✓ 2% improvement in total net assets from R22 457 317 to R22 960 486.
- ✓ 100% spending on the adjusted capital expenditure budget of R8 308 000. The capex is mainly spent on Buildings and renovations, Stage equipment upgrades and Information Technology.

Section 1: Statement of Financial Position and Highlevel Notes

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)
Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
ASSETS			
Current Assets			
Inventories	2	5,850,145	1,427,696
Receivables from exchange transactions	3	10,897,522	3,055,798
VAT receivable	4	3,075,107	1,595,017
Cash and cash equivalents	5	15,728,385	23,283,904
		35,552,160	29,362,415
Non-Current Assets			
Property, plant and equipment	6	11,902,101	11,216,408
Intangible assets	7	731,994	104,508
Heritage assets	8	1,592,700	1,592,700
		14,228,795	12,915,618
Total Assets		49,778,955	42,278,033
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	9	19,113,606	13,180,261
Provisions	10	3,016,333	2,219,115
		22,129,939	15,399,376
Non-Current Liabilities			
Deferred tax	11	4,696,935	4,421,340
Total Liabilities		26,826,874	19,820,716
NET ASSETS		22,952,081	22,457,317
Share capital	32	10	10
Reserves			
Investment from Shareholder		1,784,049	1,784,049
Accumulated surplus		21,168,022	20,673,258
Total Net Assets		22,952,081	22,457,317

High level Notes

The entity has enough cash resources to settle its obligations and they fall due and the subsidy for the 2018/19 financial year has been received. Both Liquidity and solvency ratios have deteriorated by 16% (from 1.91:1 last year to 1.61:1 in the current year) and 13% (from 2.13:1 last year to 1.86:1 in the current year) respectively year on year. Despite the decrease on liquidity ratio year on year, it is still within the norm of 1.5 to 2.1. Current assets have gone up by 21% year on year while current liabilities went up by 44%. Total assets went up by 18% year on year while total liabilities went up by 35%.

	2018	2017	2016	Movements
Assets	49 787 360	42 278 033	37 362 190	↑
Current assets	35 552 161	29 362 415	24 771 108	↑
Non current assets	14 235 199	12 915 618	12 591 082	↑
Liabilities	26 826 874	19 820 716	21 920 037	↑
Current Liabilities	22 129 939	15 399 376	20 226 815	↑
Non current Liabilities	4 696 935	4 421 340	1 693 222	↑
NET Assets	22 960 486	22 457 317	15 442 153	↑
Share capital	10	10	10	↔
Loan from a shareholder	1 784 049	1 784 049	1 784 049	↔
Accumulated Surplus	21 176 429	20 673 258	13 658 094	↑

Cash balances for the last 4 years



Section 2: Statement of Financial Performance and Highlevel Notes

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated ⁷
Revenue			
Revenue from exchange transactions			
Ticketing Services	12	1,014,870	1,138,001
Catering Services	12	30,437,141	21,918,801
Rental facilities and equipment	12	8,032,721	7,487,882
Arts Alive Festival	12	10,275,555	13,143,333
Sponsorships	12	1,391,304	831,018
In-House Ticket Sales	12	11,155,036	6,878,741
Other income	12	2,654,538	12,124,911
Interest received - investment	14	5,544,523	4,622,039
Total revenue from exchange transactions		70,505,691	68,144,726
Revenue from non-exchange transactions			
Transfer revenue			
Subsidy	1E	104,432,000	94,072,000
Total revenue	12	174,937,691	162,216,726
Expenditure			
Salaries and Wages	1B	(70,049,916)	(63,300,684)
Depreciation and amortisation	17	(1,352,087)	(1,118,509)
Finance costs	1B	-	(832)
Debt impairment		(20,980)	(8,937)
Transfers and Subsidies	1B	(19,339,330)	(8,000,000)
General Expenses	2D	(83,405,040)	(80,044,504)
Total expenditure		(174,167,333)	(152,473,466)
Surplus before taxation		770,358	9,743,280
Less Taxation	21	275,595	2,728,118
Surplus		494,763	7,015,162

High level Notes

The company posted a surplus of R494 763 (after taxation) for the year under review, inclusive of COJ subsidy. Earned Income consists of:

- Ticket sales from in-house productions R11.2million;
- Theatre rentals R8million,
- Sponsorship of R1.3million from Department of Arts and Culture
- Ticketing services of R1million,
- Income from hospitality, bars, restaurant, refreshments, merchandise R30.4m,
- Interest earned R6.4m and Other income of R2.7million
- Earned income calculation excludes the City of Joburg subsidy of R104.4million.

During the year under review earned income increased by 4% to (R70.5million), as compared to the prior year (R68.1million). This performance is attributable to the interest revenue, hospitality and catering and the management fees and ticketing fees. Sponsorship was secured by management for Africa Month celebrations from the Department of Arts and Culture. A relation that has existed for the last 3 years.

Expenditure totalled R174.2million, an increase of 14% as compared to the prior year (R152.5million) Several line items on the expenditure recorded savings with the exception of utilities, hospitality and catering and contracted services and all efforts are taken to reduce the overspending on these line items.

Section 3: Cashflow Statement and Highlevel Notes

Joburg Theatre (SOC) Limited

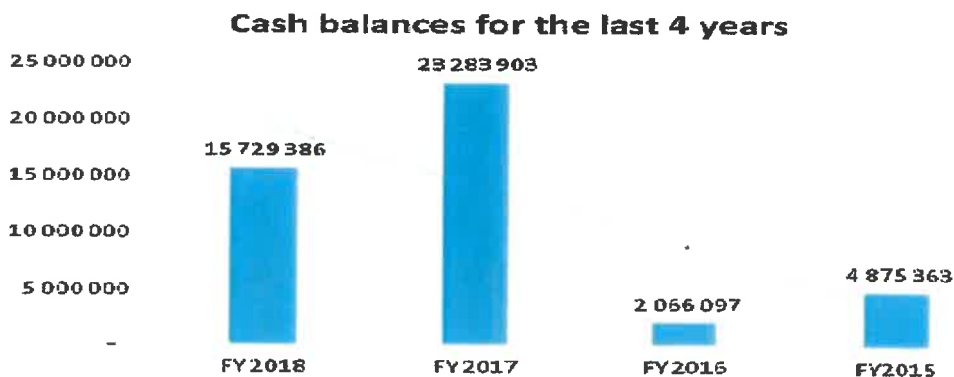
(Registration number 2000/013092/07)
Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Safe of goods and services		58,380,911	72,042,760
Grants		104,432,000	94,072,000
Interest income		5,544,523	4,622,039
		<u>168,357,434</u>	<u>170,736,799</u>
Payments			
Employee costs		(64,058,302)	(61,901,688)
Suppliers		(109,199,404)	(85,859,033)
		<u>(173,257,706)</u>	<u>(147,754,710)</u>
Net cash flows from operating activities	22	<u>(4,891,272)</u>	<u>22,982,080</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1,005,221)	(1,588,971)
Purchase of other intangible assets	7	(668,026)	-
Net cash flows from investing activities		<u>(2,663,247)</u>	<u>(1,588,971)</u>
Cash flows from financing activities			
Finance lease payments		-	(175,304)
Net increase/(decrease) in cash and cash equivalents		<u>(7,554,519)</u>	<u>21,217,805</u>
Cash and cash equivalents at the beginning of the year		23,283,904	2,066,098
Cash and cash equivalents at the end of the year	5	<u>15,729,385</u>	<u>23,283,903</u>

High level Notes

Cash and cash equivalents down by 33% year on year.



Cash flow results for the year 2017/18 Financial Year

	FY 2018	FY 2017	FY 2016	FY2015
Cash flows from operating activities	- 4 891 272.00	22 982 080.00	- 1 882 363.00	- 474 734.00
Net cash flows from investing activities	- 2 663 246.00	- 1 588 971.00	- 417 886.00	- 81 433.00
Cash flows from financing activities		- 175 304.00	- 509 017.00	- 488 769.00
Cash and cash equivalents at the end of the year	15 729 386.00	23 283 903.00	2 066 097.00	4 875 363.00

Section 4: Capital Projects and Expenditure

Capex expenditure budget for 2017/18 is R 8,308,543.00. JCT spent R 8,330,171.80 in the current financial year which is 100% spent. The allocated Capex budget for next financial year is R22.3m

JOBURG CITY THEATRE'S CAPEX			
PROJECT	EXPENDITURE (VAT EXCL)	BUDGET	AVAILABLE BALANCES
JOBURG THEATRE			
BUILDING RENOVATIONS AND UPGRADES	741 377.25	750 000.00	8 622.75
UPGRADE OF STAGE MACHINERY	4 395 000.00	4 395 000.00	-
TECHNICAL EQUIPMENT	999 839.01	971 000.00	- 28 839.01
INFORMATION TECHNOLOGY	967 000.00	967 000.00	0.00
TOTAL - JOBURG THEATRE	7 103 216.26	7 083 000.00	- 20 216.26
ROODEPOORT THEATRE			
BUILDING RENOVATIONS	517 931.53	527 000.00	9 068.47
STAGE EQUIPMENT'S UPGRADES	116 000.00	116 000.00	-
TOTAL - ROODEPOORT	633 931.53	643 000.00	9 068.47
SOWETO THEATRE			
BUILDING RENOVATIONS	295 146.82	285 043.00	- 10 103.82
STAGE EQUIPMENT'S UPGRADES	297 877.19	297 500.00	- 377.19
TOTAL- SOWETO	593 024.01	582 543.00	- 10 481.01
TOTAL CAPEX JCT 2017/18	8 330 171.80	8 308 543.00	- 21 628.80
	100%		

