

2021/22  
INTEGRATED  
REPORT



- JOBURG THEATRE -  
(RF) SOC LIMITED  
REGISTRATION NO: 2000/013032/07



a world class african city



JOBURG SOWETO ROODEPOORT



IN TERMS OF SECTION 121 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003 AND SECTION 46 OF THE MUNICIPAL SYSTEMS ACT, 2000.  
JOBURG THEATRE (RF) SOC LIMITED

**APPROVAL:**

<p><i>Vukani Magubane</i>  <b>Mr Vukani Magubane</b>          Acting Chief Financial Officer</p> <p><i>[Signature]</i>          Signature</p>	<p>Date of approval: <u>30/11/2022</u></p>
<p><i>Xoliswa Nduneni</i>  <b>Ms Xoliswa Nduneni-Ngema</b>          Chief Executive Officer</p> <p><i>[Signature]</i>          Signature</p>	<p>Date of approval: <u>30/11/2022</u></p>
<p><i>ZANE MEAS</i>  <b>Mr Zane Meas</b>          Chairperson of the Board</p> <p><i>[Signature]</i>          Signature</p>	<p>Date of approval: <u>30/11/2022</u></p>
<p><i>Ronald Harris</i>  <b>Cllr Ronald Harris</b>          Member of the Mayoral Committee</p> <p><i>[Signature]</i>          Signature</p>	<p>Date of approval: <u>5/12/2022</u></p>

**COMPANY INFORMATION:**

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

**VISION**

***A World Class home of live entertainment, providing sustainable, development-oriented and diverse programming.***

**MISSION**

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

*In so doing, the company commits to:*

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

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## Abbreviations

Abbreviation/ Acronym	Explanation/ Description
AA	Affirmative Action
AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
AGM	Annual General Meeting
ARC	Audit and Risk Committee
BBBEE	Broad Based Black Economic Empowerment
BOARD	Board of Directors of Joburg City Theatres
CAPEX	Capital Expenditure
CATHSSETA	Culture Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COGTA	Cooperative Governance and Traditional Affairs
CLLR	Councillor
COJ	City of Johannesburg
COVID-19	Coronavirus disease of 2019
DSAC	Department of Sport, Arts and Culture
EAP	Employees Assistant Programme
EE	Employment Equity
EPWP	Expanded Public Works Programme
EXCO	Executive Management Committee
FY	Financial Year
GAC	Group Audit Committee
GRI	Global Reporting Initiative
GRAP	Generally Recognised Accounting Practice
GRAS	Group Risk and Assurance Services
HR	Human Resources
IAC	Independent Audit Committee
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IIRC	International Integrated Reporting Council
JCT	Joburg City Theatres
KING IV	King IV Report on Corporate Governance for South Africa
KPA	Key Performance Area
KPI	Key Performance Indicator
MANCO	Management Committee
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
ME	Municipal Entity
MOI	Memorandum of Incorporation
MSA	Municipal Systems Act
MSCMR	Municipal Supply Chain Management Regulations
mSCOA	Municipal Standard Chart of Accounts
MTC	Metro Trading Company
NED	Non-Executive Director
NPC	Non Profit Company
(PTY) LTD	Proprietary Limited
SALGA	South African Local Government Association
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SMART	Specific, Measurable, Attainable, Reliable and Timely
SOC	State Owned Company
REMSEC	Remuneration, Social and Ethics Committee
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
STAGES	Stages Restaurant
WSP	Workplace Skills Plan
YTD	Year to Date

## ABOUT THIS REPORT

Joburg Theatre (SOC) Ltd, known as Joburg City Theatres (JCT), an independent municipal entity wholly owned by the City of Johannesburg ("COJ"), is pleased to present its Integrated Report for the period 1 July 2021 to 30 June 2022. JCT operates Joburg Theatre (Braamfontein), Roodepoort Theatre and Soweto Theatre.

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

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

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

JCT has applied circular 63 of the Municipal Finance Management Act No. 56 of 2003 (MFMA), issued by the National Treasury in the preparation of the integrated report. The circular prescribes the content municipalities should cover in their annual reports. The 2021/22 integrated report provides all of the required data and tables.

To comply with local and international sustainable reporting best practice guidelines, the 2021/22 integrated report also takes into account financial, social and economic factors in reporting on JCT's operations. The guidelines applied include:

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

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

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

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

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

JCT's outcomes are aligned with those set out in the City of Johannesburg's 2017/18–2021/22 Integrated Development.

### Basis of preparation and presentation

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

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

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

### Summary of the organization's materiality determination process

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

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

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

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

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

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



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

### Description of the reporting boundary

The integrated report covers the performance of JCT for the 2021/22 financial year in all geographic regions (Braamfontein, Roodepoort and Soweto including hospitality and catering operations) in which the entity operate. The consolidated data incorporates all the business units managed by JCT. There are no other entities over which the group has significant influence that it believes should be included in the report. Financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

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

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

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

The integrated report for the period 1 July 2021 to 30 June 2022 is an integrated financial, social and economic report. JCT aligns to the local and international sustainability best reporting practices including the:

- Constitution of the Republic of South Africa (108 of 1996)
- Municipal Finance Management Act (56 of 2003)
- Standards of Generally Recognised Accounting Practice
- King IV Report on Corporate Governance for South Africa, 2016
- Discussion papers issued by the South African Integrated Reporting Committee and the International Integrated Reporting Council
- Global Reporting Initiative Framework
- Millennium Development Goals
- The City of Johannesburg's Integrated Development Plan
- Municipal Finance Management Act (56 of 2003)
- Municipal Structures Act (117 of 1998)
- Municipal Systems Act (32 of 2000)
- Preferential Procurement Policy Framework Act (5 of 2000) and related regulations 2017
- Broad-Based Black Economic Empowerment Act (53 of 2003)
- Protection of Personal Information Act (4 of 2013)
- Promotion of Access to Information Act (2 of 2000)
- Promotion of Administrative Justice Act (3 of 2000)
- Protected Disclosures Act (26 of 2000)
- Prevention and Combating of Corrupt Activities Act (12 of 2004)
- Companies Act (71 of 2008)
- Competition Act (89 of 1998)
- Labour Relations Act (66 of 1995)
- Basic Conditions of Employment Act (75 of 1997)
- Employment Equity Act (55 of 1998)
- Skills Development Act (97 of 1998)

- Skills Development Levy Act (9 of 1999)
- Unemployment Insurance Act (63 of 2001)
- Unemployment Insurance Contributions Act (4 of 2002)
- Occupational Health and Safety Act (85 of 1993)
- The Compensation for Occupational Injuries and Diseases Act (130 of 1993)
- National Health Act (61 of 2003)
- Income Tax Act (58 of 1962)
- Value Added Tax (89 of 1991)

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

### Codes and protocols

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

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

### Assurance process for the integrated report

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

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

The entity's Integrated Report for the 2021/22 financial year was assessed and rated to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

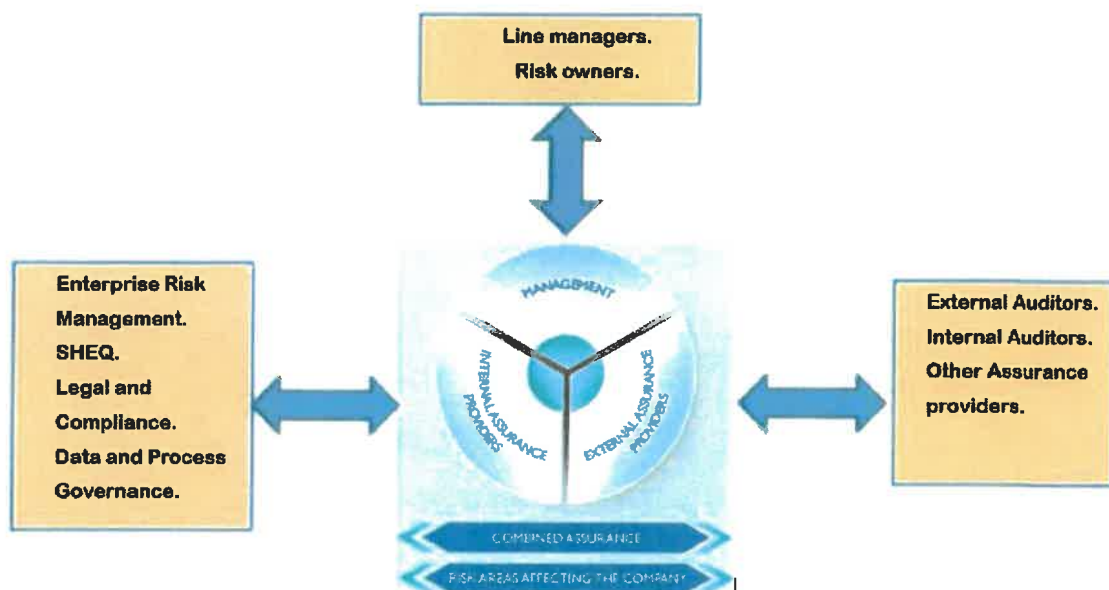
Integrated Reporting Framework
Ethical Leadership and Corporate Citizenship
Boards and Directors : <ul style="list-style-type: none"> <li>- Board Independence;</li> <li>- Board reporting ;</li> <li>- Board's performance;</li> <li>- Board Committees;</li> <li>- Director's remuneration;</li> </ul>
Audit and Risk Committees <ul style="list-style-type: none"> <li>- Finance Competence;</li> </ul>

MFMA: Circular 63 Annual reporting requirements
Member of the Mayoral Committee's Foreword Statement and Executive Summary Report
Governance: <ul style="list-style-type: none"> <li>- Governance structures;</li> <li>- Intergovernmental relations ;</li> <li>- Public Accountability Participation;</li> <li>- Supply Chain Management, By-laws, oversight committees;</li> <li>- Risk management;</li> <li>- Anti-corruption and fraud;</li> <li>- Disclosure of financial interests;</li> <li>- Councilors and committee.</li> </ul>
Service delivery performance

Integrated Reporting Framework
- Audit and Risk Committee performance;
The Governance of Risk
Compliance with Laws, Codes, Rules and Standards
Internal Audit <ul style="list-style-type: none"> <li>- Internal Audit Function;</li> <li>- Internal Controls</li> </ul>
Governing Stakeholders Relationships
Integrated Reporting Disclosure <ul style="list-style-type: none"> <li>- Financial Disclosure;</li> <li>- Sustainability Disclosure.</li> </ul>
Integrated Reporting Philosophy

MFMA: Circular 63 Annual reporting requirements
Organizational Development performance
Financial Performance
Auditor General audit findings
Appendices; Annual Financial Statements

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



### Assurance Structure and Reporting Lines

#### Board

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

#### Audit and Risk Committee

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

### **Risk Owner**

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

### **Risk Champion**

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

### **Combined Assurance Champion**

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

The combined assurance champion objectives are:

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

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

<b>First line of defence</b>	<b>Second line of defence</b>	<b>Third line of defence</b>
<b>Management of Risk (Risk Owner)</b>	<b>Management support and oversight</b>	<b>Independent assurance</b>
<b>Nature of assurance:</b> Line management is accountable and responsible for the management of risk and performance. A key element of this activity is the extent of management reviews and the actions that follow. Management can establish a system of self-assessments/ audits to inform them on the adequacy of risk management activities.	<b>Nature of assurance:</b> Corporate functions provide support to line management in executing their duties. These include functions such as Human Resources, Finance, ICT, Governance and Compliance.	<b>Nature of assurance:</b> Internal audit, Certifications, Regulator reviews, External Audit, External surveys, Insurance.
<b>Reporting Lines:</b> Executive Management Committees and Operational Committees providing direction, guidance and oversight over the focus areas.	<b>Reporting Lines:</b> Executive Committee (Exco), Regulatory Forums, Board oversight committees.	<b>Reporting Lines:</b> Shareholder, Regulators, Exco, Board and Board oversight committees.

First line of defence	Second line of defence	Third line of defence
<b>Management of Risk (Risk Owner)</b>	<b>Management support and oversight</b>	<b>Independent assurance</b>
<p><b>Assurance Provided:</b>  Management assurance as evidenced through the management review meetings and forums.  Reporting on the results of self-assessments.  Special projects that assess the operating effectiveness/efficiencies – that can be internally sourced. The assurance is reported to line management.  Assurance around controls policies processes.</p>	<p><b>Assurance Provided:</b>  Reports and actions to Exco and Board oversight committees.  Reports and actions to regulators and external agencies.  Risk profiles / reports with action plans and due dates linked to KPI's.</p>	<p><b>Assurance Provided:</b>  Reports to Exco, Board and Board oversight committees, and shareholder.  Special project reports with action plans and due dates that assess the operating effectiveness/efficiencies.</p>

**Board responsibility and approval**

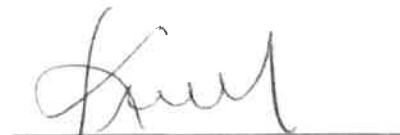
The Board, assisted by the Audit and Risk Committee and the Remuneration, Social and Ethics Committee, is ultimately responsible for the integrity and completeness of the integrated report and any supplementary information. The Board has applied its collective mind to the preparation and presentation of the integrated report and has concluded that it is presented in accordance with the International Framework. The Board approved the 2021/22 integrated report, together with the annual financial statements and supplementary information, taking into consideration the completeness of the material items it deals with and the reliability of information presented, in line with the combined assurance process followed.



