

theatre for a world class african city
the JOBURG THEATRE
complex

Joburg Theatre (SOC) Ltd
operates as a Municipal Entity of



a world class African city

Joburg Theatre (SOC) Limited
Financial statements
for the year ended 30 June 2015

Auditor General South Africa
Registered Auditors

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Entertainment and Hospitality
DIRECTORS	Mongane Wally Serote (Chairperson) Todd Twala Lorraine Malebo Ishmael Mkhabela Mabutho Kid Sithole Mavuso Shabalala Xoliswa Nduneni-Ngema (CEO) Monna Mokoena Solomon Mphakathi (CFO) Bishop Eugene Sinclair Sipho Sithole
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 South Africa Registered Auditors
SECRETARY	Vincent Motau
COMPANY REGISTRATION NUMBER	2000/013032/07

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Index

The reports and statements set out below comprise the financial statements presented to the shareholder:

INDEX	PAGE
Directors' Responsibilities and Approval	3
Audit and Risk Committee Report	4
Report of the Auditor General	5 - 4
Directors' Report	5 - 8
Company Secretary's Certification	9
Statement of Financial Position	10
Statement of Financial Performance	11
Statement of Changes in Net Assets	12
Cash Flow Statement	13
Statement of Comparison of Budget and Actual Amounts	14
Accounting Policies	17 - 32
Notes to the Financial Statements	33 - 58

ABBREVIATIONS

COIDA	Compensation for Occupational Injuries and Diseases Act
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
ME's	Municipal Entities
MFMA	Municipal Finance Management Act
JCT	Joburg City Theatres
IR	Institutional Review Process
RCT	Roodepoort City Theatre

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Directors' Responsibilities and Approval

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

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

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

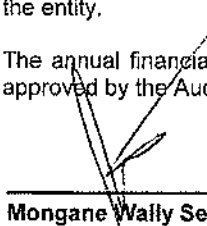
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for 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.

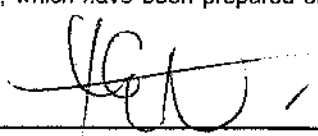
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial 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 01 July 2014 to 30 June 2015 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 5 to 58, which have been prepared on the going concern basis were approved by the Audit and Risk Committee.


Mongane Wally Serote (Chairperson)


Xoliswa Nduneni-Ngema (CEO)

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Audit and Risk Committee Report

We are pleased to present our report on the financial statements for the year ended 30 June 2015.

Audit and Risk Committee members and attendance

The Audit and Risk Committee consists of the members listed hereunder and should meet at least 4 times per annum as per its approved terms of reference. During the current financial year 5 meetings were held.

Name of member	Number of meetings attended
Jacobus Froneman (Independent member)	5
Janine Vergotine (Independent member) retired 03 February 2015	4
Surykumarie Pillay (Non Executive Director) retired 03 February 2015	4
Mavuso Shabalala (Chairperson) - Non Executive Director	4
Bheki Zungu - (Alternate Non Executive Director) retired 03 February 2015	4
Mamadiga Molala (Independent member)	3
Chrystal Cape (Independent member) - Appointed on 03 February 2015	1

Audit and Risk Committee responsibility

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

In the conduct of its duties, the Audit and Risk Committee has, inter alia, reviewed the following:

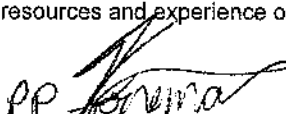
- the effectiveness of the internal control systems;
- the risk areas of the entity's operations covered in the scope of internal and external audits;
- the adequacy, reliability and accuracy of financial information provided by management and other users of such information;
- accounting and auditing concerns identified as a result of internal and external audits;
- the entity's compliance with legal and regulatory provisions;
- the effectiveness of the internal audit function;
- the activities of the internal audit function, including its annual work programme, co-ordination with external auditors, the reports of significant investigations and the responses of management to specific recommendation;
- the independence and objectivity of the external auditors.

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 and the internal audit function and discussion with the independent external auditors on the results of their audits, that the internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the annual financial statements and accountability for assets and liabilities is maintained.

Having considered the matters set out in the Companies Act the Audit and Risk committee 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.

The Audit and Risk Committee is satisfied that the annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The committee considered the expertise, resources and experience of the finance function and concluded that these were appropriate.


Chairperson of the Audit Committee

Date: 31/08/15

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Directors' Report

The directors submit their report for the year ended 30 June 2015.

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 is engaged in entertainment and hospitality and operates principally in South Africa.

During the 2012/13 financial year the City of Johannesburg as part of its institutional review process, resolved that Joburg Theatre (SOC) Ltd and Roodepoort City Theatre NPC t/a Joburg Promusica be integrated into a single theatre management company. The theatre management company - now called Joburg City Theatres (JCT) - renders the functions and services that, until 31 December 2012, were rendered by the two theatres. It also institutionalised the operation of the newly established Soweto Theatre.

The effective date for the integration was 1 January 2013 and the transfer of functions agreement was signed by the Board of Directors on the 27th of November 2013.

JCT early adopted the principles of GRAP 105 in 2012/13 financial year which states that:

"If the initial accounting of a transfer of functions is incomplete at the end of the reporting period, the assets acquired and liabilities assumed for which the accounting is incomplete should be recognised at their provisional amounts, the acquirer is allowed a two-year measurement period from the transfer date in order to obtain the information necessary to identify and measure".

Net surplus of the entity was R 54,726 (2014: surplus R 2,571,511), after taxation of R 20,398 (2014: R (1,583,844)).

3. GOING CONCERN

We draw attention to the fact that as at 30 June 2015, the entity had accumulated surplus of R 13,931,947 and that the entity's total assets exceeded its liabilities by R 13,931,957.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The existence of the company is dependant on the continued support of its sole shareholder, The City of Johannesburg Metropolitan Municipality by way of management fees paid each year in terms of a service delivery agreement entered into between the company and The City of Johannesburg Metropolitan Municipality. Should management fees/subsidies be withdrawn it is highly unlikely that the company will be able to continue as a going concern.

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 5.5 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.

5. ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003).

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Directors' Report

6. SHARE CAPITAL

No changes were effected in the authorised or issued share capital of the entity during the year under review.

7. BORROWING LIMITATIONS

Joburg Theatre (SOC) Limited (Joburg City Theatres) does not have the authority to borrow funds on its own behalf. All external funding is managed under the auspices of the City of Johannesburg Metropolitan Municipality Asset and Liability Committee.

8. DIVIDENDS

No dividends were declared or paid to the shareholder during the year.