Section 5: Ratio Analysis

Financial Ratios	30-Jun-18	30-Jun-17	Target	Norm	Interpretation
Current Ratio	1.61	1.91	> 1.00	1.5 to 2.1	Liquidity ratio have deteriorated by 16% (from 1.91:1 last year to 1.61:1 in the current year) year on year. Despite the decrease on liquidity ratio year on year, it is still within the norm of 1.5 to 2.1 which suggest that the entity will be able to pay its current or short-term obligations and provide for a risk cover to enable it to continue operations at desired levels.
Solvency Ratio	1.86	2.13	> 2.00	02:01	Solvency ratio have deteriorated by 13% (from 2.13:1 last year to 1.86:1 in the current year) year on year. The calculated ratio for the current year is below the norm of 2. Despite these results the entity is still a going concern and the entity does not have long term loans.
Debt: Revenue	15%	12%	< 45%	45%	The ratio has improved from prior year to current year by 3% and the ratio exceeded the norm which provides assurance that sufficient Revenue will be generated to repay Liabilities or Indicates the affordability of the total liabilities.
Remuneration	40%	42%	At least 30%	25% - 40%	The ratio has improved from previous year to current year by 2%. The ratio is on target in the current year which indicates the efficiencies, balanced staffing and resources allocated to service delivery related expenditure.
Repairs & Maintenance	22%	13%	8%	8%	The ratio has improved from previous year to current year by 9% and its above the norm of 8%. This indicates that the level of repairs and maintenance to ensure adequate maintenance to prevent breakdowns and interruptions to service delivery is at acceptable standard. Repairs and maintenance of JCT assets is required to ensure the continued provision of services.
Interest: Expenditure	0%	0%	< 7%	<7%	The entity is really not financed by interest bearing borrowings hence a lower ratio on interest and this is not a reason for concern at all.
Net Operating Expenditure	0%	6%	At least 15%	= or > 0%	The ratio has declined from prior year to current year by 6% however it is on target which indicates that the entity has generated a surplus which will assist to contribute towards its capital funding requirements
Cost Coverage Ratio	1.23	1.95	> 45 Days	1 - 3 Months	The ratio has declined from previous financial year however its still within the target which suggest that the entity will be able to meet at least its monthly fixed operating commitments from cash and short-term investment without collecting any additional revenue, during the month.

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.

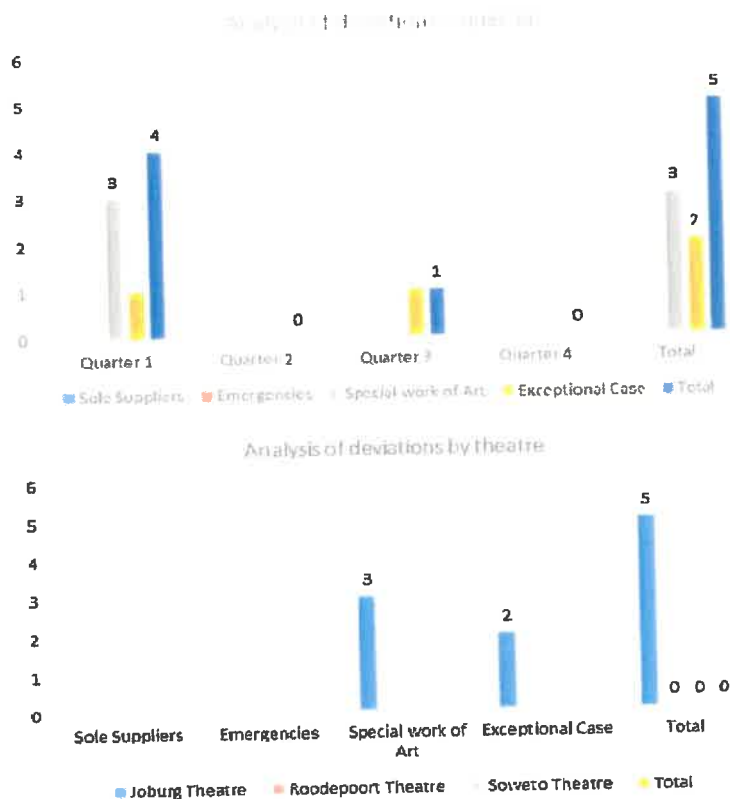
The entity has implemented the three-stage bidding processes with separate Bid specification, Bid evaluation and Bid Adjudication committees having been created.

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	0	0	0	0	0
Emergencies	0	0	0	0	0
Special work of Art	0	0	1	0	1
Exceptional Case	4	0	0	0	4
Total	4	0	1	0	5

Category	Joburg Theatre	Roodepoort Theatre	Soweto Theatre	Total
Sole Suppliers	0	0	0	0
Emergencies	0	0	0	0
Special work of Art	1	0	0	1
Exceptional Case	4	0	0	4
Total	5	0	0	5

Joburg City Theatres had a total of 5 deviations for the 2017/2018 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

During the financial year under review, there was no irregular expenditure that was incurred.

Fruitless and wasteful expenditure

The only amount of fruitless and wasteful expenditure during the financial year under review was R28 399 resulting from a cancelled trip to Australia.

Section 7: Pending Litigations and Possible Liabilities

Joburg Theatre (SOC) Ltd received a letter of demand 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. The matter has not yet gone to court. 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.

Section 8: Insurance Claims against/to MOE/Department

During the financial year under review, there were no insurance claims against/to MOE/Department.

Insurance Claims Register 2017/18

Description of Incident	Incident Date	Comments
Insurance Claims by JCT to insurance company		
Compressor Damaged in Theft H&C JT	2018/05/19	Claim not paid by the insurance
Theft of Copper Pipes	2018/05/07	Claim not paid by the insurance
Cracked Windscreen Nissian Bakkie	2016/06/27	Claim not paid by the insurance

CCMA Matter by a former employee

Claim: Unfair Dismissal	2018/04/04	Case pending
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Section 9: Statement on Amounts Owed By and To Government Departments and Public Entities

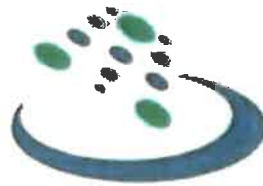
The table below depicts Amounts Owed by Government Departments and Public Entities

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	8,806,793.62	99,9% is sitting under 30 days on the debtors age analysis and 0.01% is sitting over 120 days	100% of this balance is for COJ department and COJ entities
Department of arts and culture	1,600,000	This department is sitting under current 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	875,742.78	The account is sitting under current on the creditor's age analysis.	The balance relates to utilities and rental at zoo (water/sewer and waste removal)

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 focus areas have been discussed with management and the following audits have been performed and completed:

Business Area	Focus Area	Suggested Timeline	No. of findings	Status
Finance	Revenue Management	Q4	3	Completed
	Petty Cash	Q4	2	Completed
	Accounts Payable	Q4	0	Completed
	Assets Management	Q4	3	Completed
	Supply Chain Management	Q4	2	Completed
	Quality Assurance on Annual Financial Statement including compliance with related legislation	Q4	0	Completed
Human Resources	Human Capital	Q3	1	Completed
	Leave Management	Q3	3	Completed
	Payroll Management	Q3	3	Completed
Performance Information	Quarterly	Quarterly	3	Completed
Marketing	Marketing	Q2	0	Completed
External Environment	Youth development	Q2	3	Completed
Maintenance	Maintenance and security	Q2	2	Completed
	Health and safety	Q2	2	Completed
Information Technology	General Control review	Q3	0	Completed
	Application Control review	Q3	0	Completed
Code of Conduct	Compliance to the code of conduct	Q4	0	Completed

27

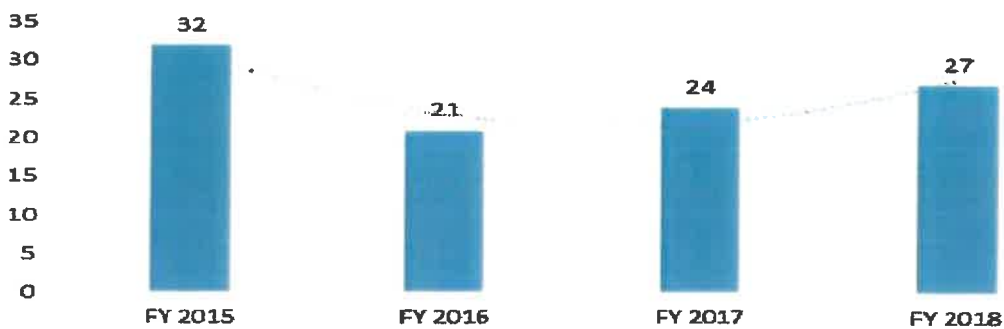
All the above audit findings were raised for the first time in this current financial year. Therefore there were no repeat audit findings.

Section 2: Progress on Resolution of Internal Audit Findings

Analysis Of Internal Audit Findings

There has been a reduction on the internal audit findings from 2014/15 financial year (32) to 21 audit findings raised in 2015/16. However, there has been an increase of 14% internal audit findings in the prior year 2016/17. An increase occurred again in the current financial year from 24 internal audit findings to 27 internal findings (12.5%).

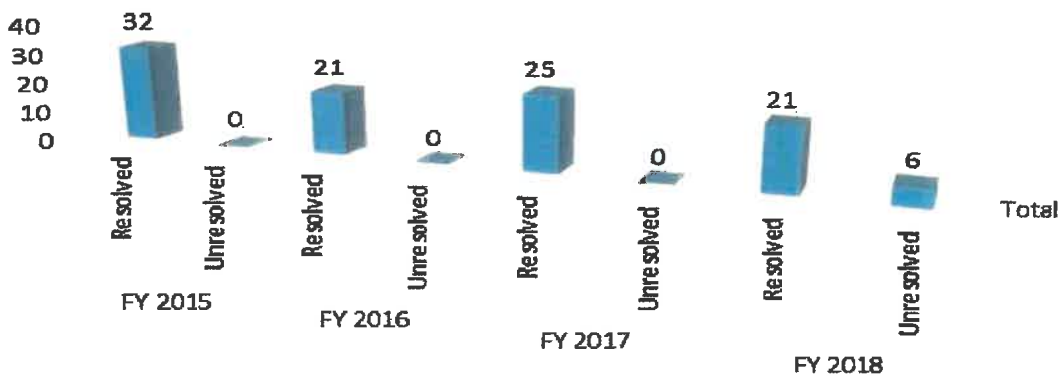
Analysis of Internal Audit Findings per financial year



PROGRESS ON THE RESOLUTION OF INTERNAL AUDIT FINDINGS

All internal audit findings relating to previous financial years have been resolved. Out of 27 audit findings that are issued in the current financial year under review, only 6 have not been resolved.