**Mr Zane Meas**  
Chairperson  
Board of Directors



**Ms Ashley Hayden**  
Chairperson  
Audit and Risk Committee



**Mr Jabu Mathebula**  
Chairperson  
Remuneration, Social and Ethics Committee

# CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE



JOBURG | SOWETO | ROODEPOORT

/

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

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

- Governance
- Finance and Administration
- Programming and Marketing

This integrated report covers JCT's governance, financial, social responsibility, broader economic and overall sustainability performance information for the financial period 01 July 2021 to 30 June 2022. The report provides a perspective of past and current performance, while giving insight into future prospects and strategies with a comprehensive summary that includes operations at Joburg, Roodepoort and Soweto Theatres including hospitality and catering.

The report also covers:

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

## Section 1: Foreword by the Member of the Mayoral Committee



It is with great honour to report back on the performance of Joburg City Theatres for the fiscal year ending 30 June 2022. Despite the negative impact of the COVID-19 pandemic, JCT continued to deliver on its mandate of providing a high quality and innovative live entertainment and educational programmes through the integrated management of the theatre venues as well as innovative and inclusive programmes.

The year under review was significant in numerous ways as in the last quarter of the year Covid-19 restrictions were eased, thus allowing for 100% capacity in the theatres for the first time in 27 months. The 10<sup>th</sup> birthday celebrations for Soweto Theatre also marked a momentous milestone for the year under review.

As a leading home of live entertainment, providing sustainable, development-oriented and diverse programming, JCT continued to remain committed and relevant in the year under review to provide a high quality and innovative live entertainment and educational programmes, which serves the diverse communities of the City of Joburg and supports social engagement and participation, inclusivity and tolerance.

### Policy Development

Designed as a broad set of programmatic interventions, the National Development Plan (NDP) proposes a 'virtuous cycle' of growth and development, whilst reducing poverty and inequality. The enablers are strong leadership throughout society, national consensus, social cohesion and a capable state. Chapter 15 of the NDP asserts that:

*"Arts and culture opens powerful spaces for engagement about where a society finds itself and where it is going. Promoted effectively, the creative and cultural industries can contribute substantially to small business development, job creation, urban development and renewal."*

The Integrated Development Plan (IDP) is the most important mechanism available to local government to transform the structural differences within our society. The IDP brings together the various economic, social, environmental, legal, infrastructural and spatial aspects in one central document. This report reflects the broader alignment to the NDP, COJ's IDP, Mayoral Priorities and the SDBIP.

The year under review saw the emergence of the Multi-Party Government (MPG) with its program of action termed 'The Golden Start', Thus marking a significant milestone for the Shareholder's next phase, as it fosters the Golden Start to "the Golden Repair". The mayoral programme encompasses 7 Mayoral Priorities as follows:

1. A city that gets the basics right;
2. A safe city;
3. A caring city;
4. A business-friendly city;
5. An inclusive city;
6. A well run city;
7. A smart city.

The above plan and policy imperatives informed the business processes of Joburg City Theatres for the financial year 2021/22.

### Future Actions

To continue to remain committed to pushing the boundaries and reaching new heights. Supporting the arts is critical to reviving a thriving cultural life after the Corona virus pandemic. We will also continue to present diverse production on all our stages; create and tell South African stories; create opportunities for local artists; create meaningful opportunities for the youth; raise the SA flag abroad; and assist our young learners with school readiness through our networks programmes.

### Conclusion

On behalf of the Shareholder, I would like to extend my gratitude to the new Board of Directors, led by Mr. Zane Meas, for providing strategic leadership and oversight of the entity. I would like to congratulate Ms Xoliswa Nduneni-Ngema (CEO) for her unwavering dedication to operational excellence at JCT

Last but not least, My appreciation also goes to the management team and dedicated family of staff for their enormous contribution to ensuring that we keep at the cutting edge of service and entertainment to the citizens of Joburg.

A handwritten signature in black ink, appearing to read 'Ronald Harris', with a horizontal line drawn underneath the name.

**Cllr Ronald Harris**  
**Member of the Mayoral Committee**  
**Community Development**



## Section 2: Chairperson's Foreword



This report outlines performance of service delivery programmes and financial performance for the 2021/22 financial year. It is my pleasure to report back on a year in which JCT has continued to present world-class programming, innovative live entertainment and educational programmes to the people of the City of Joburg and nationally.

Against the backdrop of the many challenges brought about by the COVID-19 virus, and the slow recovery for the arts sector due to the limitation of audience numbers, the theatre's success is particularly encouraging. It is really inspiring to report a 95% achievement of targets set in the Business Plan with 100% achievement on Capex.

### **Organisational Review**

2021/22 has been a trying, testing, exciting and challenging fiscal year! This is so not just for the theatre, but for our country and globally.

JCT's operating model comprises six operating divisions/functions, with head office providing governance, oversight and corporate support through various enabling services. The core business is implemented through the three theatres – Joburg Theatre, Roodepoort Theatre, and Soweto Theatre. Other operations include hospitality and catering, youth and community development, as well as JCT's support via grant for the Joburg Ballet and Joburg Philharmonic Orchestra (JPO).

The board, in collaboration with management, examined the company's strategic issues, and efforts are being made to mitigate risks on a continual basis. JCT remains committed to producing excellent financial and operational outcomes, as well as ensuring sound corporate governance and transparent compliance with regulations, all while fulfilling the company's purpose, vision, and goal.

### **Governance Review**

In accordance with the legislative provisions as embodied in the MFMA, the Municipal Systems Act and various other regulatory requirements, as well as codes such as the King Codes, the Board of Directors executed oversight, interventions and guidance of the entity during the year as per the approved 2021/22 Business Plan.

JCT is committed to the highest governance standards in order to provide value to our stakeholders, establish trust, and enhance its reputation. JCT's governance practices go beyond compliance to foster a strong culture of ethical behaviour, transparency, and responsibility.

During the fiscal year under review, JCT implemented mechanisms to ensure adherence to the code of conduct and ethics and made it known within JCT; conducted a comprehensive fraud risk assessment as part of the strategic and operational risk assessment; developed and deployed preventative and detective fraud control activities; and developed fraud mitigation plans to ensure a coordinated approach to investigation and corrective information.

The board reviewed the amended Service Delivery Agreement between the City and JCT and made comments on how to define the JCT's mandate and key performance areas for the institution.

### **Outlook**

Management continues to implement the 5 year Strategic Plan through actively pursuing implementation of the approved business plan under the oversight and guidance of the Board.

### **Extending thanks**

I would like to convey my utmost appreciation to the Board Members for the diligent manner in which you discharged your Strategic leadership and oversight responsibilities.

The Chief Executive Officer Ms Xoliswa Nduneni-Ngema, for the leadership, direction and support in ensuring that JCT keeps on reaching for greater heights.

The management team and all the theatre staff for your zeal and commitment to delivering high-quality, creative live entertainment and educational programming that benefits the varied populations of the City of Joburg.



**Mr Zane Meas**  
**Board Chairperson**

### Section 3: Chief Executive Officer's Report



We have a history of outstanding resilience, and while the past two years may be one of our biggest tests yet, the future is full of opportunities. Covid-19 pandemic has changed our lives in the most fundamental of ways – how we live, how we work, how we connect with others and the world around us.

The creative industry was one of the hardest hit that suffered the loss of jobs and an arts outlet that always felt constant and readily available. The sector is on the path to a promising recovery and we started seeing a positive trajectory in the beginning of the financial year of 2021-22.

Whilst the impact of the pandemic is temporary, there are areas that are likely to be long lasting. Another challenging but yet productive financial year has been concluded by JCT.

I am pleased that we have made progress towards achieving its vision during the 2021/22 financial year, while continuing to expand our range of innovative products and services. The company delivered satisfactory corporate performance during the period under review, under unprecedented circumstances.

The integrated report for the 2021/22 financial year was produced by management and authorized by the board in accordance with MFMA Circular 63, the International Integrated Reporting Council Framework, and the International Integrated Reporting Council Framework, the Memorandum of Incorporation, the amended Shareholder Agreement as well as the King IV principles of Good Governance to which JCT subscribes. This report is the board's tool of accountability to the shareholder, the citizens of Joburg and JCT's stakeholders. JCT's programmes for the period under review were aligned with the COJ's IDP in providing socio economic opportunities and arts and culture programmes. Achievements included promotion of arts programmes among young people, promotion of access to our facilities, development of talents in the arts and culture sphere, facilitation of partnerships and co-productions that widened the participation of local producing partners engaged with JCT and ensured sound financial management, financial control and growth in revenue.

#### Theatre Operations and Challenges

Despite challenges emanating from the emergence of omicron in the second quarter of the financial year the entity is in good standing on both financial and non-financial performance and patrons have started returning to the auditoriums, although not nearly close to levels before Covid hit.

Covid-19 presented additional challenges with regards to safe and healthy regulations, as well as the health and safety of staff and external visitors. JCT has rose to the challenge and the additional demands and regulations did not hamper the entities ability to meet its KPIs. Up until 22 June 2022 the seating capacities at 50% for both indoor and outdoor events affected the audience figures, but the cancellation of gatherings limitations yielded positive results.

Power cuts due to load shedding have been a challenge for Joburg Theatre and a backup generator has been procured. The generator will allow productions to take place during load shedding. In addition, extra power will be used by City Power to assist the power grid during peak periods.

JCT takes pleasure in its attempts to make theatre accessible and appealing to people from all walks of life. The variety of content is a clear indicator that the entity is on the right track in terms of audience transformation.

#### Performance Achievements

JCT set a total of twenty two (22) key performance indicators in the approved business plan for the 2021/22 financial year. The performance was recorded as follows:

- Of the 22 targets, a total of 21 targets were achieved, translating to 95% target achievement.
- 1 KPI was not achieved
  - Unqualified audit opinion for 2020/21 with material audit findings.

JCT continues to reflect efforts to meet and exceed the expectations of City of Johannesburg Metropolitan Municipality (CoJ) as the sole shareholder, which is determined by the service delivery objectives in the company scorecard.

**Past performance on audits by the Auditor General:**

	2017/18	2018/19	2019/20	2020/21	2021/22
Financial Audit Opinion	Clean Audit	Clean Audit	Unqualified Audit	Unqualified Audit with material findings	Unqualified Audit with material findings
Performance	No findings	No findings	No findings	Material adjustment to the annual report	Material adjustment to the annual report

**Past performance of Predetermined Objectives:**

	2017/18	2018/19	2019/20	2020/21	2021/22
Percentage achieved	90%	94%	91%	81%	95%

**Past performance on Capital Expenditure:**

	2017/18	2018/19	2019/20	2020/21	2021/22
Percentage achieved	100%	94%	100%	100%	100%

**Service Delivery and Core Business**

In fulfilling our vision 'A leading World Class home of live entertainment, providing sustainable, development-oriented and diverse programming', Joburg City Theatres continues to focus on the creation and maintenance of an enabling business environment for theatre practitioners to stimulate economic growth and jobs creation. During the period under review, the consistent strategic approach and innovation-specific interventions were successful for JCT, despite tough economic challenges. This was done through two key approaches, namely by streaming online and providing live performances with limited numbers in compliance with COVID-19 lockdown regulations.

100% was achieved on service level standards; 83 arts and culture festivals and themed productions held / in-house productions were presented against a target of 20; 7 Joburg Ballet seasons and 5 Johannesburg Philharmonic Orchestra seasons, both against a target of 4.

JCT's programming strategy comprises an inclusive mix of performance genres, theatre (musicals and drama), ballet, music, poetry, comedy and festivals. A significant percentage of the programming is devoted to youth and community development, whilst maintaining a healthy balance of in-house productions, co-productions and rentals for income generation in order to become sustainable. During the period under review, new audiences have been attracted, whilst maintaining good relations with regular patrons. We continuously aim to promote and develop international collaborations to enable artists and communities to understand their work and cultures in a global context.

JCT has been at the forefront in providing not only entertainment but edutainment by putting the world of books on stage and making the study of literature pleasing. During the 2021-22 financial year we continued to provide training and development programmes for young people wanting to develop performing arts skills and knowledge. The theatres adjusted to the new normal by taking the setworks to the schools around Gauteng, to increase daytime programming for schools' audiences providing learners with high quality live performances of set books from the school curriculum at the comfort of their school halls.