9. DIRECTORS

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Mongane Wally Serote (Chairperson)	South African	
Todd Twala	South African	
Lorraine Malebo	South African	
Ishmael Mkhabela	South African	
Ali Monadjem	South African	Retired 03 February 2015
Bheki Zungu	South African	Retired 03 February 2015
Mabutho Kid Sithole	South African	
Surykumarie Pillay	South African	Retired 03 February 2015
Welcome Themba Msomi	South African	Retired 03 February 2015
Mavuso Shabalala	South African	
Xoliswa Nduneni-Ngema (CEO)	South African	
Monna Mokoena	South African	Appointed 03 February 2015
Solomon Mphakathi (CFO)	South African	Appointed 03 February 2015
Bishop Eugene Sinclair	South African	Appointed 03 February 2015
Sipho Sithole	South African	Appointed 03 February 2015

10. SECRETARY

The acting secretary of the entity is Vincent Motau

Business address

Joburg Theatre Complex
163 Civic Boulevard
Braamfontein
Johannesburg
2017

Postal address

P O Box 31900
Braamfontein
Johannesburg
2017

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Directors' Report

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 III code on Governance. As part of this commitment, the board supports the highest standards of corporate governance and the ongoing development of best practice.

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 of:
 - non-executive directors, all of whom are independent directors as defined in the Code; and
 - two executive directors.

Non-executive directors have access to all members of management of the entity

Chairperson and chief executive

The Chairperson is a non-executive and independent director (as defined by the King III Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The remuneration of the Chief Executive Officer and Chief Financial Officer who are the executive directors of the entity, is determined by the Board of directors in line with the approved upper limits set by the City of Johannesburg.

Non-Executive Directors meetings

The board has met on 6 separate occasions during the financial year. The board schedules to meet at least 4 times per annum.

Name	Board Meeting	Audit and Risk committee meeting	Social and Ethics committee meeting	Artistic Committee
Total number of meetings held	6	5	2	2
Mongane Wally Serote (Chairperson)	6	-	-	1
Todd Twala	3	-	-	-
Lorraine Malebo	4	-	2	-
Ishmael Mkhabela	6	1	2	1
Ali Monadjem	3	-	2	-
Bheki Zungu	5	4	2	-
Mabutho Kid Sithole	5	-	-	2
Surykumarie Pillay	5	4	1	1
Welcome Themba Msomi	4	-	-	2
Mavuso Shabalala	4	4	-	-
Xoliswa Nduneni-Ngema (CEO)	5	4	2	-
Monna Mokoena	-	-	-	-
Solomon Mphakathi (CFO)	2	2	-	-
Bishop Eugene Sinclair	1	-	-	-
Sipho Sithole	1	-	-	-

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Directors' Report

Audit and Risk Committee

For the financial year ended 30 June 2015 the members of the Audit and Risk Committee are Mr Mavuso Shabalala (Chairperson); Mr Jacobus Froneman, independent member; Ms Janine Vergotine (retired 03 February 2015), independent member; Ms Mamadiga Molala independent member, Ms Surykumarie Pillay, non-executive director (retired 03 February 2015), Mr Bheki Zungu non-executive director (retired 03 February 2015) and Chrystal Cape (appointed 03 February 2015).

In terms of Section 166 of the Municipal Finance Management Act and Section 94 of the Companies Act 71 of 2008 the Audit and Risk Committee members were appointed at the Annual General Meeting held on 03 February 2015 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 Body is The City of Johannesburg Metropolitan Municipality.

13. BANKERS

Nedbank Limited

Investec Limited

14. AUDITORS

Auditor General South Africa will continue in office for the next financial period.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

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 ended 30 June 2015, all such returns and notices as are required and that all such returns and notices are true, correct and up to date.



Vincent Motau
Company Secretary (Acting)

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
ASSETS			
Current Assets			
Inventories	2	6,611,527	2,595,021
Receivables from exchange transactions	3	8,578,920	6,719,869
VAT receivable	4	-	583,040
Cash and cash equivalents	5	4,875,363	5,920,299
		20,065,810	15,818,229
Non-Current Assets			
Property, plant and equipment	6	11,904,962	13,161,434
Intangible assets	7	34,986	43,672
Heritage assets	8	1,592,700	1,592,700
		13,532,648	14,797,806
Total Assets		33,598,458	30,616,035
LIABILITIES			
Current Liabilities			
Finance lease obligation	9	398,786	385,975
Payables from exchange transactions	10	13,931,402	11,025,657
VAT payable	38	350,074	-
Provisions	11	977,968	921,798
		15,658,230	12,333,430
Non-Current Liabilities			
Loan From Shareholder	12	1,784,049	1,784,049
Finance lease obligation	9	237,070	654,571
Deferred tax	13	1,987,152	1,966,754
		4,008,271	4,405,374
Total Liabilities		19,666,501	16,738,804
NET ASSETS		13,931,957	13,877,231
NET ASSETS			
Share capital	33	10	10
Accumulated surplus		13,931,947	13,877,221
TOTAL NET ASSETS		13,931,957	13,877,231

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014 Restated*
Revenue			
Ticketing Services	14	1,131,454	1,147,622
Catering Services	14	15,627,323	3,201,230
Rental facilities and equipment	14	7,421,052	4,364,530
Sponsorship	14	2,800,000	7,501,625
In-house Ticket Sales	14	9,588,949	15,354,472
Other income	15	349,027	685,799
Interest received - investment	16	2,008,882	1,697,876
Donations	14	-	6,701,368
Subsidy	17	68,823,000	56,504,000
Total revenue		107,749,687	97,158,522
Expenditure			
Salaries and Wages	18	(37,533,607)	(35,049,451)
Depreciation and amortisation	19	(1,332,063)	(841,942)
Finance costs	20	(106,381)	(93,830)
Bad debts	21	-	(4,890)
Grants and subsidies paid	22	(8,000,000)	(8,000,000)
General Expenses	23	(60,702,512)	(52,188,210)
Total expenditure		(107,674,563)	(96,178,323)
Operating surplus		75,124	980,199
Gain on disposal of assets and liabilities		-	7,468
Surplus before taxation		75,124	987,667
Taxation	24	20,398	(1,583,844)
Surplus		54,726	2,571,511

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

Figures in Rand	Share capital	Accumulated surplus	Total net assets
Balance at 01 July 2013	10	11,305,710	11,305,720
Changes in net assets			
Surplus for the year	-	2,571,511	2,571,511
Total changes	-	2,571,511	2,571,511
Restated* Balance at 01 July 2014	10	13,877,221	13,877,231
Changes in net assets			
Surplus for the year	-	54,726	54,726
Total changes	-	54,726	54,726
Balance at 30 June 2015	10	13,931,947	13,931,957
Note(s)	33		