Resolution of Internal Audit Findings



ACTION PLAN FOR INTERNAL AUDIT FINDINGS 2017/18

Finding #	Dpt	Heading	Action Required	By Whom	When	Status	Comments
1	Youth Development	Incomplete documents supplied by applicants	All the required documents are attached to the application form before submission. No application form is accepted without the required documents.	Community and Audience Development Manager: Soweto Theatre	09-Feb-18	Done	Documents have been made available
2	Youth Development	Application Forms not signed	Management must ensure that all application forms for learners to participate in Youth Development are fully completed and signed by the parent/guardian as proof and acknowledgment of their responsibilities and requirements.	Community and Audience Development Manager: Soweto Theatre	09-Feb-18	Done	The required signatures have been obtained.
3	Health and Safety	Aircondition at Roodepoort Theatre foyer not working	A new air conditioner is installed.	General Manager: Roodepoort Theatre	31-Mar-18	Done	PC Boards have been replaced
4	Health and Safety	Glass door at Struben room cracked	The glass door is fixed as a matter of urgency to avoid injuries and serviced on regular basis.	General Manager: Roodepoort Theatre	28-Feb-18	Done	The glass door has been fixed and it is serviced regularly.
5	Petty Cash	No segregation of collection of petty cash and authorisation	Compliance with Joburg City Theatre's Petty Cash Policy and cash is not processed in the absence of both the claimant's and HOD signatures.	Finance Manager	Immediately	Done	Petty cash is processed in the presence of both the claimant's and HOD signatures.
6	Petty Cash	No odometer readings for use of own vehicles	The entity must review its policy to include the use of GPS	Finance Manager	01-Apr-18	Done	Complete odometer readings are being taken before the approval of the claim.
7	Human Resource	Leave Policies not reviewed periodically	Leave policies are periodically reviewed, updated and implemented and that compliance checklist is developed to monitor deadlines.	HR Manager	09-Mar-18	Done	Leave policies have been reviewed and compliance checklist is developed.
8	Human Resource	Annual Leave Exceeding 1 Week Not Made Atleast 1 Month In Advance	All employees comply with the policy requirements.	HR Manager	09-Mar-18	Done	Management policies have been reviewed to be aligned with the COJ.
9	Human Resource	Differences between Leave Form and Leave System Report	All leave captured is checked for accuracy and completeness by the responsible supervisor/manger and the system is reviewed for accuracy and updated where it is applicable.	HR Manager	Immediately	Done	Leave management is automated.
10	Human Resource	Lack of segregation of duties	Management must ensure that leave applications are not captured into the system by the same applicant.	HR Manager	Immediately	Done	Leave management is automated.
11	Information Technology	Data validation weakness Identified on the SAGE 300 Payroll	Management must configure the SAGE 300 Payroll system to detect any alphanumeric errors when data is captured.	Payroll Manager	30-Jun-18	Done	SAGE 300 Payroll system has been configured to detect any alphanumeric errors when data is captured.
12	Information Technology	Weaknesses Identified on user access	Access request forms are completed as per the JCT IT Policy, when access is requested.	Payroll Manager	30-Jun-18	Done	Access request forms are completed when access is requested as per the JCT IT policy.
13	Information Technology	Weaknesses Identified on the Password	Configure the SAGE 300 Payroll system password settings as per the JCT IT Policy to ensure the system complies with the security standards.	Payroll Manager	30-Jun-18	Done	SAGE 300 Payroll system password settings has been configured to ensure the system complies with the security standards.
14	Supply Chain	Service Level Agreement delayed to approve	Service Level Agreement is signed by all parties soon after the acceptance of the awards and draft Service Level Agreement is prepared before the appointment of potential supplier	SCM Manager	Immediately	Done	SLA are now signed by all parties soon after the acceptance of the awards. Supply Chain prepares the draft SLA before the appointment of potential supplier

ACTION PLAN FOR INTERNAL AUDIT FINDINGS 2017/18

Finding #	Dpt	Heading	Action Required	By Whom	When	Status	Comments
15	Supply Chain	Invoice served before the purchase order	SCM policies and procedures are complied with and Goods are purchased when there is a need	Graham Momphe	Immediately	Done	Document trails are correct
16	Assets Management	Assets not recorded on the asset register	Assets are recorded on Asset Register upon delivery and they randomly select assets on the floor and trace them to the asset register.	Phumlani Nkomo	31-Aug-18	Done	All assets have been recorded on the assets register
17	Assets Management	Assets not barcoded	All movable assets are barcoded for easy identification.	Phumlani Nkomo	31-Aug-18	Done	All assets have been barcoded
18	Assets Management	Different descriptions of assets	Periodic asset verification is conducted and adjust the register accordingly.	Phumlani Nkomo	31-Aug-18	Done	description of assets are done
19	Performance Information	Insufficient evidence to support the reported performance progress.	Progress reported is supported by adequate and accurate evidence. SOP is finalized to be used as a guide during performance reporting periods and the means of verification required.	Vincent Motau	30-Jun-18	Done	Evidence was provided
20	Performance Information	Supporting documentation not provided for audit verification purposes.	Performance must have accompanied by supporting documentation. Reliability of reported performance is enhanced by implementing a proper record keeping systems	Vincent Motau	30-Jun-18	Done	Evidence was provided
21	Performance Information	Reported Performance progress differs with provided supporting evidence.	Controls regarding monitoring of performance information are strengthened to ensure that performance reported by the department is supported by adequate, complete and accurate evidence	Vincent Motau	30-Jun-18	Done	The three invoices were corrected during the reconciliation of claim 2 of CAPEX.
22	Youth Development	Youth Development Policy not in place	Youth Development policy must be developed and approved by the board.	Community Development Manager: Joburg Theatre	30-Sep-18	Not Yet Done	The policy has been developed and it will be approved on the next Board Meeting scheduled on for the 1st quarter of the 2018/19
23	Maintenance and Security	Insufficient backup power generator	Powerful generator is installed.	General Manager: Building & Security	On-going	Not Yet Done	To be installed once COJ has made a budget for it.
24	Maintenance and Security	No parking shades in Soweto Theatre	Management must ensure that parking shades are constructed to protect theatre and staff vehicle against extreme weather condition.	General Manager: Building & Security	30-Sep-18	Not Yet Done	Procurement of the parking shade will be done in the new budget of the 2018/19
25	Revenue	Revenue policy not updated periodically	Ensure that Joburg City Theatres revenue policy is updated, approved and implemented	Finance Manager	30-Nov-18	Not Yet Done	Audit finding is noted however there has not been new standards nor activities that will change the current policy. The policy will be reviewed.
26	Revenue	No cash register at Joburg Theatre canteen	An operational cash register is installed which would record all canteen sales.	Attie Schutte and Branden Karim	30-Sep-18	Not Yet Done	There is a cash register used by the canteen. It was very expensive to install point of sale system at the canteen as the entity is selling at cost.
27	Revenue	Failure to exchange coins for notes for timely banking	Coins are immediately exchanged for notes and banked timely and Finance officer is not allowed to keep cash.	GM - Hospitality and Catering	30-Sep-18	Not Yet Done	The entity will investigate the possibility of upgrading to Nedbank cash Vaults that can take coins; that decision will be subject to cost however. The coins are in the region of R10-R50.

Section 3: Progress on Resolution of External Audit Findings

History of Auditor-General Findings

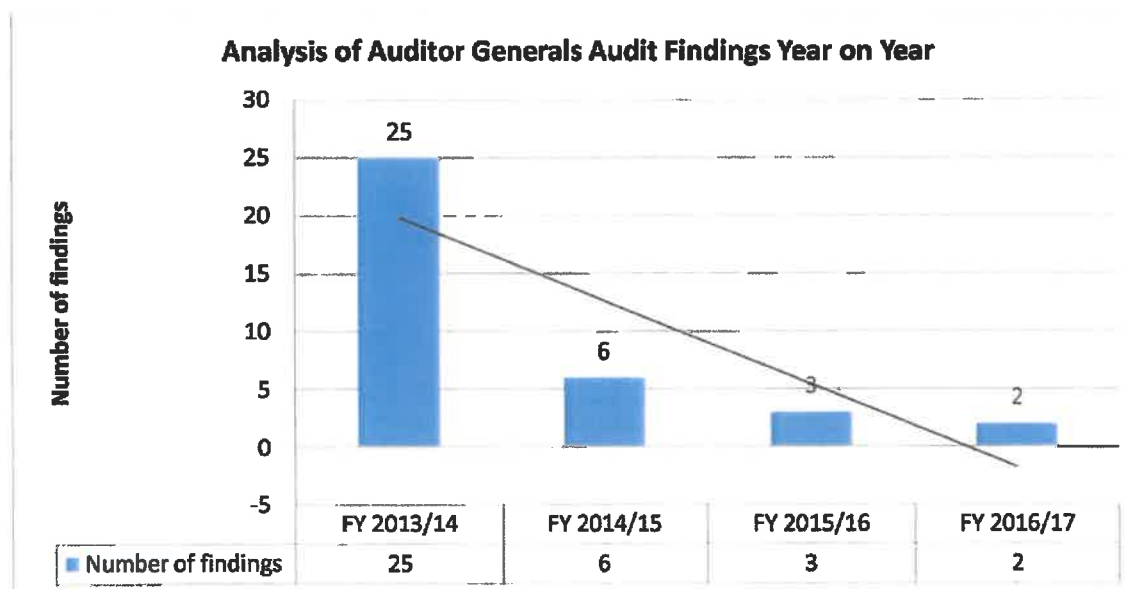
The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

	2013/14	2014/15	2015/16	2016/17	2017/18
Financial Audit Opinion	Clean	Clean	Clean	Clean	
Performance Audit Opinion	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 a reduction on the external audit findings year on year i.e. they moved from 25 in 2013/14 financial year to only 2 in 2016/17 financial year.