2022 is an exciting year for Joburg City Theatres as we celebrate Soweto Theatre's 10 years anniversary in May 2022 and Joburg Theatre's 60th anniversary in July 2022. These anniversaries represent both pride at what we have achieved so far as well a reminder of the challenges we face ahead. As we celebrate these milestones we want to continue building upon JCT's business and youth development initiatives in order to set ourselves up for success in future years. We will continuously strive to achieve the transformational agenda in order to make our venues accessible and diversify our audiences.

Soweto Theatre marked its 10th anniversary with an array of special insights into the history of this monumental theatre in May 2022. **Soweto Comedy Festival** kept audiences in stitches with performances by J-Boogy, Pele-Pele, Kedibone Mulaudzi, and Zicco Sithole; to celebrate African heritage **Africa Day Groove** festival took place with performances by Sjava, Nomfundo Moh, Peanut Butter and Jam, Malcom Jiyane, BCUC, and Crazy Black Dudes, The Brothers Move On, Nathi B, DJ Mofaya and many more; May celebrations closed on a high note with Soweto's most loved **Seven Colours' Sunday** event. Locals were invited to visit the theatre to feed their senses with flavoursome food, aromas, music, as well as arts and crafts, as the theatre delivers a delightful celebration; **Hophethehile** (Clap & Tap) concert, a Soweto Uprising Production – **Insights Innovation 16 June 1976**, and the **Soweto Theatre Music Tuition Programme Showcase**.

For the 60th anniversary Joburg Theatre programmed a suitably eclectic mix of product on our stages. During the first six months of 2022 Joburg Theatre presented: **Isandlwana Lecture: The Musical** by Mbuso Khoza leading The Afrikan Heritage Ensemble; **CION: Requiem of Ravel's Bolero** by Gregory Maqoma of Vuyani Dance Theatre in collaboration with the City of Joburg's Arts Culture and Heritage Department; **Kill Move Paradise** co-produced with 2<sup>nd</sup> Round Productions; **MTN Joyous Celebration** hosted its 26th album "JOY" recording and DVD shoot; The **1st Annual Basadi in Music Awards** launch – Joburg Theatre has committed to be the home of the awards for 2023; the return of the **Peoples Theatre** productions since COVID-19 closure with **Beneath the African Skies**; seasoned Dancer, Artistic Director and Choreographer Vincent Sekwati Mantsoe, presented his solo dance piece, **Solidad**; directly from the West End at the Ambassador Theatre in London, Joburg Theatre & John Kani proudly presented **Kunene and The King**; **Drakensberg Boys Choir** returned to the Joburg Theatre after a 4 year break; and closed the 2021/22 financial year with **McCoy Mrubata's** album launch of **The Strings Attached Project**.

More information on programming is contained in Chapter 3 of this report – Service delivery performance.

### Financial Health Of The Entity

The finances of the JCT are managed in accordance with the Municipal Finance Management Act. JCT's internal audit is conducted by City of Joburg's Group Risk and Assurance Services and its work has assisted JCT's Board, the Audit and Risk Committee (ARC) and management in strengthening the control environment and risk management.

JCT has reported a surplus in the year under review reflecting an improvement from the previous year. Management has continued to tighten cost-cutting efforts and enhance the control environment, as it did in prior years. A variety of attempts are always made to identify and quantify existing obligations in order to ensure that they are aligned with the JCT income-generating capabilities.

JCT's comprehensive financial report is covered in the CFO's report, Chapter 1 section 4 as well as Chapter 5 which contains performance on revenue, expenditure, capex and ratios.

- JCT recorded a trading surplus of R 5.6 million after taxation for the year against the what was budgeted.
- The average spend for JCT on BBBEE is 98% while spend on SMMEs averages at 66%.
- The total revenue for 2021/22 is R252.07 million and in the 2020/21 was R206.4 million representing an increase of 22.09%.
- The earned revenue for 2021/22 is R85.91 million and 2020/21 was R43.0 million in the representing an increase of 99.74%.

### Human Capital Management

The Human Resources (HR) Management department of JCT is in charge of developing, delivering, and maintaining the value proposition for the organization's strategic objectives. Our employees are important to our success, and we have worked hard over the years to develop their capacity to please our clients and offer high-quality services. To deliver high-quality, well-managed, and accessible theatre and live entertainment venues, work proactively to develop new audiences, and facilitate development and advancement in the areas in which we operate

We maintained our efforts to instil a high-performance culture through business-aligned performance targets, resilient progress/review discussions, and awards that promote outstanding contribution in the appropriate way.

JCT is operating at 93% occupancy against the approved staff establishment with the remaining 7% recorded as vacancy rate. In addition to the above staffing, 3% of human capacity comprises of interns which are placed within various departments and 47% of temporary/adhoc staff members. Details of the human capital management is contained in Chapter 4 of this report.

## **Risk Management**

Risk assessment and implementation of measures to mitigate risks identified are managed by JCT staff on a daily basis through the execution of duties in the entity's operations. A risk assessment process for the 2021/22 financial year was conducted to identify strategic and operational risks that were aligned to the City's Mayoral priorities. During the financial year JCT continued to identify emerging risks and developed mitigating action plans that were monitored for implementation and progress reported quarterly to the Audit and Risk Committee, Board and Group Risk Governance Committee.

Below outlines JCT top five Strategic Risks that were managed for the 2021/22 financial year:

- Business Disruptions
- Inconsistent attendance at theatre show
- Lack of brand positioning and brand awareness of JCT
- Theft, fraud and corruption
- Limited programmes available for newly trained Arts Practitioners.

The entity had 15 actions to be implemented in the period under review and 15 had been implemented resulting in 100% achievement.

Risk management is a standing agenda item on the Executive Committee (EXCO)'s weekly meetings and Management Committee (MANCO)'s monthly meetings. Strategic and operational risk registers are on a quarterly basis considered by the Audit and Risk Committee (ARC) and board.

A review of the entity's Business Continuity Plan (BCP) was concluded in the 4<sup>th</sup> quarter of the financial year. The risks were monitored in terms of the entity's combined assurance framework as reported under risk management and internal controls (Chapter 2 section 4).

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

## **Forward Looking**

From July 2022 the celebration season continues with:

### ***Soweto Theatre***

Her Story International Festival in August focusing on Women's Month Celebrations; schools networks, My Children My Africa; the Stellenbosch University Choir; An Intimate Evening Ntsika; the 2022 Spirit of Afrikan Music and Dance, a Traditional Music and Dance Festival; Legends tribute will feature the most incredible Mam'Abigail Kubeka, Babsy Mlangeni, Pj Powers, Soul Brothers, Pappa and Blondie and Spho "Hotstix" Mabuse who are set to give audience a live musical spectacular that brings the nostalgia of 80's music and party anthems back into style. Powerful vocals, amazing harmonies and world-class musicians recreate the 80's era in all its glory; Afrikan Roots celebration of a decade in the arts industry and Soweto Theatre will close 2022 with Soweto In Colours: 2023 Countdown. All upcoming productions are carefully selected to commemorate certain themed events within the year and to celebrate the theatre's 10th anniversary.

### ***Joburg Theatre***

La Traviata – The Ballet, The Greatest Love of All starring Belinda Davids, performing a very special season with a full symphony orchestra - Whitney Houston's musical; Don Giovanni a world class Opera with an ingenious mixture of serious and comical opera; Third World Express, Directed and Choreographed by Gregory Maqoma, the jazz opera was inspired by a poem by Mongane Wally Serote; and in the Joburg Theatre's tradition we close the year with the Pantomime - Adventures in Pantoland, five pantomimes in one: *Sleeping Beauty, Aladdin, Snow White, Jack and The Beanstalk and Peter Pan*.

Joburg Theatre in association with the City of Johannesburg entities; Joburg City Parks and Zoo and City Power will present the 4<sup>th</sup> Annual Joburg Festival of Lights featuring an enchanting collection of illuminated life-size animal characters and classical, harmonious entertainment, food and craft night market for visitors to the Joburg Zoo.

### **Roodepoort Theatre**

Programming for the 2022/23 financial year at Roodepoort Theatre include, Misty's School of Ballet; Roodepoort Dance festival; Rodgers and Hammerstein's Cinderella; Okuhle Music Productions; World Lyrical Dance Federation; Vignettes Reimagined; Figures Models SA and Dance Inc Randfontein's Once Upon a Time.

### **Artistic Director Appointment**

Mr James Ngcobo has been appointed as Artistic Director effective 01 July 2022. He will be responsible for developing and implementing an artistic vision for JCT's 10 spaces at Joburg Theatre, Roodepoort Theatre and Soweto Theatre including the newly refurbished Jabulani Amphitheatre as well as contribute to the City of Joburg's reputation as one of the country's most vibrant cultural cities.

James is an award-winning actor who metamorphosed into a multi-award-winning director and has a reputation for artistic excellence. He brings extraordinary experience as a dynamic and respected Artistic Director to Joburg City Theatres with 15 years across various theatre verges. He has worked in theatre, television and film as an actor, producer and director. He became the first black Artistic Director of the Market Theatre Foundation in 2013 where he was previously Associate Artistic Director working with Malcom Purkey from 2006 - 2007.

In his tenure, James in partnership with the US Embassy introduced Black History Month Celebrations to South African audiences and created Jazzy July, Sophie Mgcina Award, Dits homo Online Productions and Salute the Playwright as part of his vision to broaden an audience base for the Market Theatre.

We are pleased to welcome James. He brings the experience and expertise to elevate JCT's offering in continuing to deliver quality performing arts and entertainment productions that are attractive to both traditional and regular theatre goers, but also to new and diverse audiences.

### **Conclusion**

JCT continues to deliver varied and high-quality programs for Johannesburg residents, guided by the five year strategy. We will continue to demonstrate the critical role that the arts play in shaping and moulding society toward the larger national goal.

The Business Plan for 2022/23 financial year continues to be guided by the five year strategy in order to have a large and stable theatre base in Joburg that continually expands and transforms in order to satisfy all Joburg citizens.

I proudly take this opportunity to thank our shareholder, the City of Joburg led by our Executive Mayor Councillor Mpho Phalatse for their ongoing support, both financial and strategic. We value the immense support by the Member of Mayoral Committee for Community Development Councillor Ronald Harris - through his vested interest in the theatre business and providing much needed assistance and leadership.

My gratitude goes to the board for their continued guidance and support, the executive, management team and our skilled and tirelessly enthusiastic employees of Joburg City Theatres whose team I am honoured to lead for their support and commitment.

Finally to our most important stakeholders, the theatre makers and theatre goers, you constantly reassure us that there is a need for a city theatre that provides world class live entertainment to enrich the souls of the citizens of Joburg. We commit to continue to walk with you on our journey to being a leading African artistic platform providing sustainable, development-oriented and diverse programming and services



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

## Section 4: Chief Financial Officer's Report



### Joburg City Theatres Financial Highlights

#### Executive Summary

#### Revenue

All of South Africa's Covid 19 regulations were effectively scrapped on 22 June 2022 with the issuing of Gazette signed by Health Minister Joe Phaahla. The restrictions on the size of social gatherings have also fallen away, as have entry requirements for travellers coming to South Africa. The announcement came at the last week of the fourth quarter therefore the JCT never got to enjoy the benefits of the complete relaxed restrictions but nevertheless it marks a great milestone for theatre and inspires a great deal of confidence going forward that the theatre can now operate at its maximum potential with no hindrance.

Load shedding has been a major business disruption to the theatre this financial year more especially during the 4<sup>th</sup> quarter where regular load shedding was experienced that resulted in early closure of restaurants. Load shedding was deemed as a significant risk to the theatre's operations and management has opted to procure a backup generator as an alternative means of power supply to ensure continuity in the theatre operations during the load shedding.

The backup generator will be fully operational in the 1<sup>st</sup> quarter of the next financial year, due to delays of procuring gas. With the discovery of the Monkey pox in the Republic, management is concerned this may despair regular and potential attendees. With the above mentioned JCT has remained resilient and resourceful.