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		35,067,699	32,055,716
Grants		68,823,000	56,504,000
Interest income		2,008,882	1,697,876
		<u>105,899,581</u>	<u>90,257,592</u>
Payments			
Employee costs		(34,486,618)	(32,457,423)
Suppliers		(71,887,697)	(66,545,108)
		<u>(106,374,315)</u>	<u>(99,002,531)</u>
Net cash flows from operating activities	25	<u>(474,734)</u>	<u>(8,744,939)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(81,433)	(678,217)
Purchase of other intangible assets	7	-	(23,663)
		<u>(81,433)</u>	<u>(701,880)</u>
Net cash flows from investing activities		<u>(81,433)</u>	<u>(701,880)</u>
Cash flows from financing activities			
Finance lease payments		(488,769)	(330,496)
		<u>(488,769)</u>	<u>(330,496)</u>
Net increase/(decrease) in cash and cash equivalents		<u>(1,044,936)</u>	<u>(9,777,315)</u>
Cash and cash equivalents at the beginning of the year		5,920,299	15,697,613
Cash and cash equivalents at the end of the year	6	<u>4,875,363</u>	<u>5,920,298</u>

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Ticketing services	2,506,599	-	2,506,599	1,131,454	(1,375,145)	1
Catering services	19,447,727	-	19,447,727	15,627,323	(3,820,404)	2
Rental facilities and equipment	8,680,000	(204,000)	8,476,000	7,421,052	(1,054,948)	3
Sponsorship	1,400,000	-	1,400,000	2,800,000	1,400,000	
In-house ticket sales	13,197,064	(1,216,000)	11,981,064	9,588,949	(2,392,115)	4
Other income	3,357,610	-	3,357,610	349,027	(3,008,583)	5
Interest received - investment	1,700,000	-	1,700,000	2,008,882	308,882	
Total revenue from exchange transactions	50,289,000	(1,420,000)	48,869,000	38,926,687	(9,942,313)	
Revenue from non-exchange transactions						
Transfer revenue						
Subsidy	66,823,000	2,000,000	68,823,000	68,823,000	-	
Total revenue	117,112,000	580,000	117,692,000	107,749,687	(9,942,313)	
Expenditure						
Employee cost	(36,048,000)	(2,849,000)	(38,897,000)	(37,533,607)	1,363,393	6
Depreciation and amortisation	(900,000)	(400,000)	(1,300,000)	(1,332,063)	(32,063)	
Finance costs	-	(156,000)	(156,000)	(106,381)	49,619	
Grants and subsidies paid	(8,000,000)	-	(8,000,000)	(8,000,000)	-	
General Expenses	(72,164,000)	2,825,000	(69,339,000)	(60,702,512)	8,636,488	7
Total expenditure	(117,112,000)	(580,000)	(117,692,000)	(107,674,563)	10,017,437	
Surplus before taxation	-	-	-	75,124	75,124	
Taxation	-	-	-	20,398	20,398	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	54,726	54,726	

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)
Financial Statements for the year ended 30 June 2015

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Financial Performance											
Investment revenue	1,700,000	-	1,700,000	-	-	1,700,000	2,008,882		308,882	118 %	118 %
Other own revenue	115,412,000	580,000	115,992,000	-	-	115,992,000	105,740,805		(10,251,195)	91 %	92 %
Total revenue (excluding capital transfers and contributions)	117,112,000	580,000	117,692,000	-	-	117,692,000	107,749,687		(9,942,313)	92 %	92 %
Employee costs	(36,048,000)	(2,849,000)	(38,897,000)	-	-	(38,897,000)	(37,533,607)		1,363,393	96 %	104 %
Depreciation and asset impairment	(899,996)	(400,004)	(1,300,000)	-	-	(1,300,000)	(1,332,063)		(32,063)	102 %	148 %
Finance charges	-	(156,000)	(156,000)	-	-	(156,000)	(106,381)		49,619	68 %	DIV/0 %
Transfers and grants	(8,000,000)	-	(8,000,000)	-	-	(8,000,000)	(8,000,000)		-	100 %	100 %
Other expenditure	(72,164,004)	2,825,004	(69,339,000)	-	-	(69,339,000)	(60,702,512)		8,636,488	88 %	84 %
Total expenditure	(117,112,000)	(580,000)	(117,692,000)	-	-	(117,692,000)	(107,674,563)		10,017,437	91 %	92 %
Surplus/(Deficit)	-	-	-	-	-	-	75,124		75,124	DIV/0 %	DIV/0 %
Taxation	-	-	-	-	-	-	20,398		20,398	DIV/0 %	DIV/0 %
Surplus/(Deficit) for the year	-	-	-	-	-	-	54,726		54,726	DIV/0 %	DIV/0 %

Explanation of major variances between budget and actual

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Appropriation Statement

Figures in Rand

Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget (i.t.o. s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
-----------------	---	---	--	---	----------------------	--------------------------	----------	-------------------------------------	--

1. The entity has performed relatively lower than budget for the year by 65%. The main contributors to the short fall are the lower show attendance levels than planned. The performance of the two in-house productions, (i.e. Spamalot and Peter Pan) and music programmes (i.e. Marvin Gaye, 21 songs for 21 years of democracy and the Africa Day Celebrations) did not perform as well as expected.
2. The entity has performed relatively lower than budget for the year by 20%. The main contributors to the short fall are the lower show attendance levels than planned. The deficit on revenue was due partly to the lower show attendance levels than planned and the fact that these restaurants are relatively new and require investment in advertising and marketing.
3. The entity has performed relatively lower than budget for the year by 12%. Due to staging the two in-house productions, the Mandela stage was not available for rentals for a period of 4/12 months. And also productions that were staged by external producers did not perform as planned resulting in a shortfall on door deals rentals where revenue is based on a percentage split from the box office sales.
4. The entity has performed relatively lower than budget for the year by 20%. Refer to explanation in note 1
5. The entity has performed relatively lower than budget for the year by 90%. The main reason for this was that the majority of contracts that were entered into in the current year did not contain a clause for charging management fees.
6. Employee cost savings (4%) resulted from vacant positions. Another main contributor to the savings was adjustment on provisions.
7. Other expenditure savings (12%) resulted from variable cost components such as productions and catering services where revenue targets were not achieved.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

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.

1.1 Going concern assumption

The Annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the 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.

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 fair value 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), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at its cost, its cost is measured at the carrying amount of the asset given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Property, plant and equipment (continued)

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as 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	Average useful life
Furniture and fixtures	12 years
Motor vehicles	13 years
IT equipment	5-13 years
Stage equipment	14 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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 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. These assets are not accounted for as non-current assets held 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.

1.4 Intangible assets

An asset is identified as an intangible asset when it :

- 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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.4 Intangible assets (continued)

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 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.

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

Intangible assets are derecognised:

- 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 an intangible asset is included in the surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Intangible assets	Average useful life
Computer software	<u>8</u>

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Heritage assets (continued)

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

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.

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 determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The useful life of the Heritage Assets is indefinite

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Financial instruments (continued)

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Financial instruments (continued)

Loans from shareholders

These include loans from controlling entities, are recognised initially at fair value plus direct transaction costs.

Loan from shareholder are classified as non-current liabilities measured at cost.

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.

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Tax (continued)

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.

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.9 Inventories (continued)

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 those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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 held with the primary 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:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) 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 test 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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

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 assess 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.