Auditor General of SA raised 2 audit findings in 2016/17 financial year and they were all resolved and evidence was provided and verified by the auditors. All other audit findings coming from the previous years were resolved.

Heading	Description	Action Required	By Whom	When	Status
B.1 Internal control deficiency over SCM minutes and declarations Audit finding	During the audit inspection of competitive bidding and contracts processes it was noted that officials from the user department did not form part of the bid evaluation committee resulting in non-compliance with the regulations and policy.	all relevant documentation and minutes relating to procurement processes is reviewed by the SCM manager and filed appropriately.	SCM Manager	Immediately	Done
A1 AGPO Internal control deficiency over the accuracy of the reported performance results.	Management did not implement a proper system of reviewing the accuracy of the reported performance results. Complete, relevant and accurate information does not support the performance results reported.	Annual performance report and the adjustments should be provided to the auditors for inspection.	Strategic Support Manager	Immediately	Done

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 2018 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 2018.

Mitigation strategies on the assessment of the Integrated Reporting and MFMA Circular 63

The Entity will continue to refine its approach in future annual 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.

7.2.5. Content Elements

- i. IIRC Integrated Reporting Framework
- ii. Circular 63, MSA AND MFMA
- iii. King IV

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 113 to 166, which comprise the statement of financial position as at 30 June 2017, 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 2017, 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 my report.

Emphasis of matter

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

Restatement of corresponding figures

5. As disclosed in note 36 to the financial statements, the corresponding figures for 30 June 2016 have been restated as a result of a change in accounting policy in the financial statements of the municipal entity at, and for the year ended, 30 June 2017.

Other matter

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

Unaudited disclosure notes

7. In terms of section 125(2)(e) of the MFMA, the municipal entity is required to disclose particulars of non-compliance with the MFMA in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Responsibilities of the accounting officer

8. 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.
9. 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

10. 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 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. 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.
13. 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.

14. 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 2017:

Strategic objectives	Pages in the annual performance report
Strategic objective 3: Balance the imperative for revenue generation with socio-economic development, and provide opportunities for future arts practitioners and entrepreneurs.	76
Strategic objective 2: Increased accessibility by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact.	76-77

15. 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.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following strategic objectives:
- Strategic objective 3: Balance the imperative for revenue generation with socio-economic development, and provide opportunities for future arts practitioners and entrepreneurs.
 - Strategic objective 2: Increased accessibility by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact.

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on page(s) 73-78 for information on the achievement of planned targets for the year.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of strategic objective 3: Balance the imperative for revenue generation with socio-economic

development and provide opportunities for future arts practitioners and entrepreneurs. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

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 director's report, the audit committee's report and the company secretary's certificate as required by the Companies Act. The other information does not include the financial statements, the auditor's report thereon and those selected strategic objectives presented in the annual performance report that have been specifically reported on in the 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. 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 development objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of 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. The matter reported below is limited to the findings on the annual performance report.

Performance management

27. Management did not prepare, accurate and complete performance reports that are supported and evidenced by reliable information.

Auditor-General

Johannesburg

30 November 2018



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
Financial statements
for the year ended 30 June 2018**

**Auditor General of South Africa
Registered Auditors**

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

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. Thabo Moitsheki Ms. Makhosazana Mbatha Mr. Mpumelelo Mkhabela Mr. Junior Ramovha Prof. Theophilus Mukhuba Ms. Xoliswa Nduneni-Ngema (CEO) Mr. Solomon Mphahleli CA(SA) (CFO)</p> <p>Resigned on 20 April 2018 Retired on 20 April 2018</p> <p>Contract expired on 30 June 2018 Acting CEO effective on 01 July 2018</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/C13032/07

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Index

The reports and statements set out below comprise the annual financial statements of Joburg Theatre (SOC) Ltd trading as Joburg City Theatres (JCT) presented to the provincial legislature and the council of the City of Johannesburg Metropolitan Municipality:

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ABBREVIATIONS

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

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

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ST	Soweto Theatre
RT	Rodepoort 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

Draft

Directors' Responsibilities and Approval

The Directors are required by the Municipal Finance Management Act (Act 58 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 2018/19 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 shareholder in the minutes of the 26th of January 2017 approved a process to start a feasibility study to evaluate the possibility of re-integrating all the municipal entities back into the City and this process is yet to be finalised.

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 9 to 81, which have been prepared on the going concern basis were approved by the Audit and Risk Committee.



Solomon Mphakathi CA(SA)
Acting Chief Executive Officer



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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

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 2018 as per Companies Act Sec 94 and King IV Paragraph 61.

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, 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	
Ms. Amanda Forsythe (Non-Executive Director)	6	
Ms Ashley Hayden (Non-Executive Director)	0	Appointed on 21 May 2018
Ms Mamadiga Molala (Independent Audit Committee Member CA(SA))	4	Resigned on 01 March 2018
Ms Manana Moroka (Independent Audit Committee Member)	1	Resigned on 04 July 2017
Ms Chrystal Cape Independent Audit Committee Member CA(SA)	6	

Audit and Risk Committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 168(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

(Registration number 2000/013022/07)

Financial Statements for the year ended 30 June 2018

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

(Registration number 2000/J13032/07)

Financial Statements for the year ended 30 June 2018

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

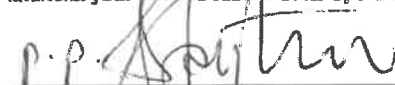
The Audit and Risk Committee reports in terms of the MFMA requirements that it was satisfied as to the appropriateness of the expertise and experience of Joburg Theatre's Chief Financial Officer during the reporting period.

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 Mpumelelo Mkhabela
Chairperson of the Audit and Risk Committee

Date: _____

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Directors' Report

The directors submit their report for the year ended 30 June 2018.

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 producer 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 surplus of the entity was R 484,763 (2017: surplus R 7,015,162), after taxation of R 275,595 (2017: R 2,728,118).

3. Going concern

We draw attention to the fact that at 30 June 2018, the entity had an accumulated surplus (deficit) of R 21,168,022 and that the entity's total liabilities exceed its assets by R 22,952,081.

The 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 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 2018/18 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 2.5 years. The use and maintenance agreement for Soweto Theatre building has been concluded - the 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. The contract of the Chief Executive Officer, Ms Xoliswa Ndunenai Ngema expired on the 30th of June 2018 and the board duly appointed Mr Solomon Mphakathi as the acting CEO.

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 20 to page 37.

6. Share capital

There were no changes in the authorised or issued share capital of the entity during the 12 months under review.

Joburg Theatre (SOC) Limited

(Registration number 2000/J13032/07)

Financial Statements for the year ended 30 June 2018

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 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. Thabo Moitsheli	South African	Resigned 20 April 2018
Ms. Makhosazana Mbatha	South African	Retired 20 April 2018
Mr. Mpumelelo Mkhabela	South African	
Mr. Junior Ramovha	South African	
Prof. Theophilus Mukhuba	South African	
Ms. Xoliswa Nduneni-Ngenra (CEO)	South African	Contract expired on 30 June 2018
Mr. Solomon Mphahathlhi CA(SA) (CFO)	South African	Acting CEO effective on 01 July 2018

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

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

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 upper limits of the remuneration of the Chief Executive Officer and the Chief Financial Officer, who are the only two executive directors of the entity, are determined by the Parent Municipality, and the directors will determine the remuneration within the above mentioned limits.

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 5 occasions.

Name	Board Meeting	Audit and Risk committee meeting	Remuneration, Social & Ethics Committee meeting	Artistic Committee	Strategic planning session/ Business plan session
Total number of meetings held	5	6	4	2	1
Mr Nkopane Maphiri (Chairperson)	5	1	-	-	1
Ms Ashley Hayden	5	1	-	2	1
Ms Mpho Lecoge	5	1	4	-	1
Ms Stella Baloyi	5	-	3	-	1
Prof Theophilus Mukhuba	3	1	-	1	1
Ms Amanda Forsythe	5	6	-	-	1
Mr Thabo Moitsheki-Resigned on 20 April 2018	5	1	-	2	1
Ms Makhosazana Mbatha-Retired on 20 April 2018	4	1	-	2	1
Mr Junior Ramovha	5	1	4	-	1
Mr Mpumefelo Mkhabela	5	6	-	-	1
Ms Xoliswa Nduneni-Ngema (CEO)-Contract expired on 30 June 2018	5	6	4	2	1
Mr Solomon Mphakathi CA(SA) (CFO)-Acting CEO effective 01 July 2018	5	6	4	2	1

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Directors' Report

Audit and Risk Committee

For the current financial year the members of the Audit and Risk Committee are Mr Mpumefelo Mkhabela (Non-Executive Director-Chairperson); Ms. Amanda Forsythe (Non-Executive Director); Ms. Ashley Hayden (Non-Executive Director); Ms. Mamadiga Molala CA(SA) (Independent Audit Committee Member); Ms. Chrystal Cape CA(SA) (Independent Audit Committee Member) and Ms. Manana Moroka (Independent Audit Committee Member).