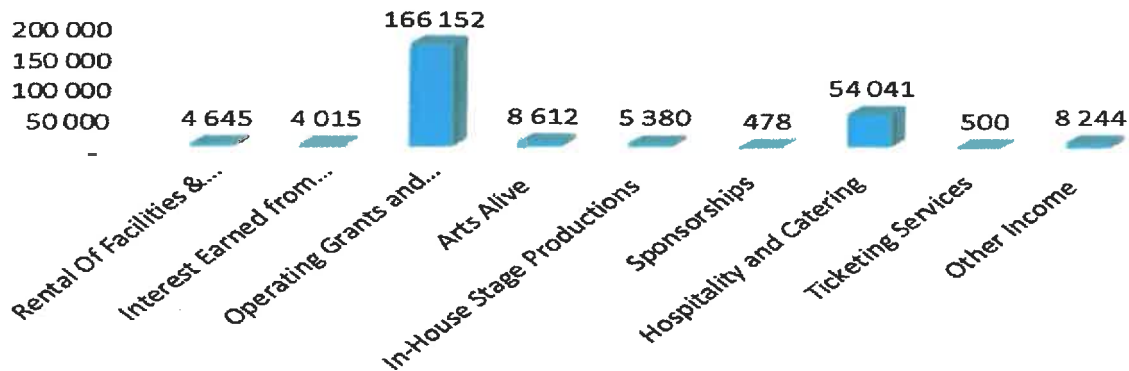
The entity generated revenue to the value of R252.07m for this financial year, while earned revenue was reported at R85.91m which translate to an 99.74% good performance than prior year. This much higher than anticipated Revenue on Hospitality and Catering was due to a number of service level agreements (SLA) signed and executed.

<b>Total Revenue</b> 2021/22	<b>R252.07 million up by 22.09%</b>	↑
• The total revenue for 2020/21 was R206.46 million and in the 2021/22 is R252.07 million representing an increase of 22.09%.		
<b>Earned Revenue</b> 2021/22	<b>R85.91 million up by 99.74%</b>	↑
• The earned revenue for 2020/21 was R43.01 million and in the 2021/22 is R85.91 million representing an increase of 99.74%.		
<b>Hospitality &amp; Catering</b> 2021/22	<b>R54 million up by 135 %</b>	↑
• Hospitality and catering revenue for 2020/21 was R22.95 million and in the 2021/22 is R54 million representing an increase of 135%.		



Graph below is a summary of main revenue items:

## Revenue by Category



Item Description	Full Year Actual 2021/22 R'000	Full Year Budget 2021/22 R'000	Full Year Actual 2020/21 R'000	Actual to Budget %	Current to Prior %
<b>Income</b>	<b>252 067</b>	<b>217 840</b>	<b>206 463</b>	<b>16%</b>	<b>22%</b>
Rental Of Facilities & Equipment	4 645	4 528	1 869	3%	149%
Interest Earned from External Investments	4 015	3 630	3 133	11%	28%
Operating Grants and Subsidies	166 152	166 152	163 454	0%	2%
Arts Alive	8 612	-	8 209	100%	5%
In-House Stage Productions	5 380	8 573	796	-37%	576%
Sponsorships	478	-	-	100%	0%
Hospitality and Catering	54 041	32 803	22 948	65%	135%
Ticketing Services	500	1 144	102	-56%	392%
Other Income	8 244	1 010	5 952	716%	39%

### Revenue Highlights

#### 1) Explanation of major variances between budget and actual

- A) **Ticketing Services (-56%), In-House Stage productions (-37%)** - The line items stated shows a negative Variances. The shortfall is attributable to the fact that JCT has not been fully operating due to regulations imposed by government to curb the spread of Covid-19 which has been scrapped on the 23rd of June, the last quarter of the financial year. This has been a challenging for the Theatre as Covid-19 has a significant impact on the operations of the entity.
- B) **Interest Earned from External Investment (11%)**  
Shows favourable variance of 11%, Short-term Investments are sufficient enough to earn interest in excess of the budgeted amount despite the economic challenges.
- C) **Catering Services (65%)** –  
Shows a favourable variance of 66%, This is due to service level agreements JCT has signed and executed in the current financial year.
- D) **Other Income(716%)** – There is favourable variance of 716%, this is due to ACH Programmes from COJ (Inclusive of Management fees) that were undertaken this current financial year.

## Revenue for the past 5 years

- 2) The revenue for the entity has been increasing for the past 5 years from R175m to R252m which translate to an average increase of 9% per annum while expenditure has been increasing at an average rate of 7%

Consolidated Annual Revenue JCT					
Revenue category	Actuals R'000				
	2022	2021	2020	2019	2018
Subsidy	166,152	163,454	128,469	116,447	104,432
Earned Income	85,915	43,009	55,711	63,842	70,506
	252,067	206,463	184,180	180,289	174,938
Consolidated Annual Expenditure JCT					
Expenditure category	Actuals R'000				
	2022	2021	2020	2019	2018
Salaries and wages	104,880	93,404	91,643	77,526	70,050
Grants and subsidies paid	22,884	21,512	20,645	20,467	19,339
General expenses	113,421	86,699	85,467	87,491	85,054
	241,185	201,615	197,755	185,484	174,443
<b>Surplus for the period</b>	<b>10,881</b>	<b>4,848</b>	<b>-13,575</b>	<b>-5,195</b>	<b>495</b>

## Expenditure

JCT continues to employ its utmost financial discipline when it comes to expenditure management. Total Expenditure for the 2021/22 is 11% above budget largely due to Hospitality and Catering and Arts Alive Expenditure.

The table below depicts expenditure performance against target for the year:

Item Description	Full Year Actual 2022/21 R'000	Full Year Budget 2022/21 R'000	Full Year Actual 2020/21 R'000	Actual to Budget %	Current to Prior %
<b>Expenditure</b>	<b>241,185</b>	<b>217,839</b>	<b>201,615</b>	<b>-11%</b>	<b>-16%</b>
Employee Related Costs	103,180	100,626	93,404	-3%	-9%
Directors and Committee Members	1,700	2,101	1,690	19%	-1%
Depreciation & Asset Impairment	1,807	2,476	1,900	27%	5%
Repairs And Maintenance	4,912	3,673	3,488	-34%	-29%
Contracted Services	1,703	1,803	1,316	6%	-23%
Insurance	65	353	262	82%	305%
Joburg Ballet & Orchestra	22,884	22,437	21,512	-2%	-6%
Arts Alive	7,513	-	7,678	-100%	2%
In-House Productions	20,556	24,282	21,296	15%	4%
Hospitality and Catering	30,984	13,522	14,861	-129%	-52%
General Expenses	45,881	46,565	34,208	1%	-25%

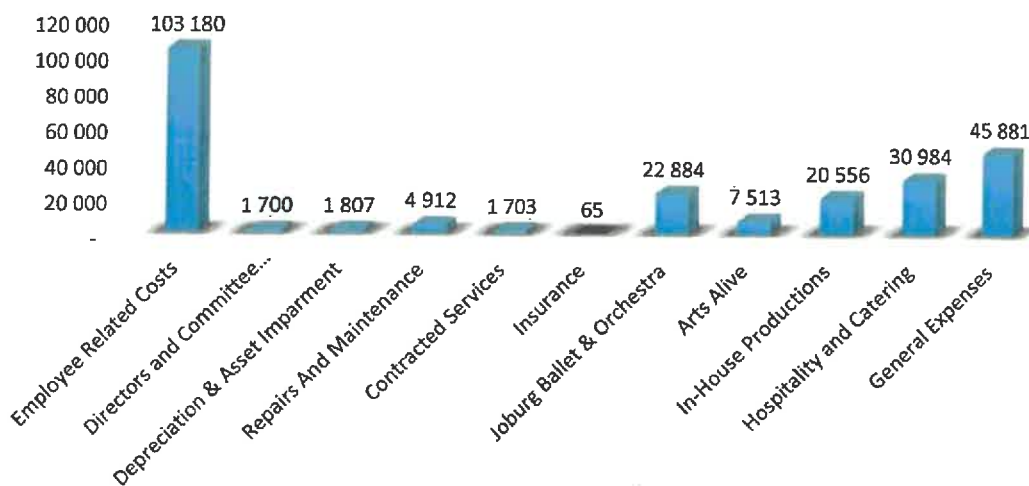
### 1) Explanation of major variances between budget and actual

- Employee related costs:** 3% adverse variance is caused by the salary increase of casuals for hospitality and catering and also the variable employee related costs which is linked to the volume of activities that the Hospitality and Catering has undertaken in the current year.
- Depreciation:** Favourable variance on this line item is caused by the assets write off and re-assessment of useful lives

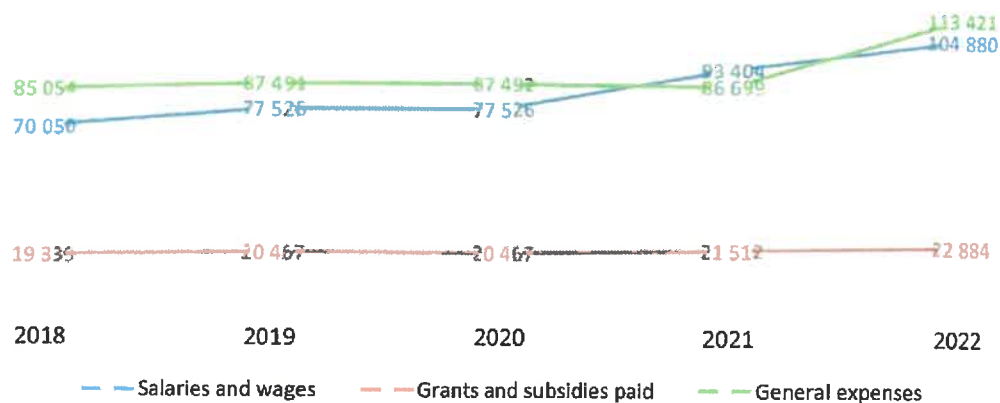
3. **Grants and Subsidies:** the contributor to the adverse variance on grants and subsidies is the interest paid to Joburg Ballet and Philharmonic Orchestra. Interest paid relates to the grant that was invested by JCT on their behalf and interest earned on those short term investment had to be paid over to the Ballet and Orchestra.
4. **In-house stage production:** The favourable variance of 15% is attributable to the COVID-19 restrictions on the theatres hence theatres realised savings on variable costs like royalties, sets and costumes
5. **Hospitality and catering:** The adverse variance of 129% is attributable to the cost of sales and hiring expenses, which are linked to the favourable revenue variance of 66%. Hospitality and catering has entered into a few high value SLA agreements with the City of Johannesburg that led to an increase on the revenue and expenses way above the budgeted amounts. Management is hopeful that it will maintain the collaborations and partnership with the City of Johannesburg to ensure that the entity generates more revenue in the long run.

The bar chart below depicts the expenditure contribution for year: \_\_\_\_\_

### Expenditure by Line Items



### EXPENDITURE FOR THE PAST 5 YEARS R'000



### Trading Surplus/Deficit

JCT recorded a trading surplus of R10.889m for the year against the budgeted breakeven.

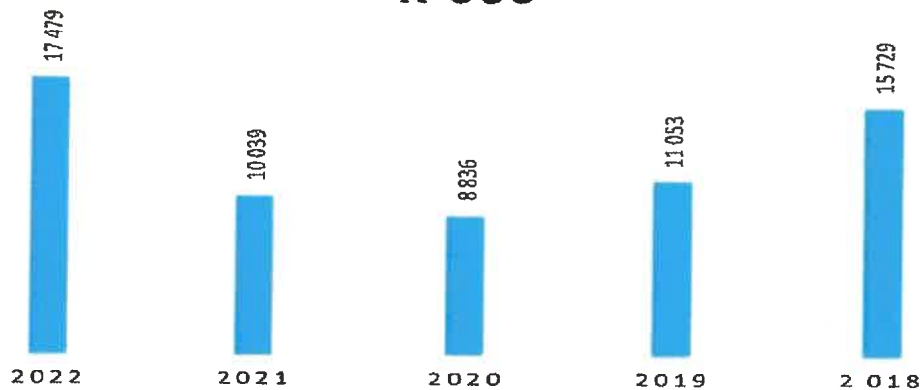
## Statement of Financial Position year 2021/22

Current financial year Cash and cash equivalents improved by 74% compared with prior year. Current ratio for the entity has improved by 52.58% year on year from 0.97:1 to 1.48:1, which is above the target of 1:1 but below the City's norm of 1.5:1, The solvency ratio has improved by 40% raised from the 1.23:1 to 1.72:1 and is below the norm of 2:1, this does not pose a challenge for the entity as the asset base does not grow because a lot of asset improvements are funded by the shareholder. Current assets have deteriorated by 20% year on year due to the significant decrease in receivables owing to JCT compare to the prior year and current liabilities have decreased by 47%. Total assets decrease by 15.09% year on year while total liabilities also gone down by 39% year on year.