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 those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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 held with the primary 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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

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:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) 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.

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Share capital

Net assets instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Net assets instruments issued by the company are classified according to the substance of the contractual arrangements entered into.

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.14 Provisions and contingencies (continued)

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 deficits.

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 30 June 2015 is the discretionary bonuses.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.15 Revenue from exchange transactions (continued)

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.

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.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

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.

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 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.19 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised 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.

The company did not have any unauthorised expenditure in the current year.

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.20 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.

The company did not have any fruitless and wasteful expenditure in the current year.

1.21 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. 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.

1.22 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 budget covers the fiscal period from 2014/07/01 to 2015/06/30.

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.

1.23 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

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

1.24 GRAP Standards Approved and Not Yet Effective

GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.25 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 t
GRAP 4	The Effects of chnges in Foreign Exchange Rate
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Seperate 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
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non Cash Generating Assets
GRAP 23	Revenue from Non Exchange Transations
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
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
2. INVENTORIES		
Work in progress	5,894,007	1,897,070
Consumable stores	208,067	201,524
Trading Stock - Food and Beverage	509,453	496,427
	6,611,527	2,595,021

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). Included in work in progress is the expenditure to date on the following productions: 2015/16 Pantomime, Sister act and other small shows..

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 is 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	1,358,738	535,585
Related Party Debtors	7,220,182	6,184,284
	8,578,920	6,719,869

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. Joburg City Theatres does not charge interest on related party debtors.

Debtors are measured at fair value.

4. VAT RECEIVABLE

VAT	-	583,040
-----	---	---------

The company accounts for VAT on an accrual basis.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	61,561	102,555
Nedbank current account balance	2,455,795	1,213,708
Nedbank and Investec Call Accounts	2,358,007	4,604,036
	4,875,363	5,920,299

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 30 June 2015 were between 4.5% and 6.4%.

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015			2014 Restated*		
5. CASH AND CASH EQUIVALENTS (continued)						
The entity had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
Nedbank - current account Joburg Theatre	1,233,796	53,930	4,654,327	1,233,796	53,930	4,654,327
Nedbank - current account Roodepoort and Soweto Theatre	299,390	175,596	155,146	299,390	175,596	155,146
Nedbank - current account Ticketing Account	16,797	296,048	-	16,797	296,048	-
Nedbank - current account Hospitality and Catering	905,812	688,135	-	905,812	688,135	-
Nedbank - call account Joburg Theatre	368,034	34,727	257,124	368,034	34,727	257,124
Nedbank - call account Roodepoort and Soweto Theatre	597,600	4,155	9,502,819	597,600	4,155	9,502,819
Nedbank - call account Ticketing account	532,318	3,477,875	-	532,318	3,477,875	-
Nedbank - call account Hospitality and Catering	858,642	550	-	858,642	550	-
Investec - call account	1,413	1,086,728	1,036,842	1,413	1,086,728	1,036,842
Sub Total	4,813,802	5,817,744	15,606,258	4,813,802	5,817,744	15,606,258
Cash on hand	61,561	102,555	91,355	61,561	102,555	91,355
Total	4,875,363	5,920,299	15,697,613	4,875,363	5,920,299	15,697,613

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

6. PROPERTY, PLANT AND EQUIPMENT

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	3,856,591	(1,855,533)	2,001,058	3,847,375	(1,543,698)	2,303,677
Motor vehicles	523,424	(283,382)	240,042	523,424	(243,570)	279,854
IT equipment	932,475	(476,253)	456,222	932,475	(418,683)	513,792
Finance lease asset	1,277,212	(209,204)	1,068,008	1,277,212	(81,483)	1,195,729
Stage equipment	14,098,786	(5,959,154)	8,139,632	14,102,869	(5,234,487)	8,868,382
Total	20,688,488	(8,783,526)	11,904,962	20,683,355	(7,521,921)	13,161,434

* See note 37

Joburg Theatre (SOC) Limited
(Registration number 2000/013032/07)
Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

Figures in Rand

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Write offs	Depreciation	Total
Furniture and fixtures	2,303,677	21,716	(3,121)	(321,214)	2,001,058
Motor vehicles	279,854	-	-	(39,812)	240,042
IT equipment	513,792	-	-	(57,570)	456,222
Finance lease asset	1,195,729	-	-	(127,721)	1,068,008
Stage equipment	8,868,382	59,717	(11,405)	(777,062)	8,139,632
	13,161,434	81,433	(14,526)	(1,323,379)	11,904,962

Property Plant and Equipment Written Off

	Cost	Accumulated Depreciation	Total
Furniture and Fixtures	12,500	(9,379)	3,121
Stage and Equipment	63,800	(52,395)	11,405
	76,300	(61,774)	14,526

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Write offs	Other changes, movements	Depreciation	Total
Furniture and fixtures	1,899,661	360,726	-	436,992	(68,203)	-	(325,499)	2,303,677
Motor vehicles	291,221	13,402	-	-	-	-	(24,769)	279,854
IT equipment	530,029	113,072	(531)	-	(19,989)	-	(108,789)	513,792
Leasehold improvements	-	-	-	-	-	1,277,212	(81,483)	1,195,729
Stage equipment	2,697,548	191,017	-	6,264,376	(9,194)	-	(275,365)	8,868,382
	5,418,459	678,217	(531)	6,701,368	(97,386)	1,277,212	(815,905)	13,161,434

Other information

Property Plant and Equipment Written Off

	Cost	Accumulated Depreciation	Total
Computer Equipment	208,250	(188,261)	19,989
Furniture and Fixtures	320,178	(251,975)	68,203
Stage Equipment	65,680	(56,485)	9,195
	594,108	(496,721)	97,387

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

2015
2014
Restated*

7. INTANGIBLE ASSETS

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	95,492	(60,506)	34,986	95,492	(51,820)	43,672

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	43,672	(8,686)	34,986

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Write Offs	Amortisation	Total
Computer software	51,390	23,663	(5,344)	(26,037)	43,672

Other information

Intangible Assets Written Off

Cost	Accumulated Amortisation	Total
50,048	(44,704)	5,344

8. HERITAGE ASSETS

	2015			2014		
	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

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
8. HERITAGE ASSETS (continued)		
Reconciliation of heritage assets - 2015		
	Opening balance	Total
Artwork and Historical Assets	1,592,700	1,592,700
Reconciliation of heritage assets 2014		
	Opening balance	Total
Artwork and Historical Assets	1,592,700	1,592,700
Additional Information		
Heritage assets includes artwork valued R851 0000 and Historical assets valued at R741 700. Deemed cost was determined using fair value.		
9. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- within one year	510,877	510,877
- in second to fifth year inclusive	180,382	691,259
	691,259	1,202,136
less: future finance charges	(55,404)	(161,590)
Present value of minimum lease payments	635,855	1,040,546
Present value of minimum lease payments due		
- within one year	398,786	385,975
- in second to fifth year inclusive	237,069	654,571
	635,855	1,040,546
Non-current liabilities	237,070	654,571
Current liabilities	398,786	385,975
	635,856	1,040,546

Joburg Theatre entered into a 3 year lease agreement with Pilot Software Pty Ltd for point of sales hardware. The entity had one finance lease during the current financial year. The company used Grap 13 to recognise finance lease asset and liability as well as the finance costs and depreciation.

10. PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables	2,112,032	1,800,842
Income received in advance	3,782,767	3,642,313
Accrued Leave	946,749	1,284,451
Sundry creditors	4,954,434	75,449
Accrued 13th Cheque	755,553	332,289
Year end accruals	1,379,867	3,890,313
	13,931,402	11,025,657

Trade payables consists of trade creditors due as at 30 June 2015.

Income received in advance represent deposits for rental of facilities and ticket sales for future shows.

Sundry creditors is made up of capex (mobile theatre truck)

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*		
11. PROVISIONS				
Reconciliation of provisions - 2015				
	Opening Balance	Additions	Utilised during the year	Total
Bonus Provision and Other	921,798	3,085,000	(3,028,830)	977,968
Reconciliation of provisions - 2014				
	Opening Balance	Additions	Utilised during the year	Total
Bonus and other	805,903	2,390,614	(2,274,719)	921,798
<p>The provision is management's best estimate of the future bonus payouts in respect of the past year based on past experience. As at 30 June 2015, management cannot determine with certainty the amount of the bonuses that will be paid out in December 2015.</p>				
12. OTHER FINANCIAL LIABILITIES				
At amortised cost				
Loans			1,784,049	1,784,049
<p>Loan from Shareholder transferred from Roodepoort City Theatre on 01 January 2013.</p>				
Non-current liabilities				
At amortised cost			1,784,049	1,784,049
13. DEFERRED TAX				
Deferred tax liability				
Tax			(1,987,152)	(1,966,754)
<p>The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:</p>				
Reconciliation of deferred tax asset \ (liability)				
At beginning of year			(1,966,754)	(3,152,519)
Movements in temporary differences			(20,398)	1,583,844
Change in opening balances - GRAP 105			-	(398,079)
			(1,987,152)	(1,966,754)

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
14. REVENUE		
Ticketing services	1,131,454	1,147,622
Catering services	15,627,323	3,201,230
Rental facilities and equipment	7,421,052	4,364,530
Sponsorship	2,800,000	7,501,625
In-house ticket sales	9,588,949	15,354,472
Other income	349,027	685,799
Interest received - investment	2,008,882	1,697,876
Donations	-	6,701,368
Subsidy	68,823,000	56,504,000
	107,749,687	97,158,522

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

Ticketing services	1,131,454	1,147,622
Catering services	15,627,323	3,201,230
Rental facilities and equipment	7,421,052	4,364,530
Sponsorship	2,800,000	7,501,625
In-house ticket sales	9,588,949	15,354,472
Other income	349,027	685,799
Interest received - investment	2,008,882	1,697,876
	38,926,687	33,953,154

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

Taxation revenue		
Donations	-	6,701,368
Transfer revenue		
Subsidy from City of Joburg	68,823,000	56,504,000
	68,823,000	63,205,368

Sponsorship and Donations

Sponsorships are recognised as revenue in the statement of financial performance after the shows have matured. A sponsorship of R1,400,000 received from Bankserve Africa relates to the annual Pantomime (Peter Pan) which matured in December 2014, sponsorship of R150,000 received from Arts Alive SA relates to the show titled From Jail to Yale, Department of Arts and Culture R1000,000 as well as Social Development R250,000. All terms and conditions of obligations were met.

15. OTHER INCOME

Other income	349,027	685,799
--------------	---------	---------

Included in other income is receipts from:

Insurance claims
Backstage canteen
SETA re-imbusement
Miscellaneous income
Management fee

16. INTEREST RECEIVED - INVESTMENT

Interest revenue		
Bank	2,008,882	1,697,876

The amount included in Interest revenue arise from the following company investments:

Investec Ltd - Fixed Deposit and Call Account
Nedbank Ltd - Fixed Deposit and Call Account

Interest income is calculated using the effective interest rate between 4,5 to 6.4%.

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
17. SUBSIDY		
Operating Grants and Subsidies	-	56,504,000
Subsidy - Joburg Theatre	48,265,104	-
Subsidy - Roodepoort Theatre	8,865,588	-
Subsidy - Soweto Theatre	11,692,308	-
	68,823,000	56,504,000

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; Roodepoort Theatre and Soweto Theatre.

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
18. EMPLOYEE RELATED COSTS		
Salaries and Wages	36,543,020	34,192,430
Employee costs included in other expenses	990,587	857,021
	37,533,607	35,049,451
Finance Manager		
Annual Remuneration	53,645	603,000
Performance Bonuses	-	79,800
Contributions to UIF, Medical and Pension Funds	149	8,613
	53,794	691,413
The Finance Manager resigned effective 31 July 2014.		
Chief Executive Officer (Xoliswa Nduneni-Ngema)		
Annual Remuneration	1,396,032	1,320,000
Performance Bonuses	190,122	107,800
Contributions to UIF, Medical and Pension Funds	50,140	36,588
	1,636,294	1,464,388
Chief Operating Officer		
Annual Remuneration	967,200	727,200
Performance Bonuses	117,600	88,597
Contributions to UIF, Medical and Pension Funds	48,950	47,957
	1,133,750	863,754
Chief Financial Officer		
Annual Remuneration	590,000	-
Contributions to UIF, Medical and Pension Funds	6,578	-
	596,578	-
The company has successfully appointed the Chief Financial Officer (CFO) in January 2015		
Executive Producer		
Annual Remuneration	811,606	1,520,000
Performance Bonuses	220,025	117,600
Contributions to UIF, Medical and Pension Funds	25,492	64,692
	1,057,123	1,702,292
The contract of the Executive Producer (EP) expired on 31 of December 2014.		
19. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	1,332,063	841,942
20. FINANCE COSTS		
Finance leases	106,381	93,830
Total interest expense, calculated using the effective interest rate (13%), on finance lease liability amounted to R 106,381 (2014: R 93,830).		

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
21. BAD DEBTS		
Bad debts	-	4,890
22. GRANTS AND SUBSIDIES PAID		
Other subsidies		
Joburg/Mzansi Ballet	8,000,000	8,000,000

GRANT PAID TO JOBURG BALLETT

R8-million grant from the City of Joburg to cover salaries, production costs and other events in accordance with a service level agreement.