In terms of Section 106 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 20 April 2018 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

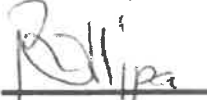
(Registration number 2000/013032/D7)

Financial Statements for the year ended 30 June 2018

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

Draft

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated ^a
ASSETS			
Current Assets			
Inventories	2	5,952,601	1,427,698
Receivables from exchange transactions	3	10,698,098	3,055,798
VAT receivable	4	3,075,107	1,595,017
Cash and cash equivalents	5	15,729,388	23,283,904
		35,555,190	29,362,415
Non-Current Assets			
Property, plant and equipment	6	11,902,101	11,218,409
Intangible assets	7	731,994	104,506
Heritage assets	8	1,592,700	1,592,700
		14,226,795	12,915,618
Total Assets		49,781,985	42,278,033
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	9	19,116,636	13,180,261
Provisions	10	3,016,333	2,219,115
		22,132,969	15,399,376
Non-Current Liabilities			
Deferred tax	11	4,685,935	4,421,340
Total Liabilities		26,829,904	19,820,716
NET ASSETS		22,952,081	22,457,317
Share capital	32	10	10
Reserves			
Investment from Shareholder		1,784,049	1,784,049
Accumulated surplus		21,168,022	20,673,258
Total Net Assets		22,952,081	22,457,317

Joburg Theatre (SOC) Limited

(Registration number 2000/013092/07)

Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Ticketing Services	12	1,014,876	1,136,001
Catering Services	12	30,437,141	21,918,801
Rental facilities and equipment	12	8,032,721	7,487,882
Arts Alive Festival	12	10,275,555	13,143,333
Sponsorships	12	1,391,304	831,018
In-House Ticket Sales	12	11,155,035	6,878,741
Other income	13	2,654,536	12,124,911
Interest received - investment	14	5,544,523	4,822,039
Total revenue from exchange transactions		70,505,691	68,144,726
Revenue from non-exchange transactions			
Transfer revenue			
Subsidy	15	104,432,000	94,072,000
Total revenue	12	174,937,691	162,216,726
Expenditure			
Salaries and Wages	16	(70,049,916)	(63,300,664)
Depreciation and amortisation	17	(1,352,067)	(1,118,509)
Finance costs	18	-	(832)
Debt Impairment		(20,980)	(8,937)
Transfers and Subsidies	19	(19,339,330)	(8,000,000)
General Expenses	20	(83,405,040)	(80,044,504)
Total expenditure		(174,167,333)	(152,473,446)
Surplus before taxation		770,358	9,743,280
Less Taxation	21	275,595	2,728,118
Surplus		494,763	7,015,162

Joburg Theatre (SOC) Limited

(Registration number 2000/D13032/07)

Financial Statements for the year ended 30 June 2018

Statement of Changes in Net Assets

Figures in Rand	Share capital	Investment from Shareholder	Accumulated surplus	Total net assets
Balance at 01 July 2016	10	1,784,049	13,658,096	15,442,155
Changes in net assets				
Surplus for the year	-	-	7,015,162	7,015,162
Total changes	-	-	7,015,162	7,015,162
Restated* Balance at 01 July 2017	10	1,784,049	20,673,259	22,457,318
Changes in net assets				
Surplus for the year	-	-	494,763	494,763
Total changes	-	-	494,763	494,763
Balance at 30 June 2018	10	1,784,049	21,168,022	22,952,081
Note(s)	32			

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Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		58,389,911	72,042,760
Grants		104,432,000	94,072,000
Interest income		5,544,523	4,622,039
		<u>168,366,434</u>	<u>170,736,799</u>
Payments			
Employee costs		(84,058,302)	(81,801,888)
Suppliers		(109,199,404)	(85,853,033)
		<u>(173,257,706)</u>	<u>(147,754,719)</u>
Net cash flows from operating activities	22	<u>(4,891,272)</u>	<u>22,982,080</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(1,996,221)	(1,588,971)
Purchase of other intangible assets	7	(668,026)	-
Net cash flows from investing activities		<u>(2,663,247)</u>	<u>(1,588,971)</u>
Cash flows from financing activities			
Finance lease payments		-	(175,304)
Net increase/(decrease) in cash and cash equivalents		<u>(7,554,519)</u>	<u>21,217,805</u>
Cash and cash equivalents at the beginning of the year		23,283,904	2,066,099
Cash and cash equivalents at the end of the year	5	<u>15,729,385</u>	<u>23,283,904</u>

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

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
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Ticketing services	1,358,199	-	1,358,199	1,014,876	(343,323)	1
Catering services	24,979,787	-	24,979,787	30,437,141	5,457,354	2
Rental facilities and equipment	7,500,000	-	7,500,000	8,032,721	532,721	3
Arts Alive Revenue	-	10,000,000	10,000,000	10,275,555	275,555	
Sponsorship	1,689,077	-	1,689,077	1,391,304	(297,773)	
In-house ticket sales	13,867,000	-	13,867,000	11,155,035	(2,711,965)	4
Other income	5,819,937	-	5,819,937	2,654,536	(3,165,401)	5
Interest received - investment	3,500,000	1,000,000	4,500,000	5,544,523	1,044,523	
Total revenue from exchange transactions	58,714,000	11,000,000	69,714,000	70,505,691	791,691	

Revenue from non-exchange transactions

Transfer revenue

Subsidy	101,725,000	2,707,000	104,432,000	104,432,000	-	
Total revenue	160,439,000	13,707,000	174,146,000	174,937,691	791,691	

Expenditure

Employee cost	(58,518,000)	(12,284,000)	(70,802,000)	(70,049,916)	752,084	
Depreciation and amortisation	(1,600,000)	-	(1,600,000)	(1,352,067)	247,933	6
Finance costs	(156,000)	-	(156,000)	-	156,000	
Debt Impairment	-	-	-	(20,980)	(20,980)	
Transfers and Subsidies	(16,496,000)	-	(16,496,000)	(19,339,330)	(2,843,330)	
General Expenses	(81,869,000)	(1,423,000)	(83,092,000)	(83,405,040)	(313,040)	7
Total expenditure	(160,439,000)	(13,707,000)	(174,146,000)	(174,167,333)	(21,333)	

Surplus before taxation

	-	-	-	770,358	770,358	
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Taxation	-	-	-	275,595	275,595	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	494,763	494,763	
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Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2018

Explanation of major variances between budget and actual.

1. **Ticketing services** is R343 323 (25%) below the budget of R1 358 100 . The shortfall results from lower than anticipated ticket sales for both rented and in-house productions from which ticketing income is charged.
2. **Catering services** show a positive variance of 22 %. The company achieved R5 457 354 revenue above the budget. Hospitality and Catering hosted special events such as Anti Drugs Summit, Entrepreneurial Symposium, International Deaf Silent Walk and Joburg Arts Alive and this has contributed to higher than anticipated revenue.
3. **Rental facilities and equipment performance** is 7% above the budget of R7 500 000 due to the fact that the theatre staged a number of fixed rentals shows and door deals with the show producers for the shows titled: Pinocchio, SA Got Talent, Carmen Ballet, Calling me Home, King Kong, Snow White, NEA, Sarafina, Soweto Fashion Week, Roodepoort Dance, COJ Entrepreneurship Symposium, Ring of Lies , etc.
4. **In-house ticket sales** are 20% below the budget in the financial year 2017/18. This is an improvement compared to the previous year, however the ticket sales for in-house productions were still lower than expected. The entity will continue with its marketing efforts in order to improve ticket sales.
5. **Other income** has unfavourable variance of R3 185 401 (54%) below the budget of R 5 819 937 due to lower special projects than anticipated .
6. **Depreciation and amortisation** is R258 338 (15%) below the budget due to the asset based not increasing as anticipated.
7. **General expenditure** is above budget by R313 040 (0.4%). The overspending on general expenditure of 0.4% is within the acceptable range . The contributors are items related to Hospitality and Catering business on cost of sales linked to the related revenue achieved and marketing expenditure to boost our ticket sales revenue.

Joburg Theatre (SOC) Limited

(Registration number 2000/013092/07)
Financial Statements for the year ended 30 June 2018

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s26 and s31 of the MFMA)	Final adjustments and budget	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2018											
Financial Performance											
Interest received-investment	3,560,000	1,000,000	4,560,000	-	-	4,500,000	5,544,623	-	1,044,623	123 %	158 %
Transfers recognised - operational	101,725,000	2,707,000	104,432,000	-	-	104,432,000	104,432,000	-	-	100 %	103 %
Other own revenue	55,214,000	10,000,000	65,214,000	-	-	65,214,000	64,661,168	-	(252,832)	100 %	116 %
Total revenue	160,439,000	13,707,000	174,146,000	-	-	174,146,000	174,337,691	-	791,691	100 %	109 %
Employee costs	(58,516,000)	(12,284,000)	(70,802,000)	-	-	(70,802,000)	(70,049,910)	-	752,090	99 %	120 %
Debt impairment	-	-	-	-	-	-	(20,980)	-	(20,980)	-	-
Depreciation and asset impairment	(1,600,000)	-	(1,600,000)	-	-	(1,600,000)	(1,352,067)	-	247,933	85 %	86 %
Transfers and grants	(18,496,000)	-	(18,496,000)	-	-	(18,496,000)	(19,339,330)	-	(843,330)	105 %	-
Other expenditure	(81,825,000)	(1,423,000)	(83,248,000)	-	-	(83,248,000)	(83,405,040)	-	(157,040)	100 %	102 %
Total expenditure	(160,439,000)	(13,707,000)	(174,146,000)	-	-	(174,146,000)	(174,167,333)	-	(21,333)	100 %	108 %
Surplus (Deficit)	-	-	-	-	-	-	770,358	-	770,358	100 %	108 %
Taxation	-	-	-	-	-	-	275,585	-	275,585	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	494,763	-	494,763	-	-

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of Financial Statements

The 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 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.

These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These 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 financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements.

Other

The shareholder in the minutes of the 28th of January 2017 approved a process to start a feasibility study to evaluate the possibility of re-integrating all the municipal entities back into the City and this process is yet to be finalised.

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, its 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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.3 Property, plant and equipment (continued)

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.

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.3 Property, plant and equipment (continued)

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 6).

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/R13032/07)

Financial Statements for the year ended 30 June 2018

Accounting Policies

1.4 Intangible assets (continued)

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

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 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.

Accounting Policies

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.

Accounting Policies

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Accounting Policies

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).