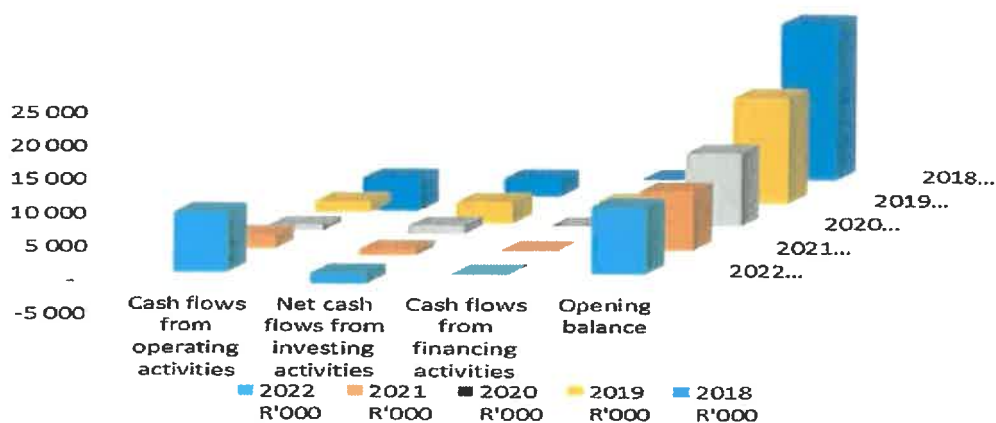
### Cash flow results for year Financial Year

Cash Flow Statement	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
Cash flows from operating activities	9 085	2 119 -	899 -	1 515 -	4 891
Net cash flows from investing activities	- 1 645 -	916 -	1 318 -	3 162 -	2 663
Cash flows from financing activities	-	-	-	-	-
Opening balance	10 039	8 836	11 053	15 729	23 284
Cash and cash equivalents at the end of the	17 479	10 039	8 836	11 053	15 729

### CASH BALANCES R'000



### Cashflow analysis



### Statement on Compliance

JCT has incurred total irregular expenditure amounting to R5 593 849 this current financial year. R44 571 relates to Avis Fleet Services contract, The contract has been declared irregular at Group level due to non-compliance

with section 116 of MFMA Act, R3 980 440 relates to the expenditure incurred by JCT from DWR Distribution a supplier who was appointed as a result of an incorrect awarding on points calculations and R1, 568,838 relate to training offered by Assessment Zone for failure to comply with supply chain management's competitive bidding process.

#	Source	Report Title	2022 The City of Johannesburg resolved that the contract for the provision of fleet services be centralised at Group level, entities were therefore directed to use the centralised fleet contract that the City had secured with Avis Fleet Services, an SLA was entered into between the entities and City of Johannesburg. The contract has been declared irregular at Group level due to non-Compliance with section 116 of the MFMA.	Value Involved	Status of Matter	General Comments
5	Joburg Theatre	Irregular Expenditure	Opening Balance from 2019/20- Avis Fleet Services	4 153 691	N/A	N/A
5	Joburg Theatre	Irregular Expenditure	The City of Johannesburg resolved that the contract for the provision of fleet services be centralised at Group level, entities were therefore directed to use the centralised fleet contract that the City had secured with Avis Fleet Services, an SLA was entered into between the entities and City of Johannesburg. The contract has been declared irregular at Group level due to non-Compliance with section 116 of the MFMA.	44 571	Handled at Group level	COJ to advise
6	Joburg Theatre	Irregular Expenditure	Auditor General noted that the appointment of DWR distribution was awarded based on the 2011 preferential procurement regulations instead of 2017 regulations and that a different service provider could have been awarded because points calculations differs between the two regulations. Nothing was disclosed in the 2020/21 financial year as there was no expenditure incurred then. However in the current year, an amount of R3,980,440 was incurred.	3 980 440	This was an administrative oversight and omission which the entity has rectified and a condonation report is being drafted so that it can serve in the oversight committees	Bid Committees have now implemented the 2017 preferential procurement regulations.
7	Joburg Theatre	Irregular Expenditure	The expense of R1,568,838 was also incurred during the current year for training of employees on the 1st aid. Transactions of the 1st Aid trainings (level 1 to level 3) happened in trivial parts and a procurement process of request for quotations was followed. However when management reviewed these transactions, it appears that the following process should have been applied: "when determining transactions values, a requirement for goods, works or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction".	1 568 838	The entity has investigated the matter and the entity has instituted the disciplinary hearing inline with the UIFW reduction strategy which requires the consequence management process to be undertaken.	consequence management is underway.

There were also no payments paid to suppliers over 30 days from receipt of an invoice during the period under review.

### Joburg Ballet

Joburg Ballet submitted its 30 June 2022 year end management accounts in line with the Service Level Agreement. The management accounts reflected a surplus of R72 000 against a budgeted surplus of R66 000. The entity has R1.687m in the bank account.

Joburg Ballet						
Statement of Financial Position as at 30 June 2022			Statement of Financial Performance for the period ending 30 June 2022			
	Jun 22	Jun 21		Actual CY	Budget CY	Variance
	R'000	R'000		R'000	R'000	%
<b>Assets</b>						
Current assets	1 789	552	Revenue	553	579	5%
Non current assets	852	885	Grants	2 648	2 648	0%
<b>Total assets</b>	<b>2 641</b>	<b>1 438</b>	Expenditure	- 3 129	- 3 161	-1%
				<b>72</b>	<b>66</b>	<b>9%</b>
<b>Liabilities</b>						
Current Liabilities	331	86				
Non current Liabilities	26	26				
<b>Total liabilities</b>	<b>357</b>	<b>112</b>				
<b>NET Assets</b>	<b>2 284</b>	<b>1 326</b>				
<b>Bank Balances</b>	<b>1 687</b>	<b>504</b>				

## Johannesburg Philharmonic Orchestra

Orchestra submitted its 30 June 2022 year end management accounts in line with the Service Level Agreement. The management accounts reflected a deficit of R543 000 against a budgeted deficit of R754 000. The entity has R11.976m in the bank account.

Statement of Financial Position as at 30 Jun 2022			Statement of Financial Performance for the period ending 30 Jun 2022			
	Jun 22	Jun 21		Actual CY	Budget CY	Variance
	R'000	R'000		R'000	R'000	%
<b>Assets</b>			<b>Revenue</b>	1 888	3 048	-38%
Current assets	12 161	13 805	Grants	5 696	5 696	0%
Non current assets	19 473	15 780	Expenditure	8 127	9 498	14%
<b>Total assets</b>	<b>31 634</b>	<b>29 585</b>		<b>543</b>	<b>754</b>	
<b>Liabilities</b>						
Current Liabilities	34	230				
Non current Liabilities	-	-				
<b>Total liabilities</b>	<b>34</b>	<b>230</b>				
<b>NET Assets</b>	<b>31 600</b>	<b>29 355</b>				
<b>Bank Balances</b>	<b>11 976</b>	<b>13 531</b>				

### Insurance Claims:

During the year under review, there were 2 incident reported as follows:

Date of Incident	Nature of Loss	Claim Number	Comments	Value
2021/03/13	Nissan NP 200 registration number TKZ174WGP	CMS498632	Payment has been received from the insurance.	R 80 500,00
2021/03/31	Etios was stolen at roodepoort theatre, registration number CV27JWGP	C262380	The car was recovered however it was beyond repairs. Payment has been received from the insurance.	R 82 900,00
<b>Grand Total</b>				<b>R 163 400,00</b>

### Capital Expenditure (CAPEX)

The entity's capital allocation was R11.7m and 100% spent was achieved. Key projects include a continuation of stage upgrade, acquisition of new generators as an alternative power supply and acquisition of digital stage screens replacing the normal sets on the stage.

### Audit Opinion Trends

The entity has achieved 5 unqualified audit opinion for the last 5 years of which 3 were clean.

Audit Opinion For The Last 5 Years					
Financial Year	2021	2020	2019	2018	2017
<b>Audit Opinion</b>	unqualified	unqualified	Clean	Clean	Clean

**In conclusion**

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



**VUKANI MAGUBANE**  
Acting Chief Financial Officer

## Section 5: Corporate Profile / Overview of the entity

### Introduction

The Mandate, Vision and Mission of JCT as presented in this report is aligned to the approved Business Plan for 2021/22.

The primary mandate of Joburg City Theatres is:

***To provide a high quality and innovative live entertainment and educational programmes, which serves the diverse communities of the City of Joburg and supports social cohesion, inclusivity and tolerance.***

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

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

### Corporate Profile / Overview of the entity

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

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

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

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

Soweto Theatre is the cultural heartbeat of Jabulani Soweto; it is more than a theatre – it is a multipurpose performing arts centre, used for theatre productions, music productions, dance productions and choir singing. It also hosts festivals, conferences, meetings and community gatherings. Dedicated to the arts, it is here that the community is able to find expression.



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

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

Joburg Theatre (SOC) Ltd's Board of directors is mandated to deal with all matters relating to the Roodepoort City Theatre (NPC) (Registration number: 1981/005017/08) in terms of the transfer agreement signed on 27 November 2013. The City of Johannesburg resolved that the company name be changed from Joburg Theatre (SOC) Ltd to Joburg City Theatres (SOC) Ltd. The process of company name change is in progress and envisaged to be finalised in the 2020/21 financial year.

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

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

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

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

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

- **Consultation**

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

- **Service Standards**

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

- **Access**

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

- **Courtesy**

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

- **Information**

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

- **Openness and transparency**

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

- **Redress**

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

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

- **Value for money**

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

### **Political Governance and Accountability**

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

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

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

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

### **Section 6: Strategic Objectives**

JCT is part of the Social and Human Development Cluster and is located under the Department of Community Development with the MMC as Executive Authority.

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

The company's strategic objectives include:

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

The 2021/22 performance information of JCT flows from a direct line-of-sight to the above strategic objectives and result areas / IDP Programmes.

The outputs by JCT through the arts programming included:

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

Outputs, linked to the SDBIP and the IDP:

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

Outcomes

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

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

JCT upheld its vision statement: ***"A World Class home of live entertainment, providing sustainable, development-oriented and diverse programming."***

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

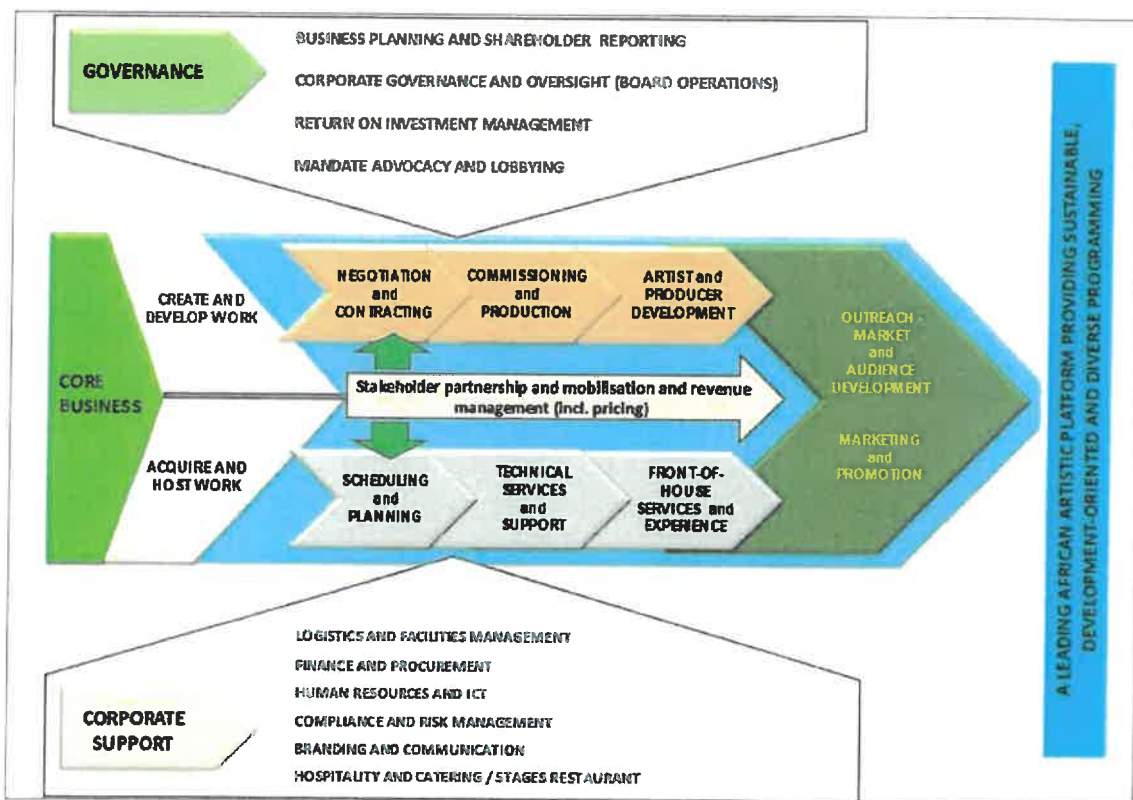
***To produce and present innovative and relevant indigenous and international entertainment programmes that promote diversity and social cohesion.***

We commit to:

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

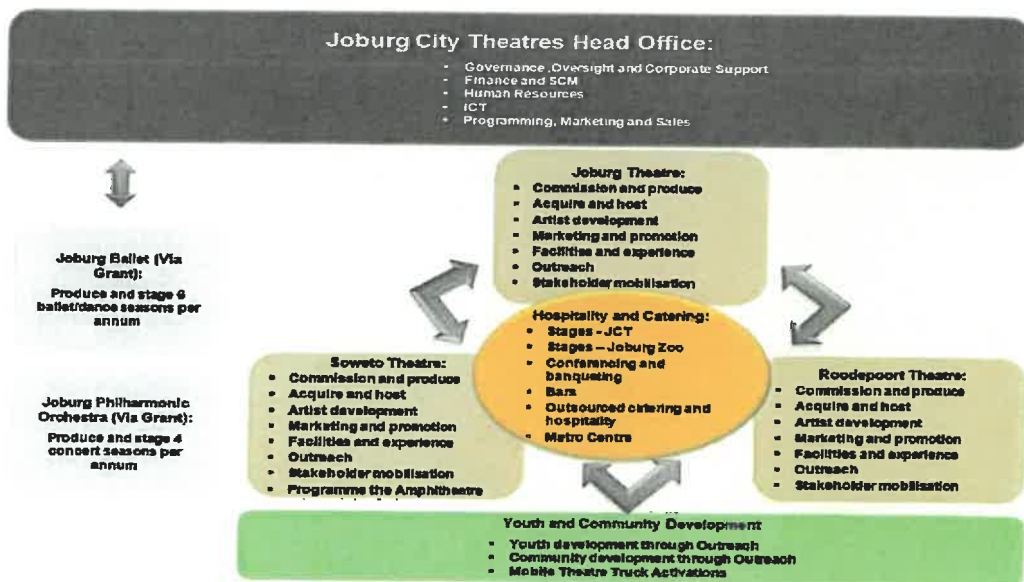
### Business Model

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



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

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







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

### The Six Capitals

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

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

Key resources are explained in detail on the 6 Capitals below:

<ul style="list-style-type: none"> <li>• JCT's 6 Capitals</li> </ul>	 FINANCIAL CAPITAL	 INTELLECTUAL CAPITAL
<ul style="list-style-type: none"> <li>• Description Capitals</li> </ul>	The pool of funds that is: <ul style="list-style-type: none"> <li>• A mix of internally generated revenue and a grant from the shareholder.</li> </ul>	Intellectual capital organisational, knowledge-based intangibles, including: <ul style="list-style-type: none"> <li>• software, rights, and licences</li> <li>• "organisational capital" such as tacit knowledge, systems, procedures, values and protocols</li> <li>• intangibles associated with JCT's unique way of doing business, its brand and developed reputation.</li> </ul>
<ul style="list-style-type: none"> <li>• JCT's 6 Capitals</li> </ul>	 MANUFACTURED CAPITAL	 HUMAN CAPITAL
<ul style="list-style-type: none"> <li>• Description Capitals</li> </ul>	Citywide geographic footprint of operations and locations to serve Joburg residents. <ul style="list-style-type: none"> <li>• JCT's unique and diverse range of artistic programmes</li> </ul>	Human capital people's competencies, capabilities and experience, and their motivations to innovate. <ul style="list-style-type: none"> <li>• A skilled, diverse and motivated workforce with a high performance culture and ethical values.</li> <li>• ability to understand, develop and implement an organisation's strategy</li> </ul>

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

### JCT's Short, Medium and Long Term Strategic Goals

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

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

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

The short - medium term performance achievements and target outcomes are measured through JCT's Scorecard. For ease of implementation and reporting on the long-term priorities, CoJ has divided the 2021/26 IDP into various clusters, with Joburg City Theatres, among others, falling under the Social and Human Development Cluster.

The following key considerations require management intervention in the period 2021/22–2023/24:

<b>SHORT TO MEDIUM-TERM PRIORITIES:</b> Informing the 2021/22 Business Plan		<b>Impact Outcome</b>
<b>Strengthen governance and compliance.</b>	<ul style="list-style-type: none"> <li>▪ Reconstitute the Board Artistic/Service Delivery Committee;</li> <li>▪ Once approved, revisit the TOR and define what is meant by 'service delivery' in Joburg City Theatres context;</li> <li>▪ Identify the model and KPI's to be tracked from a Social and Ethics perspective - conduct an annual assessment on Ethics, similar to assessment done on risk environment;</li> <li>▪ Develop operational plans to strengthen reporting in Joburg City Theatres macro reports;</li> <li>▪ Ensure compliance with relevant legislation and policy prescripts</li> <li>▪ Integrate National Treasury 88 Indicators, City Manager Indicators and Service</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good governance, financial sustainability and sound management</li> </ul>

**SHORT TO MEDIUM-TERM PRIORITIES:**

**Informing the 2021/22 Business Plan**

**Impact Outcome**

	Standards into Annual Business Plan scorecard.	
<p>Strengthen the operations and commercial viability of the theatres.</p>	<ul style="list-style-type: none"> <li>▪ Balance commissioning/hosting ratio across all three theatres;</li> <li>▪ Stage fewer yet high-profile productions, which will result in greater tickets sales (balance tickets sold/complimentary ticket ratio);</li> <li>▪ Commercialise the transformed content – ensure all shows staged have the ability to be profitable;</li> <li>▪ Optimise theatre planning and scheduling – by adopting a multi-year planning and scheduling approach;</li> <li>▪ Ensuring that the gap is bridged between the creative team and the marketing teams to avoid the “us and them” scenario;</li> <li>▪ Set up hospitality and catering operations within other City entities that will yield necessary financial results, once the Metro Centre operations are consolidated and running as hassle-free as possible;</li> <li>▪ Learning from international trends, musicals, operas, ballets, drama and various festivals, and theming the offering according to significant events and days, such as the Women’s Arts Festival, Africa Day, Heritage Festival, Diwali Festival, Festive Lights;</li> <li>▪ Package content for various other platforms (TV, DVD’s, streaming, etc.) and/or sell TV rights to in-house productions;</li> <li>▪ Licence and merchandise successful productions and music.</li> </ul>	<ul style="list-style-type: none"> <li>▪ High quality performing arts and entertainment experiences and facilities.</li> </ul>
<p>Strengthen community outreach and developing talent and youth.</p>	<ul style="list-style-type: none"> <li>▪ More utilisation of the Mobile Theatre Truck to access or reach audiences that are not traditional theatre goers;</li> <li>▪ Conduct a regular tracer study on youth development beneficiaries;</li> <li>▪ Servicing learners in the Gauteng region by providing a teaching and learning experience</li> </ul>	<ul style="list-style-type: none"> <li>▪ Opportunities for the youth, including future arts practitioners and entrepreneurs provided.</li> </ul>

SHORT TO MEDIUM-TERM PRIORITIES: Informing the 2021/22 Business Plan		Impact Outcome
	<p>outside of the conventional classroom in a way that adds value to the educational experience;</p> <ul style="list-style-type: none"> <li>▪ Position arts alongside sport in schools for development of future audiences.</li> </ul>	
Strengthen Joburg City Theatres ticketing and promotion.	<ul style="list-style-type: none"> <li>▪ Make “combo tickets” available, e.g. theatre and a meal at stages (Mother’s Day, Valentine’s Day, etc.);</li> <li>▪ Implement a loyalty programme (e.g. attend two shows and get one show free, season tickets, etc.);</li> <li>▪ Last minute ticketing options – linked to audience development;</li> <li>▪ Showcase Joburg City Theatres hospitality offering and as a conference venue at conferencing exhibitions;</li> <li>▪ Consolidate other initiatives, such as the Festive Lights project to attract more patrons.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Affordable access to and use of theatres by communities</li> </ul>
Strengthen Joburg City Theatres’ destination marketing.	<ul style="list-style-type: none"> <li>▪ Strengthen Tourist focused marketing and promotion: <ul style="list-style-type: none"> <li>- Presence in in-flight magazines;</li> <li>- “Whats On in Johannesburg” site;</li> <li>- Ensure the website is easy to navigate to enable online bookings;</li> <li>- Link with City sightseeing bus and other tour operators;</li> </ul> </li> <li>▪ Offering access to more than one visual art form, e.g. exhibitions, installations, multi-disciplinary art spaces – daytime programme.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Resources to support the mandate, and improved brand recognition and awareness mobilised</li> </ul>
Strengthen stakeholder management and collaboration.	<ul style="list-style-type: none"> <li>▪ Revisiting and engaging with private and public sector to explore CSI opportunities (consider a formal breakfast/dinner event);</li> <li>▪ Monitor the value of equivalent/reciprocal benefit realised from partnerships;</li> <li>▪ Partner with COJ entities for greater security around the Joburg City Theatres venues, better maintenance of the precinct parks, better lighting around venues, and generally</li> </ul>	<ul style="list-style-type: none"> <li>▪ Resources to support the mandate, and improved brand recognition and awareness mobilised</li> </ul>



SHORT TO MEDIUM-TERM PRIORITIES: Informing the 2021/22 Business Plan		Impact Outcome
	<p>better support for Joburg City Theatres operations.</p> <ul style="list-style-type: none"> <li>Establish partnership with Braamfontein Improvement District</li> </ul>	
Enhance human capital management and performance management.	<ul style="list-style-type: none"> <li>Review programming and marketing structure</li> <li>Prioritise content management, fundraising, marketing and sales;</li> <li>Ensure a focus to both import and export Joburg City Theatres productions;</li> <li>Leverage and exploit the capabilities and strengths of the creative team among Joburg City Theatres staff;</li> <li>Continue with EAP/Employee Wellness Program;</li> <li>Strengthen operating model and workflow processes, so everyone knows who is responsible for what and when, supported by improved internal communication.</li> </ul>	<ul style="list-style-type: none"> <li>Good governance, financial sustainability and sound management</li> </ul>

### Long Term Strategic Goals

KEY LEGACY PROJECTS: Over the Medium to Longer-Term (2022 to 2024+)		Impact Outcome
<p><b>A “Joburg Festivals”</b> – Working together with Joburg City Theatres “cultural arch” neighbours.</p>	<ul style="list-style-type: none"> <li>Along the lines of the “Edinburgh Festival”, relevant to South Africa and Johannesburg;</li> <li>Link to Joburg City Theatres’ role to curate the Joburg City Festivals and drive it moving forwards;</li> </ul>	<ul style="list-style-type: none"> <li>Resources to support the mandate, and improved brand recognition and awareness mobilised</li> </ul>
<p><b>Joburg City Theatres part of the international touring circuit</b> - Joburg City Theatres produced shows that tour internationally.</p>	<ul style="list-style-type: none"> <li>An annual showcase – taking at least one show overseas from JCT (as a RSA showcase) per annum.</li> </ul>	<ul style="list-style-type: none"> <li>High quality performing arts and entertainment experiences and facilities.</li> </ul>
<p><b>Joburg City Theatres Precinct revitalisation</b> – partnering with Braamfontein neighbours.</p>	<ul style="list-style-type: none"> <li>Joburg Theatre park (Theatre Gardens)– needs to open up as a craft market;</li> <li>Reconfiguration of space – to suite multiple live experiences and art forms.</li> </ul>	<ul style="list-style-type: none"> <li>Resources to support the mandate, and improved brand recognition and awareness mobilised</li> </ul>

KEY LEGACY PROJECTS: Over the Medium to Longer-Term (2022 to 2024+)		Impact Outcome
<p>Establish <b>Joburg City Theatres as a knowledge hub</b> – an archive of the legacy and history of Joburg and the theatres.</p>	<ul style="list-style-type: none"> <li>▪ Establish a Joburg City Theatres Archive/Resource Centre to preserve and tell the story of the history of theatre:               <ul style="list-style-type: none"> <li>– Digital and/or visual archive of footage and a record of the rich history of events for the public to visit and experience;</li> <li>– Develop a virtual tour of the three theatres, retrievable from all three theatres, to advertise all facilities from any one of the sites.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ High quality performing arts and entertainment experiences and facilities.</li> </ul>

### JCT's Initiatives

The company successfully implemented service delivery initiatives such as schools networks festival, Youth Development month long programme of fun and educational filled activities in celebration of Take a Child to Theatre, and festival of lights amongst others.

### JCT's Operational Performance Innovation and Skills.

During the first quarter, the country was affected by the third wave of the covid 19 pandemic. All gatherings were prohibited under alert level 4 and eased to 50 and 250 indoors under alert level 3 and 2. This meant cancellation / postponement of planned productions as it was not financially viable to continue with the limited numbers.