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
23. GENERAL EXPENSES		
Auditors remuneration	882,991	851,551
Bank charges	537,971	350,721
Cleaning	2,395,081	1,981,911
Consulting and professional fees	408,056	730,715
Consumables	1,814,421	1,123,495
Community Development	1,928,798	1,494,356
Entertainment	61,618	75,908
Building signage; framing and printing	318,837	245,455
Gifts	15,947	8,549
Insurance	201,003	300,972
Special projects	69,249	29,117
IT expenses	499,263	393,947
Marketing and show contributions	6,641,803	5,309,382
Ticketing	1,308,899	1,716,797
Motor vehicle expenses	967,937	514,126
Licences	296,879	163,491
Productions	14,721,766	21,720,998
Printing and Stationery	568,216	655,138
Stage expenses	-	367,721
Security	1,764,703	1,674,511
Subscriptions and membership fees	134,964	193,629
Business travel	113,880	67,008
Electricity	7,069,453	5,774,093
Gas	449,395	459,890
Sewerage and waste disposal	976,335	908,789
Assessment Rates	42,673	67,285
Uniforms	-	24,162
Employee Wellness & Training	69,730	109,959
Write offs	14,526	102,730
Other hospitality and catering expenses	9,319,827	2,603,705
Repairs and Maintenance	1,247,488	1,417,089
Building & Safety and Other	-	35,679
Cost of Sales	5,860,803	715,331
	60,702,512	52,188,210

Productions:

During the year under review Joburg Theatre had two major in-house stage productions (Peter Pan and Spamalot), Soweto Theatre had Eclipsed, Dirk, Sibongile Khumalo and Reading for Freedom and Roodepoort Theatre had Aria Opera and 10 chair tour

Cost of Sales and Other Hospitality and Catering Expenses :

The contract with Headline Leisure Management for the operation of the restaurant and catering expired on June 30th 2013. Joburg Theatre took back the operation of the Hospitality and Catering in-house on 01 July 2013. Stages restaurants were launched at Joburg Theatre, Roodepoort Theatre and Soweto Theatre in 2013/14 financial year. The current financial year (2014/15) is the first year in which the restaurants at Joburg, Roodepoort and Soweto were in operation for a full financial year(12 months) hence an escalation in cost of sales and other hospitality and catering expenses. The Hospitality and Catering business is self-sufficient and does not rely on funding from core theatre operations

24. TAXATION

Major components of the tax expense (income)

Deferred

Other deferred tax

20,398 (1,583,844)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate

28.00 %

28.00 %

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
25. CASH USED IN OPERATIONS		
Surplus	54,726	2,571,511
Adjustments for:		
Depreciation and amortisation	1,332,063	841,942
Profit / (Loss) on sale of assets and liabilities	-	(7,468)
Finance costs - Finance leases	106,381	93,830
Debt impairment	-	4,890
Movements in provisions	56,170	115,895
Other non-cash items	(7,778)	(6,590,640)
Changes in working capital:		
Inventories	(4,016,506)	4,208,280
Receivables from exchange transactions	(1,859,047)	(2,393,279)
Bad debts	-	(4,890)
Tax	20,398	(1,583,844)
Payables from exchange transactions	2,905,745	(7,327,674)
VAT	933,114	1,326,508
	(474,734)	(8,744,939)
26. AUDITORS' REMUNERATION		
Fees	882,991	851,551

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

2015
2014
Restated*

27. RELATED PARTIES

Relationships	
Controlling entity	The City of Johannesburg Metropolitan Municipality
Other members of the group	Johannesburg Social Housing Company SOC Ltd City of Joburg Property Company SOC Ltd City Power Johannesburg SOC Ltd Johannesburg City Parks NPC Johannesburg Development Agency SOC Ltd Johannesburg Metropolitan Bus Services SOC Ltd Johannesburg Roads Agency SOC Ltd Johannesburg Tourism Company NPC Johannesburg Water SOC Ltd Metropolitan Trading Company SOC Ltd Pikitup Johannesburg SOC Ltd Roodepoort City Theatre NPC Treasury The Johannesburg Fresh Produce Market SOC Ltd The Johannesburg Zoo NPC Yamikani Projects Pty Ltd
Close family member of key management	

Related party balances

Amounts included in

Trade and other receivables regarding related parties

City of Johannesburg Metropolitan Municipality	756,503	5,918,203
Johannesburg City Parks NPC	13,297	64,387
Johannesburg Development Agency (Pty) Ltd	-	855
COJ Treasury	-	18,159
COJ Office of the Speaker	5,253	42,095
City Power SOC Ltd	11,305	27,060
COJ Administration and Logistics	-	67,533
COJ Communication and Tourism	14,140	6,210
COJ Community Development	379,383	1,972
COJ Citizen Relationship and Urban Management	-	8,410
COJ Group Governance	-	29,400
COJ Revenue Management	22,536	-
COJ Economic Development	19,124	-
COJ Environmental Management	9,270	-
COJ Emergency Management Services	37,170	-
COJ Department of Social Development	249,009	-
COJ Group Strategy Policy Coordination and Relations	5,703,192	-
	7,220,182	6,184,284

Trade and other payables regarding related parties

City of Johannesburg Metropolitan Municipality	3,220,324	2,550,461
--	-----------	-----------

Amounts in trade and other payables regarding related parties from City of Johannesburg Metropolitan Municipality includes utilities from City Power, Johannesburg Water and Pikitup; Group Corporate services; Loan from Shareholder and internal audit services as at 30 June 2015.

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
27. RELATED PARTIES (continued)		
Related party transactions		
Income to related parties		
COJ Group Finance - Subsidy	68,823,000	56,504,000
COJ Development and Planning	-	2,505
COJ Office of the Speaker	207,417	328,830
COJ Region F	-	49,613
COJ Group Governance	-	125,512
COJ Sport and Recreation	-	1,972
COJ Economic Development	225,614	100,917
COJ Social Development	539,584	98,820
COJ Community Development	460,782	6,701,368
COJ Group Strategy Policy Coordination and Relations	7,610	-
COJ Communication and Tourism	47,075	-
COJ Environmental Management	18,873	-
COJ Emergency Management Services	72,780	-
COJ Revenue Management Unit	150,707	-
City Power SOC Ltd	61,695	2,071,520
Johannesburg City Parks SOC Ltd	126,628	102,774
Johannesburg Roads Agency SOC Ltd	-	100,646
	70,741,765	66,188,477
Purchases from related parties		
COJ Revenue Management	8,356,371	6,715,704
Yamikani Projects Pty Ltd	180,020	304,767
COJ Group Corporate Shared Services	56,735	26,695
	8,593,126	7,047,166

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014
		Restated*

28. DIRECTORS' EMOLUMENTS

Non-executive

2015

	Directors' fees	Committees' fees	Total
Mongane Wally Serote (Chairperson)	100,186	33,730	133,916
Todd Twala	37,696	9,920	47,616
Lorraine Malebo	42,656	12,900	55,556
Ishmael Mkhabela	52,576	50,594	103,170
Ali Monadjem	22,865	7,940	30,805
Bheki Zungu	40,589	27,780	68,369
Mabutho Kid Sithole	47,616	21,824	69,440
Surykumarie Pillay	38,109	27,280	65,389
Welcome Themba Msomi	33,149	7,940	41,089
Mavuso Shabalala	42,656	64,480	107,136
Xoliswa Nduneni-Ngema (CEO)	-	-	-
Monna Mokoena	-	-	-
Solomon Mphakathi (CFO)	-	-	-
Bishop Eugene Sinclair	14,467	14,880	29,347
Sipho Sithole	14,467	9,920	24,387
	487,032	289,188	776,220