Joburg Theatre (SOC) Limited

(Registration number 2008/013032/07)

Financial Statements for the year ended 30 June 2018

Accounting Policies

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Accounting Policies

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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Accounting Policies

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 tests 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 assesses 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 occurs 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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Accounting Policies

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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Accounting Policies

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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Accounting Policies

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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1.16 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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Financial Statements for the year ended 30 June 2018

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 an 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 2018/18 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 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 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 108	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources

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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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1.26 GRAP Standards Approved and effective (continued)

GRAP 106

Transfer of Functions Between Entities Not Under Common Control

GRAP 107

Mergers

Draft

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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
2. INVENTORIES		
Work in progress	4,652,825	529,361
Consumable stores	528,241	237,231
Trading Stock - Food and Beverage	671,535	661,104
	<u>5,852,601</u>	<u>1,427,696</u>
Reconciliation of Opening Balances to Closing Balances		
Work In Progress		
Opening Balance	529,361	369,597
Prior year WIP Transferred	(529,361)	(369,597)
Current year WIP	4,650,369	629,361
	<u>4,650,369</u>	<u>529,361</u>
Consumable Stock		
Opening Balance	237,231	171,169
Stock Movement for the year	291,010	66,062
	<u>528,241</u>	<u>237,231</u>
Trading Stock		
Opening Balance	661,104	647,249
Stock Movement for the year	10,431	13,859
	<u>671,535</u>	<u>661,104</u>

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 Color purple and Snow white.

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	1,899,192	685,662
Accrued Income	192,120	-
Related Party Debtors	8,808,794	2,370,136
	<u>10,899,096</u>	<u>3,055,798</u>

Accrued income consist of interest earned (R11 410) and insurance claim (R180 710)

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Notes to the Financial Statements

	2018	2017 Restated*
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 the youth month activities, EPWP and CAPEX. Joburg City Theatres does not charge interest on related party debtors.		
Debtors are measured at fair value.		
The receivables increased from last financial year to current year due to invoice issued to City of Johannesburg-CAPEX (R6 067 666), Department of Arts and Culture (R 1 600 090), COJ- EPWP (R 994 767.30), COJ-Department of Economic Development (R 678 767.53) .		
Receivables From Exchange Transactions by Class		
Rentals of Facilities and Equipment	-	62,031
Hospitality and Catering	2,662,017	593,404
City of Joburg-CAPEX	6,067,666	2,308,506
City of Joburg-Entities	57,110	61,633
Other	2,091,303	40,227
	10,898,096	3,055,788
Debtors Age Analysis		
90 Days +	61,350	166,724
60 Days	34,762	232,750
30 Days	32,486	262,530
Current	10,769,468	2,393,794
	10,898,096	3,055,788
4. VAT receivable		
VAT	3,075,107	1,565,017
The company accounts for VAT on an accrual basis.		
The major contributor to VAT receivables are refunds not yet received from SARS which include amongst other VAT input from invoices for grants paid to Joburg Ballet and philharmonic Orchestra R318 600;utilities R305 616; security and cleaning services R192 843; Africa Month activities R121 565;insurance premium R57 664; upgrade of accounting software (MSCOA) R21 190 and other year end adjustment i.e accruals R356 799.		
5. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	100,321	78,932
Nedbank current account balance	11,714,476	2,461,969
Nedbank and Investec investment Accounts	3,914,589	20,743,004
	15,729,386	23,283,904
Current assets	15,729,386	23,283,904
Current liabilities	-	-
	15,729,386	23,283,904

* See Note 35

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Notes to the Financial Statements

	2018			2017 Restated*		
5. CASH AND CASH EQUIVALENTS (continued)						
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 8.32%. The entity had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
Nedbank - current account Joburg Theatre	286,781	1,992,526	21,204	286,781	1,992,526	21,204
Nedbank - current account Roodepoort and Soweto Theatre	79,808	176,152	3,054	79,808	176,152	3,054
Nedbank - current account Ticketing Account	77,301	38,713	80,363	77,301	38,713	80,363
Nedbank - current account Hospitality and Catering	180,259	254,571	71,259	180,259	254,571	71,259
Nedbank - call account Joburg Theatre	9,997,811	768,449	210,939	9,997,811	768,449	210,939
Nedbank - call account Roodepoort and Soweto Theatre	3,467	3,259	137,911	3,467	3,259	137,911
Nedbank - call account Ticketing account	628,174	588,857	57,422	628,174	588,857	57,422
Nedbank - call account Hospitality and Catering	450,845	1,962,788	289,950	450,845	1,962,788	289,950
Investec - call account	-	2,178,739	1,153,054	-	2,178,739	1,153,054
Investec fixed account	3,914,819	15,242,917	-	3,914,819	15,242,917	-
Sub Total	15,629,065	23,204,971	2,005,156	15,629,065	23,204,971	2,005,156
Cash on hand	100,321	78,933	60,942	100,321	78,933	60,942
Total	15,729,386	23,283,904	2,066,098	15,729,386	23,283,904	2,066,098

Cash on hand is made up of petty cash and cash floats

6. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	1,613,988	(187,533)	1,426,453	911,772	-	911,772
Furniture and fixtures	4,140,271	(2,226,731)	1,913,540	3,388,074	(1,904,781)	1,483,293
Motor vehicles	875,960	(377,550)	298,410	523,424	(342,993)	180,431
IT equipment	2,829,998	(1,040,031)	1,789,967	2,517,498	(818,216)	1,699,282
Stage equipment	13,036,130	(6,532,378)	6,473,751	12,930,339	(5,986,708)	6,943,631
Total	22,266,325	(10,364,224)	11,902,101	20,271,107	(8,052,698)	11,218,409

* See Note 35

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2018	2017		
		Restated*		
6. PROPERTY, PLANT AND EQUIPMENT (continued)				
Reconciliation of property, plant and equipment - 2018				
	Opening balance	Additions	Depreciation	Total
Leasehold property	911,772	702,194	(187,533)	1,426,433
Furniture and fixtures	1,483,293	752,197	(321,950)	1,913,540
Motor vehicles	180,431	152,539	(34,560)	298,410
IT equipment	1,899,262	312,500	(221,816)	1,989,946
Stage equipment	6,843,831	75,791	(545,671)	6,473,751
	11,218,409	1,995,221	(1,311,629)	11,902,101

* See Note 35

Joburg Theatre (SOC) Limited

(Registration number 2000/013022/07)
Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

6. PROPERTY, PLANT AND EQUIPMENT (continued) Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Transfers received	Transfers	Write offs	Depreciation	Total
Leasehold property	-	911,772	-	-	-	-	911,772
Furniture and fixtures	1,678,325	173,112	-	-	(52,281)	(313,883)	1,483,283
Motor vehicles	210,238	-	-	-	-	(29,805)	180,431
IT equipment	559,719	474,262	512,506	-	(58,786)	(88,498)	1,699,282
Leasehold improvements	840,287	-	-	(812,566)	-	(127,721)	-
Stage equipment	7,498,624	29,826	-	-	(34,900)	(549,918)	6,943,631
	10,885,191	1,588,971	512,506	(612,566)	(145,927)	(1,109,826)	11,218,409

Property, plant and Equipment written off 2017

	Cost	Accumulated Depreciation	Total
Furniture and Fixtures	449,811	(387,650)	62,261
Stage and Equipment	254,134	(218,234)	34,900
Computer Equipment	309,072	(250,306)	58,766
	1,013,017	(867,090)	145,927

Repairs and Maintenance

Repairs and Maintenance 2017/18

Furniture and Fixtures	Stage Equipment	Computer Equipment	Vehicle	Total
895,772	481,482	81,099	51,808	1,480,161
895,772	481,482	81,099	51,808	1,490,161

Repairs and Maintenance 2016/17

Furniture and Fixtures	Stage Equipment	Computer Equipment	Vehicle	Total
51,040	184,427	38,450	22,854	297,811
51,040	184,427	39,490	22,854	297,811

Repairs and Maintenance disclosure is done in terms of GRAP 17 paragraph 88.

Notes to the Financial Statements

	2018	2017 Restated ^a
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6. PROPERTY, PLANT AND EQUIPMENT (continued)

Buildings are capitalised by the City of Johannesburg.

7. INTANGIBLE ASSETS

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	828,857	(96,863)	731,994	185,831	(56,322)	104,509

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Amortisation	Total
Computer software	104,509	668,026	(40,541)	731,994

Reconciliation of intangible assets - 2017

	Opening balance	Amortisation	Total
Computer software	113,191	(8,682)	104,509
Other information			

Intangible Assets Written Off - 2017

Cost	Accumulated Amortisation	Total
27,485	(27,485)	-

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2018	2017 Restated*
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8. HERITAGE ASSETS

	2018			2017		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Artwork and Historical Assets	1,592,700	-	1,592,700	1,592,700	-	1,592,700

Reconciliation of heritage assets 2018

	Opening balance	Total
Artwork and Historical Assets	1,592,700	1,592,700

Reconciliation of heritage assets 2017

	Opening balance	Total
Artwork and Historical Assets	1,592,700	1,592,700

Additional Information

Heritage assets includes artwork valued R851 000 and historical assets valued at R741 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	9,177,375	1,759,888
Deferred Income	2,928,229	1,837,025
Accrued Leave	2,239,664	2,024,500
Sundry creditors	1,797,804	2,015,215
Accrued 13th Cheque	735,617	734,467
Year end accruals	1,364,404	3,837,902
Related Party	875,743	1,171,454
	19,116,836	13,180,261

Trade payables consists of trade creditors due to the suppliers/service providers. The major contributor to the increase of trade payables is the work done for the following services: upgrade of stage machinery to the value of R5m, hospitality and catering (R2m) and acquisitions of computer hardware and upgrade of server amounting to R750 938 .

Deferred income represent 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.