- JCT promoted a mask up to keep theatre alive messaging campaign on digital media to encourage the public to adhere to the COVID-19 protocols to assist in curbing the spread so that theatre and live entertainment can be back and kept alive.
- Joburg Theatre in association with the City of Johannesburg entities; Joburg City Parks and Zoo and City Power presented the third annual Joburg Festival of Lights featuring an enchanting collection of illuminated life-size animal characters and classical, harmonious entertainment, food and craft night market for visitors to the Joburg Zoo.
- The year 2022 marked an important milestone for Joburg City Theatres as we celebrated Joburg Theatre's 60<sup>th</sup> anniversary (diamond Jubilee) and Soweto Theatre's 10<sup>th</sup> year anniversary, introducing the first of its kind in South Africa "Walk of Fame" honouring the some renowned arts practitioners who have performed their works at jobourg theatre.
- The Youth Development departments in partnership with ASSITEJ (International Association of Theatre for Children and Young People) hosted a month long programme of fun and educational filled activities in celebration of Take a Child to Theatre.
- 100% of total work on stage machinery upgrade is completed
- Back up generator has been delivered, awaiting for commissioning.

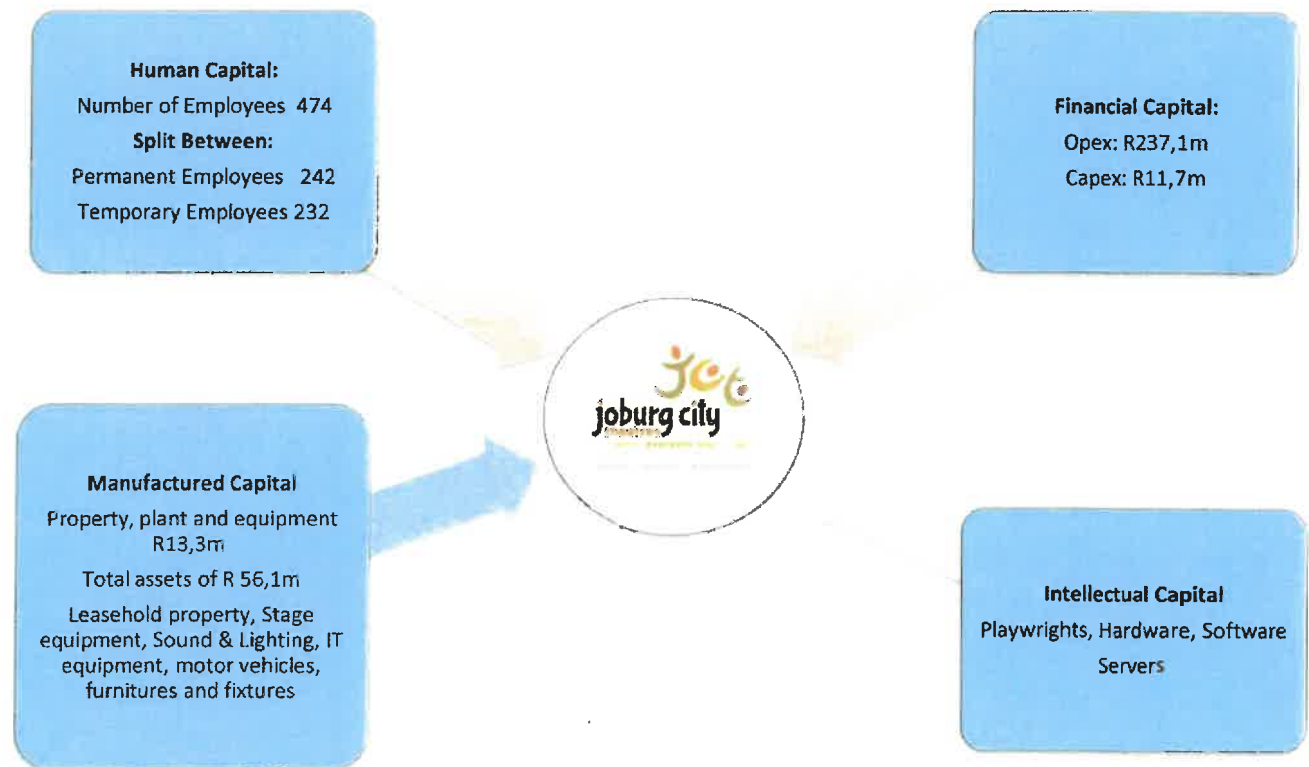
### Significant Factors Affecting External Environment

	Factors	JCT's Response
1.	Competition from Casino based theatres, other entertainment and arts venues, festivals, special events, broadcast and online versions.	<ul style="list-style-type: none"> <li>▪ Maintain high standards of production and customer service delivery at all JCT venues.</li> <li>▪ Strengthen JCT social media presence and content.</li> <li>▪ Maintain the marketing of the special appeal of the live theatre and entertainment experience.</li> </ul>
2.	Sectoral challenges in developing collaboration with others as a result of the	<ul style="list-style-type: none"> <li>▪ Maintain and develop relationships with local producers such as The Market Theatre, State Theatre, and nationally such as The Fugard Theatre, Artscape and Durban Playhouse.</li> </ul>

	competitive nature of the industry.	
3.	Lack of control over power cuts – cancelled performances.	<ul style="list-style-type: none"> <li>▪ Maintain good partnership support from City Power.</li> <li>▪ Budget allocation for back-up generator has been requested.</li> </ul>
4.	Poor public transport to venues at night.	<ul style="list-style-type: none"> <li>▪ Explore options with modern e-hailing taxi service operations.</li> </ul>

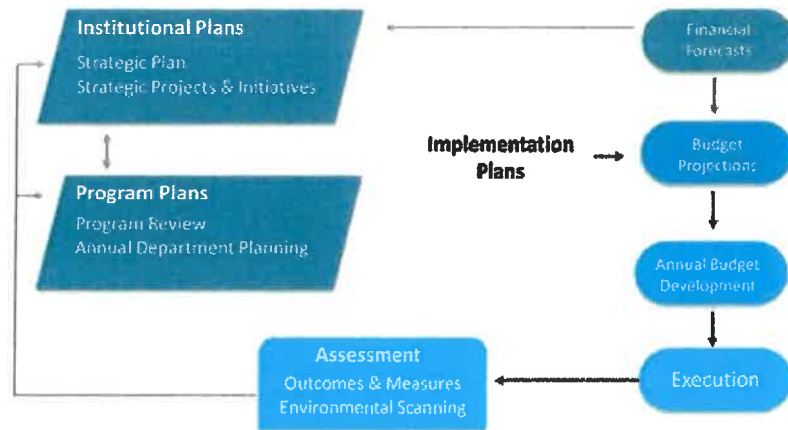
### Impact on Capitals

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



### Strategy and Resource Allocation

JCT provides a concise and insightful overview of the company vision, strategy - highlighting the particular sustainability points within which underpin strategy. This is supplemented with the strategic objectives which highlights the key elements of the business which differentiates the business and positions the business to deliver the company strategy.



**JCT’s Strategic Objectives:**

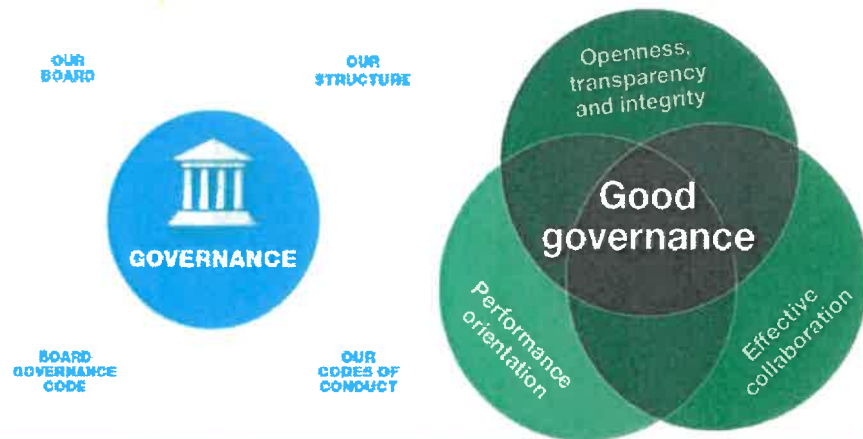
1. Provision of opportunities for the youth, including future arts practitioners and entrepreneurs.
2. High quality performing arts and entertainment experiences and facilities
3. Affordable access to and use of theatres by communities.
4. Good governance, financial sustainability and sound management.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

JCT’s strategy highlights the strategic priorities with particular focus on 5 elements which have 'afforded increased priority' - namely client focus, expanding in Africa and embedding sustainability as a strategic success driver. This discussion is supplemented with a diagram which demonstrates the relationships between the various elements.

This is followed by the investment case which highlights and elaborates on five key areas - leveraging the group’s strong positioning, continued delivery on the growth-oriented strategy, defensive investment given the stable banking sector in South Africa, being well positioned for a cyclical economic upturn, operational and financial gearing and leadership in integrated sustainability – which allow the business to grow and deliver value to all the company’s stakeholders.



## CHAPTER TWO: GOVERNANCE



### KEY ACHIEVEMENTS

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

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

The entity has a unitary board, which consists of executives and non-executives directors, who are appointed by the Shareholder. Non-executive directors are independent and not employees of Joburg City Theatres (JCT). The role of Non-executive directors is to bring objectivity, external expertise, diverse skills, and independent oversight on the management of the entity.

The roles of the chairperson and the Chief Executive Officer (CEO) are separate and distinct, with the CEO being responsible for operational matters, while the chairperson is responsible for oversight on governance matters. Ultimately, the chairperson has no executive functions. The Chairperson is a Non-executive director who is independent, and is not an employee of JCT.

In terms of accountability, the board is the Accounting Authority of JCT, and in turn, the board reports to the parent municipality, the City of Johannesburg Metropolitan Municipality ("the City of Joburg"). The board reports to the City of Joburg on the entity's performance in terms of reporting obligations, as well as service delivery, on a quarterly, monthly and integrated annual basis in accordance with the entity's reporting obligations set out in the Local Government: Municipal Finance Management Act (MFMA) and the Local Government: Municipal Systems Act (MSA).

The relationship between the Accounting Authority and the Shareholder is regulated by a Service Delivery Agreement (SDA) and a Shareholder Compact. Consequently, the board is responsible and accountable to the parent municipality, its stakeholders and the citizens of Johannesburg.

Board members have unlimited access to the company secretary, who acts as an advisor to the board and its committees on matters including compliance with company rules and procedures, statutory regulations and best corporate practices. Similarly, the board has access to the executives of JCT through the CEO for any information that can assist them to further their duties.

The board may, in appropriate circumstances and at the expense of the company, within the prescripts of the Local Government: Municipal Finance Management Act ("the MFMA") as well as the City of Joburg's policies, obtain the advice of independent professionals.

During the period under review, the company did not outsource professional corporate governance services. The term of office of non-executive directors is three (3) years subject to confirmation by the Shareholder on an annual basis at the entity's Annual General Meeting (AGM), or at the City's next general meeting whichever occurs first. Board evaluation to ensure continuous improvements, board effectiveness and for the training and development of board members is undertaken by the City' Group Governance department, on behalf of the Shareholder.

The board is responsible and accountable to the City of Joburg as the Shareholder of JCT, its stakeholders and the citizenry of Johannesburg.

For the proper and effective execution of their fiduciary duties, non-executive directors have unlimited access to the company's executive management, through the office of the CEO.

In fulfilment of the provisions of the Companies Act, the board is supported by a Company Secretary, who is a repository of corporate governance in the entity. In discharging her obligations, the Company Secretary is guided by section 88 (1) and (2) of the Companies Act 71 of 2008 as amended.

The board can seek professional independent advice on any governance matter should the need arise and in so doing, the board is supported by the entity or respective City of Joburg functionaries to follow the procurement processes under the MFMA and the entity's Supply Chain Management policies.

From the start of July 2021 until 11 February 2022, when the City had an AGM, the board was composed as follows:

- Mr. Desmond Ndzipho (Chairperson and NED)-until his resignation on 23 November 2021;
- Ms. Moipone Qhomane (Acting Chairperson and Non-Executive Director (NED) from 25 November 2021);
- Mr. JC Weapond (NED)
- Ms. Dineo Sitole-Majavu (NED);
- Mr. Mande Ndema (NED);
- Ms. Ashley Hayden (NED);
- Ms. Nomveliso Mpongo (NED);

- Mr. Rabone Moripe (NED)
- Mr. Mabutho Sithole (NED);
- Mr. Thembinkosi Masina (NED);
- Ms. Sebenzile Mkonto (NED);
- Mr Junior Ramovha (NED); and
- Ms. Bonga Kweyama (NED).
- Ms X Nduneni-Ngema (Chief Executive Officer and Executive Director)
- Mr S Mphakathi (Chief Financial Officer and Executive Director).