2014

	Directors' fees	Committees' fees	Total
Mongane Wally Serote (Chairperson)	54,560	29,760	84,320
Todd Twala	29,760	8,930	38,690
Lorraine Malebo	29,760	4,960	34,720
Ishmael Mkhabela	29,760	31,744	61,504
Ali Monadjem	14,880	3,970	18,850
Bheki Zungu	29,760	18,850	48,610
Mabutho Kid Sithole	29,760	-	29,760
Surykumarie Pillay	19,840	23,810	43,650
Welcome Themba Msomi	19,840	8,930	28,770
Mavuso Shabalala	24,800	34,720	59,520
Xoliswa Nduneni-Ngema (CEO)	-	-	-
	282,720	165,674	448,394

29. 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.

There are no externally imposed capital requirements.

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.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
29. RISK MANAGEMENT (continued)		
Interest rate risk		
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.		
Trade receivables comprise of a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.		
Credit risk		
Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.		
Foreign exchange risk		
The entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.		
30. GOING CONCERN		
We draw attention to the fact that at 30 June 2015, the entity had an accumulated surplus of R 13,931,947 and that the entity's total assets exceed its liabilities by R 13,931,957.		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
31. COST OF SALES		
Sale of goods		
Cost of goods sold	5,860,803	715,331
32. OPERATING LEASE		
Operating Lease Commitments	2015	2014
Up to 1 year	298,427	93,268
2- 5 years	445,619	112,236
	744,046	205,504
Joburg City Theatres leases cash vaults machines and digital copier machines from Nedbank Limited and Resultant Finance respectively. The lease payments are R17,096.55 per month for the cash vaults machines and R23,317.55 quarterly for the digital copier machines with no annual escalations. No contingent rent is payable. The lease agreement is not renewable at the end of the lease term. There were no defaults or breaches and no terms or conditions were re-negotiated during the reporting period.		
33. SHARE CAPITAL		
Authorised		
10 Ordinary shares of R1 each	10	10
Reconciliation of number of shares issued:		
Reported as at 01 July 2014	10	10
Issued		
Ordinary	10	10

10 Ordinary shares of R1 each, as reflected in the company's share certificate.

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*	
34. FINANCIAL INSTRUMENTS DISCLOSURE			
Categories of financial instruments			
2015			
Financial assets			
	At fair value	Total	
Trade and other receivables from exchange transactions	8,578,921	8,578,921	
Cash and cash equivalents	4,875,363	4,875,363	
	13,454,284	13,454,284	
Financial liabilities			
	At fair value	At cost	Total
Loans from shareholders	-	1,784,049	1,784,049
Trade and other payables from exchange transactions	13,931,402	-	13,931,402
Taxes and transfers payable (non-exchange)	350,074	-	350,074
Finance lease	635,856	-	635,856
	14,917,332	1,784,049	16,701,381

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*	
FINANCIAL INSTRUMENTS DISCLOSURE (continued)			
2014			
Financial assets			
	At fair value	Total	
Trade and other receivables from exchange transactions	6,719,872	6,719,872	
Other receivables from non-exchange transactions	583,040	583,040	
Cash and cash equivalents	5,920,299	5,920,299	
	13,223,211	13,223,211	
Financial liabilities			
	At fair value	At cost	Total
Loans from shareholders	-	1,784,049	1,784,049
Trade and other payables from exchange transactions	11,025,657	-	11,025,657
Finance lease	1,040,546	-	1,040,546
	12,066,203	1,784,049	13,850,252

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

35. 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.

Service Provider	Service/Goods	Reason for deviation(s)	Amount
Facilitators and Costumes	Facilitators and Costumes for the School Holidays Dance Camp	Special Work of Art	35,000
Repairs to PABX system	Repairs to PABX System	Emergency	2,921
ICAS	Employee well-being services	Emergency	2,804
Wet Management Services	Water Supply Tank Management/Maintenance	Exceptional case	6,770
Barlow Ford & Mazda	Car Service	Exceptional Case	2,924
Carel Controls	Macrobase Controllers For Air Handling Units For Building Management System	Sole Supplier Of Original Parts Needed For Maintenance	11,512
Cool Runners	Ola Ice- Creams	Sole Supplier	23,722
CoLab Network	Publicist for Joburg Theatre: Brazouka, Peter Pan, The Greatest Love of All -The Whitney Houston Show, Elvis - The Show	Exceptional Case	175,000
Digital Fire	Viral Email Campaign. Capturing of details for the competition entrants, the data for forwarding of emails to new people not currently on the newsletter database	Emergency	3,420
Electrosonic SA CC	Helvar Dimmers	Sole Supplier	9,918
SAPPI Parking	Parking Tickets	Emergency	432
Kia Motors	Repairs to Roodepoort Truck	Exceptional Case	26,766
	Glass / Window Replacement after a breakin	Emergency	2,465
Fresh Collective factory	Set Design & Builder Fees : Are You Dik?	Special Work of Art	20,000
African Freedom Station	Creative Personnel Fees, Acquisition of Sets, Sound and Lighting Equipment Hires, Set Painting, Props, Special Effects and Costumes	Special Work of Art	90,000
Slo Jo	Slo Jo Syrups and Powders for cocktails & smoothies	Sole Supplier	42,918
Slush Puppy	Slush Puppy Syrups	Sole Supplier	16,685
MZ Security	Changes to the fire detection system in the server room	Sole Supplier	2,779
Sound Harmonics	L'Acoustics Sound Reinforcements for Soweto Theatre	Sole Supplier	14,616
DWR Distributions	Repairs & Installation of MA lighting board touch screen	Sole Supplier	12,184
Ola Ice Cream	Sole supplier of Ola products	Sole Supplier	80,000
PDS Group	Borri Sales & Services	Sole Supplier	14,157
ASSA ABLOY	Locks and openers at Soweto Theatre	Sole Supplier	44,012
From Jail To Yale	Acquisition of the actor's honarium , sets, costumes and properties and sound & lighting equipment hires	Special Work of Art	316,329
Splitbeam	Microphones hire (Brazouka Show)	Exceptional Case	3,059
United Proactive Arts	Acquisition of skilled and trained professional production company - The Voice of Kilimanjaro	Special Work of Art	150,000
The New Ocean's Marketing Services	Acquisition of creative properties for THIS NEW OCEAN	Special Work of Art	150,000
Finware Consultants	Support Services (Pastel)	Sole Supplier	93,916
JT Communication Solutions	Plan , Manage and co-ordinate Sibongile Khumalo Performance	Special Work of Art	108,300