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2018	2017 Restated ¹		
10. PROVISIONS				
Reconciliation of provisions - 2018				
	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus and COIDA	2,219,115	3,606,456	(2,809,240)	3,016,331
Reconciliation of provisions - 2017				
	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus	2,099,063	3,072,032	(2,951,990)	2,219,115
<p>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.</p>				
11. DEFERRED TAX				
Deferred tax liability				
Property, plant and equipment		(298,732)		(284,570)
Allowance for future expenditure section 24c		(6,417,720)		(5,988,991)
Total deferred tax liability		(6,716,452)		(6,273,570)
Deferred tax asset				
Provisions		1,200,861		1,393,863
Deferred income		818,656		469,367
Deferred tax balance from temporary differences other than unused tax losses		2,019,517		1,852,230
Total deferred tax asset		2,019,517		1,852,230
Deferred tax liability		(6,716,452)		(6,273,570)
Deferred tax asset		2,019,517		1,852,230
Total net deferred tax liability		(4,696,935)		(4,421,340)

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2018	2017 Restated ^a
12. REVENUE		
Ticketing services	1,014,876	1,138,001
Catering services	30,437,141	21,918,801
Rental facilities and equipment	8,032,721	7,487,882
Arts Alive	10,275,555	13,149,333
Sponsorship	1,391,304	831,018
In-house ticket sales	11,155,035	8,878,741
Other income	2,654,536	12,124,911
Interest received - investment	5,544,523	4,622,039
Subsidy	104,432,000	94,072,000
	174,937,691	162,216,726

The amount included in revenue arising from exchanges of goods or services are as follows:

Ticketing services	1,014,876	1,138,001
Catering services	30,437,141	21,918,801
Rental facilities and equipment	8,032,721	7,487,882
Arts Alive	10,275,555	13,149,333
Sponsorship	1,391,304	831,018
In-house ticket sales	11,155,035	8,878,741
Other income	2,654,536	12,124,911
Interest received - investment	5,544,523	4,622,039
	70,505,691	68,144,726

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue		
Subsidy from City of Joburg	104,432,000	94,072,000

13. OTHER INCOME

Other income	2,654,536	12,124,911
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The table below provides the breakdown of other income:

The table below provides the breakdown of other income:

Joburg Film Office	-	7,050,000
Mobile Theatre Truck	332,026	339,719
EPWP	1,696,835	1,000,000
Management fees	55,457	1,401,230
New Years Event	-	1,715,800
Miscellaneous	567,119	618,162
	2,654,536	12,124,911

^a See Note 35

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2016	2017 Restated*
14. INTEREST RECEIVED - INVESTMENT		
Interest revenue		
Bank	5,544,523	4,622,039
Interest income is calculated using the effective interest rate between 6% to 8.02%		
The table below shows the interest received from two bank accounts:		
Bank		
Investec Bank Limited	3,702,528	2,708,002
Nedbank Limited	1,841,995	1,914,437
	5,544,523	4,622,039
15. SUBSIDY		
Operating Grants and Subsidies		
Joburg Theatre	81,184,678	71,360,968
Roodepoot Theatre	8,004,748	7,706,860
Soweto Theatre	15,242,573	14,914,472
	104,432,000	94,072,000
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, Roodepoot Theatre and Soweto Theatre.		
16. EMPLOYEE RELATED COSTS		
Salaries and Wages	68,725,807	62,066,919
Employee costs included in other expenses	1,324,109	1,233,745
	70,049,916	63,300,664
Employee Costs Breakdown		
Net Salary	35,867,054	33,791,828
PAYE	11,360,800	9,112,089
SDL	652,463	508,821
UIF	747,086	586,732
Medical Aid	4,584,828	3,998,758
Pension Contribution	10,662,543	9,485,998
Third Parties	623,201	447,016
13th cheque leave accrual and performance bonus	4,207,833	4,137,676
	68,725,807	62,066,919
Committee Fees Breakdown		
Net Salary	1,324,109	954,798
PAYE	-	285,835
SDL	-	13,114
	1,324,109	1,233,745

In the current financial year, PAYE was not deducted from the Board members's fee.

* See Note 35

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2019

Notes to the Financial Statements

	2018	2017 Restated*
16. EMPLOYEE RELATED COSTS (continued)		
Chief Executive Officer		
Annual Remuneration	1,672,908	1,558,224
Performance Bonuses	218,151	211,877
Contributions to UIF, SDL, Medical Aid and Pension Funds	512,126	470,063
Other	69,705	64,925
	2,472,890	2,305,189
Chief Operating Officer		
Annual Remuneration	1,168,870	1,088,832
Performance Bonuses	152,436	148,122
Contributions to UIF, SDL, Medical Aid and Pension Funds	346,076	330,232
Other	108,360	45,368
	1,774,841	1,612,554
Chief Financial Officer		
Annual Remuneration	1,436,859	1,335,705
Performance bonus	183,370	182,067
Contributions to UIF, SDL, Medical Aid and Pension Funds	366,904	347,031
Other	118,073	55,764
	2,096,206	1,920,567
Executive Producer		
Annual Remuneration	853,512	954,000
Performance Bonuses	79,500	77,250
Contributions to UIF, SDL, Medical Aid and Pension Funds	228,678	267,487
Other	88,774	-
	1,251,464	1,298,737
The Executive Producer resigned on 30 April 2018 hence current year remuneration is less than previous year.		
Company Secretary		
Annual Remuneration	1,003,818	935,000
Performance Bonuses	112,200	-
Contributions to UIF, SDL, Medical Aid and Pension Funds	11,878	21,981
Other	53,826	39,958
	1,181,518	995,919
17. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	1,352,067	1,118,509
18. FINANCE COSTS		
Finance leases	-	832

Total interest expense, calculated using the effective interest rate (13%), on finance lease liability amounted to R-(2017:R 832).

* See Note 3E

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2018	2017 Restated ^a
19. Grants and subsidies paid		
Subsidies		
Grants Paid	19,339,330	8,000,000
Subsidies comprises of:		
Joburg Ballet	8,873,176	8,000,000
Joburg Philharmonic Orchestra	10,466,154	-
	19,339,330	8,000,000
20. GENERAL EXPENSES		
Auditors remuneration	655,233	673,676
Bank charges	660,636	480,250
Cleaning	2,338,272	2,758,173
Computer expenses	160,303	-
Consulting and professional fees	527,474	474,811
Consumables	3,120,450	3,014,127
Community Development	1,748,025	2,333,264
Entertainment	678,565	336,995
Building signage, framing, and printing	2,637,555	1,195,633
Insurance	755,797	947,284
Employee Uniforms	264,136	216,867
IT expenses	703,943	708,498
Marketing and show contributions	5,332,565	7,931,087
Ticketing	1,279,632	642,520
Motor vehicle expenses	1,823,603	1,366,021
Licences	378,465	1,008,933
Productions	17,471,017	16,815,042
Printing and Stationery	325,821	792,266
Security	1,954,615	1,819,433
Subscriptions and membership fees	116,236	488,927
Business travel	105,547	551,595
Electricity	8,528,216	8,894,731
Gas	485,274	410,375
Sewerage and waste disposal	1,222,762	1,186,801
Assessment Rates	-	14,283
Employee Wellness & Training	215,229	816,894
Arts Alive and Special Projects	6,288,531	10,910,363
Write offs	-	145,928
Other hospitality and catering expenses	6,978,980	3,618,915
Repairs and Maintenance	2,577,246	1,438,840
Cost of Sales	12,041,892	6,060,582
	83,405,040	80,044,584

Joburg Theatre (SOC) Limited

(Registration number 2003/013032/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2016	2017 Restated*
21. TAXATION		
Major components of the tax expense		
Deferred		
Movement in temporary differences	276,595	2,728,118
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense:		
Accounting surplus	770,358	9,743,280
Tax at the applicable tax rate of 28% (2017: 28%)	216,700	2,728,118
Tax effect of non-deductible/non-taxable items		
Leasehold improvements (R205 505) at 28%	57,541	-
	273,241	2,728,118
22. CASH (USED IN) GENERATED FROM OPERATIONS		
Surplus	494,763	7,015,162
Adjustments for:		
Depreciation and amortisation	1,352,057	1,118,508
Finance costs - Finance leases	-	832
Debt impairment	20,980	8,937
Movements in provisions	797,218	120,052
Other non-cash items	-	114,487
Changes in working capital:		
Inventories	(4,424,905)	(212,684)
Receivables from exchange transactions	(7,842,297)	18,434,201
Debt impairment	(20,980)	(8,937)
Tax	276,597	2,758,715
Payables from exchange transactions	5,938,375	(2,080,756)
VAT	(1,480,090)	(4,288,448)
	(4,891,272)	22,982,080
23. AUDITORS' REMUNERATION		
Opening Balance	-	-
Current year audit fees	655,233	673,676
Amount paid-current year	(655,233)	(673,676)
Amount paid-previous year	-	-
Closing balance	-	-

* See Note 35.

Joburg Theatre (SOC) Limited

(Registration number 2008/013032/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2016	2017 Restated*
24. Related parties		
Relationships		
Directors		Refer to directors' report
100% controlling entity		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) Limited
100% owned by COJ		City Of Joburg Property Company (SOC) Ltd
100% owned by COJ		Johannesburg City Parks NPC and Zoo
100% owned by COJ		Johannesburg Development Agency (SOC) Limited
100% owned by COJ		Johannesburg Metropolitan Bus Services (SOC) Ltd
100% owned by COJ		Johannesburg Roads Agency (SOC) Limited
100% owned by COJ		Johannesburg Social Housing Company (SOC) Ltd
100% owned by COJ		Pikitup Johannesburg (SOC) Limited
100% owned by COJ		Joburg Market (SOC) Limited
100% owned by COJ		Metropolitan Trading Company (SOC) Ltd
100% owned by COJ		Golden Triangle Development Company (Pty) Ltd
Related party balances		
Amounts included in Trade receivable regarding related parties		
City of Johannesburg Metropolitan Municipality	8,749,683	2,306,506
Johannesburg City Parks NPC and Zoo	57,110	61,630
The Entity does not charge inter companies any interests.		
Amounts included in Trade payables regarding related parties		
City of Johannesburg Metropolitan Municipality	816,983	1,129,642
Joburg City Parks NPC and Zoo	55,952	37,830
Johannesburg Social Housing Company (SOC) Ltd	2,808	3,992
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	125,717,274	116,297,888
Johannesburg Water (SOC) Limited	35,120	17,169
MTC- Metropolitan Trading Company (SOC) LTD	8,213	40,439
Johannesburg City Parks NPC and Zoo	233,412	281,830
Joburg Market (SOC) Limited	44,285	12,848
Johannesburg Social Housing Company (SOC) limited	-	23,598
City Power Johannesburg (SOC) Ltd	-	393
City of Joburg Property Company (SOC) Limited	22,977	-
Rent paid to related parties		
Johannesburg City Parks NPC and Zoo	330,736	59,885
Purchases from related parties		
City of Johannesburg Metropolitan Municipality	859,619	830,941
Pikitup Johannesburg (SOC) Limited	174,496	169,973
City Power Johannesburg (SOC) LTD	7,282,972	7,805,696

* See Note 35

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2018	2017 Restated*
24. RELATED PARTIES (continued)		
Johannesburg Water (SOC) Limited	1,089,283	928,973
Johannesburg Metropolitan bus Services (Pty) Ltd	-	5,750
Yamikani Projects (Pty) Ltd	-	1,800
25. PAYE AND UIF		
Opening Balance	661,273	542,979
Current year payroll deductions	13,128,345	10,187,478
Amount paid -current year	(12,241,904)	(9,528,205)
Amount paid-previous year	(661,273)	(542,979)
Closing balance (Included in sundry creditors)	886,441	661,273
26. PENSION AND MEDICAL AID DEDUCTIONS		
Opening Balance	1,091,281	97,786
Current year payroll deductions and council contribution	16,550,358	12,123,614
Amount Paid-current year	(15,290,903)	(11,032,333)
Amount Paid -Previous year	(1,091,281)	(97,786)
Closing balance (Included in sundry creditors)	1,259,395	1,091,281

* See Note 35

Joburg Theatre (SOC) Limited

(Registration number 2001/013032/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2018	2017		
		Restated*		
27. DIRECTORS' EMOLUMENTS				
Non-Executive Directors				
Non-Executive				
2018				
	Directors' fees	Committees fees	Chairperson's Quarterly Meetings with MMC	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	42,262	-	102,262
Ms. Amanda Forsythe	60,000	78,025	-	138,025
Mr. Thabo Moitsheki-Resigned 20 April 2018	60,000	39,209	-	99,209
Ms. Makhosazana Mbatha-Retired 20 April 2018	48,000	36,168	-	84,168
Mr. Mpumefelo 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	-	83,125
	584,000	817,203	28,000	1,429,203
2017				
	Directors' fees	Committees fees	Other fees (Consultancy fees to subsidiary)	Total
Prof. Mongane Wally Serote (Chairperson)	45,632	-	48,461	94,093
Adv. Jonny Motsamai Modipa	22,816	4,566	21,398	48,780
Ms. Lorraine Malebo	17,112	4,566	15,580	37,258
Mr. Ishmael Mkhabela	22,816	16,475	27,268	66,559
Mr. Mabuho Kid Sithole	22,816	7,738	21,429	51,983
Ms. Todd Twala	22,816	4,566	21,398	48,780
Mr. Mavuso Shabalala	17,112	131,192	23,514	171,818
Bishop Eugene Sinclair	22,816	9,131	21,443	53,390
Mr. Sipho Sithole	17,112	13,897	16,311	47,120
Mr. Nkopane Maphiri (Chairperson)	16,000	-	28,440	44,440
Ms. Ashley Hayden	12,000	6,084	36,541	54,625
Ms. Mpho Lecoge	12,000	-	36,480	48,480
Ms. Stella Baloyi	12,000	-	36,480	48,480
Ms. Amanda Forsythe	12,000	-	36,480	48,480
Mr. Thabo Moitsheki	-	-	24,240	24,240
Ms. Makhosazana Mbatha	12,000	6,084	48,661	66,745
Mr. Mpumefelo Mkhabela	12,000	24,000	36,720	72,720
Mr. Junior Ramovha	12,000	-	36,480	48,480
Prof. Theophilus Mukhuba	-	9,125	24,331	33,456
	311,048	236,224	561,655	1,108,927

Joburg Theatre (SOC) Limited

(Registration number 2000/013092/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

2018	2017 Restated*
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28. 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 the 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

	18,116,836	13,160,261
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* See Note 35

Joburg Theatre (SOC) Limited

(Registration number 2001/0313092/07)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2018	2017 Restated*
28. RISK MANAGEMENT (continued)		
Interest rate risk		
<p>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.</p>		
Cash and Cash Equivalents		
Bank balances from call accounts and fixed deposits	15,720,386	23,263,803
Credit risk		
<p>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.</p>		
Trade and other receivables		
Trade and other receivables from exchange transactions	10,898,006	3,055,799
VAT	3,075,107	1,595,017
	<u>13,973,203</u>	<u>4,650,816</u>
Foreign exchange risk		
<p>The entity's transactions are predominantly entered into in Rand. 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.</p>		
<p>Transactions are at spot rate and therefore no foreign gain/loss.</p>		
29. GOING CONCERN		
<p>We draw attention to the fact that at 30 June 2018, the entity had an accumulated surplus (deficit) of R 21,168,022 and that the entity's total liabilities exceed its assets by R 22,052,981.</p>		
<p>The 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.</p>		
30. COST OF SALES		
Sale of goods		
Cost of goods sold	12,041,892	8,080,582

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Notes to the Financial Statements

	2018	2017 Restated*
31. OPERATING LEASE		
Operating Lease Commitments		
Up to 1 year	325,467	551,212
2- 5 years	92,099	-
	417,566	551,212
<p>Joburg Theatre (SOC) Ltd leases consist of cash vaults machines from Nedbank Limited and digital copier machines from Konica Minolta. The operating lease decreased from the prior year by 24% due to lease agreement between Joburg Theatre (SOC) Ltd and Avis which in the financial year under review is on a month to month bases</p>		
32. SHARE CAPITAL		
Authorised		
10 Ordinary shares of R1 each	10	10
Reconciliation of number of shares issued:		
Reported as at 01 July 2017	10	10
Issued		
Ordinary	10	10
<p>10 Ordinary shares of R1 each, as reflected in the company's share certificate.</p>		
33. FINANCIAL INSTRUMENTS DISCLOSURE		
Categories of financial instruments		
2018		
Financial assets		
	At fair value	Total
Trade and other receivables from exchange transactions	10,698,096	10,698,096
Cash and cash equivalents	15,729,388	15,729,388
VAT	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
2017		
Financial assets		
	At fair value	Total
Trade and other receivables from exchange transactions	3,055,799	3,055,799
Cash and cash equivalents	23,283,903	23,283,903
VAT	1,595,017	1,595,017
	27,934,719	27,934,719
Financial liabilities		

* See Note 35

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Notes to the Financial Statements

	2018	2017 Restated*
FINANCIAL INSTRUMENTS DISCLOSURE (continued)		
	At fair value	Total
Trade and other payables from exchange transactions	13,180,261	13,180,261
Residual interest		
	At cost	Total
Investment from shareholders	1,784,049	1,784,049

34. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

Paragraph 12(1)(d)(i) of Government gazette No. 27636 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.

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)	114,994
Sio Jo (unique range of syrup and powders)	136,491
Slush Puppy (ice drink)	81,689
Frozen Drinks Afrika	334,389
	647,463

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	22,515,053
Contributions to marketing partners/arrangements for productions	3,862,279
Acquisition of Artists for arts alive festival	6,000,000
	32,377,332

* See Note 35

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

	2018	2017 Restated ^a
34. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)		
Any exceptional case where it is impractical or impossible to follow the official procurement processes		
Any exceptional case where it is impractical or impossible to follow the official procurement processes in terms of regulation 38 1(a)(v)		
Name of Service Provider	Description of minor breach	
Various Supplier	Repairs & Maintenance	147,704
Entrepreneurs Symposium	Hospitality and Catering	<u>137,625</u>
		<u>285,229</u>
35. CORRECTION OF ERROR		
The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year.		
Reclassification of employee related cost		
Since the amalgamation of hospitality and catering business as a business unit of Joburg Theatre (SOC) Ltd, the entity has been classifying hospitality and catering employee related costs to general expenses. This classification was made following the allocation of budget. During the 2017/18 adjustment budget, the entity reclassified hospitality and catering employee related cost from general expenditure to employee related cost line. The classification resulted in a prior year error which has been accounted for in accordance with GRAP 3.		
Statement of financial position		
Increase (decrease) in Accumulated Surplus	-	-
Statement of Financial Performance		
Employee Related Cost		
Increase in Employee Related Cost	-	8,480,776
Decrease in General expenses	-	(8,480,776)
Decrease in surplus	-	-

^a See Note 35

Notes to the Financial Statements

	2018	2017 Restated*
36. COMMITMENTS		
Commitments in respect of capital expenditure:		
Authorised and contracted for		
• Property, plant and equipment	26,320,934	-
Total capital commitments	26,320,934	-
Already contracted for but not provided for	26,320,934	-
Authorised operational expenditure		
Already contracted for but not provided for		
• Cleaning Services	1,390,172	1,534,210
• Security Services	-	822,302
• Consultants and other contracted services	642,317	956,913
• Cash Vaults	310,571	129,977
• Fleet	-	149,828
	2,343,060	3,593,230
Total operational commitments	2,343,060	3,593,230
Already contracted for but not provided for	2,343,060	3,593,230
Total commitments		
Total commitments		
Authorised capital expenditure	26,320,934	-
Authorised operational expenditure	2,343,060	3,593,230
	28,663,994	3,593,230

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.

37. CONTINGENCIES
Economic entity
Litigation and Claims

Joburg Theatre SOC Ltd received a letter of demand amounting to 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 not yet gone to court.

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.

38. FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure

Opening balance	-	-
Fruitless and Wasteful expenditure current year	28,399	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-
	28,399	-

* See Note 35

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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

38. FRUITLESS AND WASTEFUL EXPENDITURE (continued)

This expenditure relates to the cancellation of attendance of a conference in Australia due to the employees not doing the visa application on time. The expenditure has been recovered from the concerned employees.

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