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

35. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Service Provider	Service/Goods	Reason for deviation(s)	Amount
Artslink	Theatre press releases to local and national media houses, news agencies and journalists. Advertise theatre shows and job applications.	Sole Supplier	8,100
Pastel System	Pastel Payroll is a sole supplier of the payroll system used by Joburg City Theatres.	Sole Supplier	27,286
Finware	Finware has installed Pastel Evolution at Joburg City Theatres, therefore consultation support and maintenance of the system is required to ensure compatibility and continuity.	Exceptional Case	200,000
Repairs and Maintenance 1.(DWR) 2.(Prosound)	Sound and lighting equipment repairs and maintenance.	Exceptional Case	6,336
Electrosonic	Jem Martin products in South Africa. Jem Martin Products are the only product compatible to the Jem hazers used by the three theatres.	Sole Supplier	90,336
SAMRO	SAMRO members music over the PABX and in the foyer.	Sole Supplier	8,899
The South African State Theatre	Hiring of show specific items on behalf of the producer for the Elvis production.	Sole Supplier	4,809
Sysman Public Safety Systems	Repairs and maintenance of the RemRad Radio System. The RemRad Radio system links Soweto Theatre and the Local Emergency Services.	Sole Supplier	13,752
Steven Liquor	Appointed JCT's legal representative to service licenses for Joburg City Theatres' restaurants and bars.	Exceptional Case	22,461
IT Web	IT governance training	Exceptional Case	11,318

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

35. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Service Provider	Service/Goods	Reason for deviation(s)	Amount
Magora Ase Africa and Mookho's Guesthouse	Acquisition of accommodation and transport for the cast of MHLA SALAMANA for the Soweto Theatre Season.	Exceptional Case	67,950
Gauteng Choristers	The acquisition of skilled and trained professional production company.	Special Work of Art	300,000
Step and Move (Moving minds)	The acquisition of skilled and trained professional artists as facilitators of the Step and Move dance programme.	Special Work of Art	49,600
Sibikwa Arts Centre	The acquisition of skilled and trained professional artists as facilitators of the DET Boys programme.	Special Work of Art	309,558
Seven Colours Sundays Soweto Theatre Easter Festival	Professional fees and Equipment Profession fees.	Special Work of Art Special Work of Art	60,000 428,000

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

35. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Service Provider	Service/Goods	Reason for deviation(s)	Amount
JHB In-house productions 2015,2016,2017 Pantomimes	<ol style="list-style-type: none">1. Fees and /or commissions payable to a sponsorship facilitator for the pantomimes2. Fees and /or royalties payable to the executive producer, writer, director, musical director, choreographer, associate choreographer, sound designer and costume coordinator.3. The manufacture and painting of additions to the existing set;4. The painting of the set, floors and props as required5. The purchase of the properties and materials to make properties, as required6. The purchase of materials and the making of alterations to costumes7. The rental of sets, costumes, lighting and sound equipment; and8. The creation of special effects.	Special Work of Art	3,375,000
Stage Audio Works Africa Day Celebrations	Christie Certified Service for LCD and DLP Projectors. Professional fess for the Africa Day Celebrations featuring local and international artists	Sole Suppliers Special Work Of Art	100,000 1,000,000

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

35. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Service Provider	Service/Goods	Reason for deviation(s)	Amount
Inhouse Productions – Jazz Sundays, Traditional Music And Dance Event, Dlala Mapantsula, Bikos Quest.	Creative personnel fees, creative product service providers and the acquisition of specialist technical requirements as per artist riders for the In-house productions, "Jazz Sundays" at Soweto Theatre, "Traditional Music and Dance Events, Dlala Mapantsula and Biko's Quest.	Special Work Of Art	646,000
Goods and Services Stages	Procuring goods and services for Stages Restaurant.	Exeptional Case	50,618
Hasgro Projects Cc	Clearing of blocked sewerage	Emergency	6,800
			<u>8,249,432</u>

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

36. IRREGULAR EXPENDITURE

Reconciliation of Irregular expenditure

Opening balance at Roodepoort City Theatre	-	6,526,144
Approved by the Board of Directors	-	(1,944,685)
Approved by Council or condoned	-	(4,581,459)
	-	-

The Board of Directors minutes for the meeting that approved the payment of R1,944,685 could not be located at the end of June 2013. The minutes were reconstructed to regularise the expenditure of R1,944,685 in line with GRAP 105 principles. On 27 November 2013 the RCT Board reconstructed the resolutions confirming that payments of R1,944,685 made by RCT during 2012/13 to Cut to Black Media and Danse LAfrique were approved at the Board meeting held on 23 November 2012. Reconstructed resolutions were submitted to Auditor - General SA for noting.

A condonation report for payments of R4,581,459 made by RCT for the opening of the Soweto Theatre in 2011/12 was approved by the COJ Mayoral Committee on 26 June 2014.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

37. RESTATEMENT OF COMPARATIVE FIGURES

During the 2012/13 financial year the City of Johannesburg as part of its institutional review process, resolved that Joburg Theatre (SOC) Ltd and Roodepoort City Theatre NPC t/a Joburg Promusica be integrated into a single theatre management company. The theatre management company - now called Joburg City Theatres (JCT) - renders the functions and services that, until 31 December 2012, were rendered by the two theatres. It also institutionalised the operation of the newly established Soweto Theatre.

The effective date for the integration was 1 January 2013 and the transfer of functions agreement was signed by the Board of Directors on the 27th of November 2013.

JCT early adopted the principles of GRAP 105 in 2012/13 financial year which states that:

"If the initial accounting of a transfer of functions is incomplete at the end of the reporting period, the assets acquired and liabilities assumed for which the accounting is incomplete should be recognised at their provisional amounts, the acquirer is allowed a two-year measurement period from the transfer date in order to obtain the information necessary to identify and measure".

During the current financial year provisional amounts were retrospectively adjusted after the company obtained new information about facts and circumstances that existed at transfer date. The table below depicts the restated balances.

GRAP 105 Restated Line Items	Original Balances	GRAP 105 Adjustment	Accumulated Depreciation	Restated Balance
Property Plant and Equipment (Cost)	20,172,637	972,795	(7,983,998)	13,161,434
Intangible Assets (Cost)	177,820	(35,306)	(98,822)	43,692
Deferred Tax	1,568,675	398,079	-	1,966,754
	21,919,132	1,335,568	(8,082,820)	15,171,880

The current year temporary differences of R20,398 are not arising as a result of GRAP 105 adjustment. This adjustment is as a result of temporary differences arising from movements in fixed assets, provisions, section 24c allowance and income received in advance

38. VAT PAYABLE

VAT payable	350,074	-
-------------	---------	---

The company accounts for VAT on an accrual basis.

* See note 37