Pursuant the AGM held on 11 February 2022, the board is composed as follows:

- Mr. Zane Meas (Chairperson and Non-Executive Director (NED));
- Mr. Sean Kreusch (NED)
- Ms. Dineo Sitole (NED);
- Mr. Jabu Mathebula (NED);
- Ms. Ashley Hayden (NED);
- Mr. Jabu Hlongwane (NED);
- Ms. Itumeleng Malope (NED);
- Ms. Xoliswa Nduneni-Ngema (CEO and Executive Director (ED)
- Mr. Solomon Mphakathi (CFO and ED).

From 01 April 2022, Mr. Mphakathi was seconded to the Joburg Market as the Acting Chief Executive Officer, and Mr. Vukani Magubane, JCT's Finance Manager is the Acting Chief Financial Officer of the entity.

## Board of Directors



**ZANE MEAS** Board  
Chairperson  
Age: 57  
Theatre, film, television and  
radio production experience



**XOLISWA NDUNENI-NGEMA**  
Chief Executive Officer  
Age: 60  
B Soc Science



**VUKANI MAGUBANE**  
Acting Chief Financial Officer  
Age:37  
PG Diploma Accounting  
Science; Accountancy (Hons)  
BCom Accounting Degree



**ASHLEY HAYDEN**  
NED  
Age: 55  
BA (Hons)



**MR. JABU MATHEBULA**  
NED  
Age: 43  
Employment relations  
specialist



**MR. JABU HLONGWANE**  
NED  
Age: 61  
Bachelor's degree in Education



**MS. ITUMELENG MALOPE**  
NED  
Age: 29  
Bachelor of Arts



**MR. SEAN KREUSCH**  
NED  
Age:  
Communications,  
strategy;Marketing and brand  
management experience



**MS DINEO SITOLE**  
**(MAJAVU)**  
**NED**  
**Age: 32**  
**BA (Hons)**

## **BOARD OF DIRECTORS' PROFILES**

### **MR ZANE MEAS (CHAIRPERSON)**

Mr Zane Meas, is an award winning actor, who has appeared in a number of stage, television, film and radio productions. He is best known for his television role as "*Neville Meintjies*" in the popular drama series "7de laan" on SABC2; and his role as "*Mr. Botha*" in drama series "Molo" to name but a but few.

Through his production company, African Gateway Communications, he co-produced and directed a number of corporate, industrial theatre, video and television productions.

Mr Meas completed his multi-camera director training with Endemol Productions while performing 'Joburg Blues' in 1997/8.

Mr. Meas is a published author, and has subsequently co-wrote the screenplay for the film with director Valente Bosch.

He is part of the founding team that launched an Actor's Guild, the South African Guild of Actors (SAGA) whose main objective was to secure basic rights for performers in the performing industry i.e. minimum wages, pension funds and unemployment insurance, amongst other benefits.

### **MS XOLISWA NDUNENI-NGEMA (CHIEF EXECUTIVE OFFICER)**

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

In Newtown, Xoliswa left a trademark of festivals and concerts that were the first for the City of Joburg. She was previously CEO of Bassline Music Centre and Director and Producer for Sibojama Theatre, a company established by Hugh Masekela and James Ngcobo. Xoliswa also served as Council Member of Windybrow Theatre, a Board Member of Emthonjeni Arts Residency and Dance Umbrella and a Director of the Joburg Fashion District. Xoliswa is currently a Council member of Artscape and an Executive Director of JCT for 8 years.

### **MR VUKANI MAGUBANE (ACTING CHIEF FINANCIAL OFFICER)**

Vukani Magubane is in possession of a Post Graduate Diploma in Accounting Sciences obtained from the University Of South Africa (UNISA) in 2019; an Intermediate Honours in Accountancy and BCom Accounting Degree obtained from the University of KwaZulu-Natal in 2009. He also obtained a Municipal Financial Management certificate from the LGSETA in 2016. He has 13 years' experience in the finance and auditing field and was born in KwaZulu Natal in the area called Izingolweni in 1985.

On completion of his studies he joined Auditor General of South Africa in their SAICA accredited Graduate Programmes in 2009 as a Trainee Accountant where he acquired advance knowledge of working with different accounting softwares (Caseware, SAP, Pastel Evolution, BAS and eVenus) as well as strong understanding of the GRAP standards, MFMA and Supply Chain Management processes. He then joined Lesedi Local Municipality at Heidelberg in the position of Budget and Reporting Accountant.



This was followed by the appointment at Joburg City Theatres as a Deputy Finance Manager responsible for effective and efficient functioning of the finance department including ensuring the integrity of financial information, maintaining and reconciling the GL and preparing various analyses for management decision making. At a later stage he was promoted to a position of Finance Manager responsible for the whole financial management and financial discipline of the entity.

#### **MS DINEO SITOLE (MAJAVU)**

Dineo Sitole is qualified with a Bachelor of Arts Honours degree in media studies, with African Literature, International Relations and Political Studies having been her focus areas.

Dineo comes with a wealth of experience in project management having worked for Doctors without borders as a fundraiser from 2011 to 2015 and as a project coordinator at Heartlines for 2 years.

Currently, Dineo is an International Relations Officer for the National Education, Health and Allied Workers' Union.

#### **MS ASHLEY HAYDEN**

Ashley is an actor, director and radio presenter who holds a BA (Hons) from Rhodes University. As well as serving on the Board of JCT she is also a board member of Joburg Ballet.

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

#### **MR SEAN KREUSCH**

Mr. Sean Kreusch has spent twenty-nine years in the communications industry, the last seventeen focused on strategic brand management. He has had the privilege of working in the studio and client service environments, consulting on strategy, marketing and design. He has worked extensively with branding methodologies, communication strategy development and implementation. He spent three years in a promotional agency environment and eight within a financial and investor relations agency and two years, in an above-the-line agency.

Since 2007, Mr. Kreusch has run his own successful integrated marketing and communications business, Vision IMC. Against the background of his experience in strategic brand development and communication, Mr. Kreusch provides strategic direction to brands across all business platforms, consulting on graphic design and developing and implementing integrated marketing and brand communication plans. He specialises in Donor/Not For Profit, Pharmaceutical, Petrochemical, Retail and Business to Business communication.

Additionally, Mr. Kreusch has consulted for the Construction Industry Development Board, developing controls for application between National, Provincial and Municipal Entities. Under this portfolio, Mr. Kreusch created the City of Tshwane brand controls, having written the communications strategy for settlement support for land reform in 2006/7.

Since 2007, Mr. Kreusch lectures transdisciplinary design to postgraduates students, and he currently lectures integrated design communication at the Tshwane University of Technology, mentoring both graphic and new media design students. In this regard, he has developed course material, provided marketing, branding and communication insight.

During the period 2016-2021, Mr. Kreusch was a councillor in the City of Johannesburg and shadow MMC for the transport portfolio. He was a Regional Whip for Region A, and was an activist for Diepsloot.

At present, Mr. Kreusch is pursuing a Masters degree in design education.

#### **MS ITUMELENG MALOPE**

Ms. Maplope is a young vibrant professional who has extensive experience in public relations and marketing, with over six (6) years working experience.

She holds a Bachelor of Arts degree, majoring in international relations and industrial psychology from the University of Cape Town and is currently pursuing a post graduate diploma in business administration from the University of the Witwaterand.

She has previously held a position as a public relations accounts manager for brands such as Converse South Africa, Jet SA, Dickies SA, and Mango SA. Her areas of expertise include strategy, stakeholder relations and campaign management.

#### **MR JABU HLONGWANE**

Mr Jabu Hlongwane holds a Bachelor's degree in Education from the the University of Zululand, an entrepreneurship diploma and, a certificate in Finance Management for non-financial managers.

Mr. Hlongwane has experience as an educator at Amangwe High School; and a lecturer at the Esikhawini College of Education. Mr. Hlongwane has also starred in a South African popular television soapie Muvhango. He is a solo recording artist, co-founder and director of Joyous Celebrations. Mr. Hlongwane is a founder and senior Pastor of the Crosspower Ministries Church.

#### **MR JABU MATHEBULA**

Mr. Jabu Mathebula is an employment relations specialist with twenty years experience. He has accomplished expertise in individual and collective labour law, general human resources practises, employment equity, skills development and pension funds.

Mr. Mathebula has previously held a positions as an Industrial Relations Manager; Human Resources Manager and Provident Trustee as well as Principal Officer in various sectors. He is a former trade union organiser in the public sector, and has also worked in the mining, car manufacturing and logistics sectors.

**2020/21 BOARD ATTENDANCE FOR MEMBERS BEFORE THE 2021 ANNUAL GENERAL MEETING**

**ATTENDANCE AT BOARD AND SUB-COMMITTEE MEETINGS**

Member's Name	Board Meeting	Chairperson's Quarterly	Group Audit Committee Meeting	Group Audit & Risk Committee	Audit & Risk Committee	Remuneration, Social & Ethics Committee	AC & Remsec Workshop	Budget Lekgotla	Annual General Meeting	Strategic Risk Assessment Workshop	Other	Total
Number of Meetings	9	1	4	4	6	4				1	4	33
Desmond Ndzipho	3										1	4
Dineo Sitole	9					3				1	1	14
Ashley Hayden	8		3	3	6					1	1	22
Mabutho Sithole	7					3						10
Rabone Morige	7				5							12
Junior Ramovha	7					3						10
Nomveliso Mpongo	7					3						10
Theminkosi Masina	7					2						9
Mande Ndema	7				5							12
Sebenzile Mkhonto	7					3						10
Moipone Qhomane	7					3					1	11
Bonga Kweyame	7					2						9
JC Weapond	7				5							12
Zane Meas	2	1								1		4
Itumeleng Malope	2					1				1		4

Member's Name	Board Meeting	Chairperson's Quartely	Group Audit Committee Meeting	Group Audit & Risk Committee	Audit & Risk Committee	Remuneration, Social & Ethics Committee	AC & Remsec Workshop	Budget Lekgotla	Annual General Meeting	Strategic Risk Assessment Workshop	Other	Total
Number of Meetings	9	1	4	4	6	4				1	4	33
Jabu love Mathebula	2					1				1		4
Jabu Goodman Mxolisi Hlongwane	2					1				1		4
Sean Kreuzsch	2					1				1		4
Chrystal Cape	2	1	1	5							2	11
Frank Masibi				4								4
Nompumelelo Mkhize				5								5
Moses Minikelo Mazwane				1						1		2
Krishen Ganas Sukdev				1						1		2
Tshithavhani Dylan Nditsheni										1		1

**NOTE:** The total number attended by each board members varies because the total meetings include sub-committees. The board Chairperson is not a member of any sub-committee but has a standing invitation to all sub-committee. Note variances in total number of meeting attendance due to reconstitution of the board the in the AGM meeting of 11 February 2022. New board members were appointed, the existing board members were either reappointed or retired.

## **ATTENDANCE AT BOARD AND SUB-COMMITTEE MEETINGS**

**NOTE:** The total number attended by each board members varies because the total meetings include sub-committees. The board Chairperson is not a member of any sub-committee but has a standing invitation to all sub-committee. Furthermore variances in total number of meeting attendance is due to reconstitution of the board at the AGM meeting of 11 February 2022. New board members were appointed, the existing board members were either reappointed or retired.

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

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

### **Board assessment 2021/22**

The annual performance evaluations for Board of directors are implemented by the Shareholder as required in terms of the CoJ Group Policy on the Governance of the Group Advisory Committees, Municipal Entities Boards of Directors and Independent Audit Committees. The 2021/22 Board assessments/evaluations commenced in November 2022 as conducted by the Shareholders Group Governance. The results will be communicated in the 2022/23 financial year.

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

### **Public Meetings, IDP Participation and Alignment**

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

### **Combined assurance**

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

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

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

### **Board Committees**

JCT has two (2) statutory committees, which operate through terms of references approved by the board. The committees are the Audit and Risk Committee (ARC) and the Remuneration, Social and Ethics Committee (REMSEC).

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

### **Audit and Risk Committee**

The ARC has a dual function as, on one hand, it addresses the audit function element of the organisation, whilst on the other hand; it oversees the risk management framework of the organisation. The ARC assists the board in fulfilling its oversight role on risk-taking activities which the entity should pursue and/or avoid, ensuring the appropriate disclosure of organisational risks in the entity's reports and monitoring the effectiveness of the organisation's risk management practises, policies as well as processes, amongst other responsibilities. Regarding the audit function of the ARC, the committee is mandated by the MFMA in terms of legislation to, perform oversight and keep the board abreast of the entity's policies, financial reporting in terms of performance and position. Furthermore, the ARC is responsible for performing oversight on the entity's internal control system/processes and compliance with the applicable legislative framework of JCT.

From the 2022 AGM, the ARC consisted of the following members:

- Ms. Ashley Hayden- Non-Executive Director (NED) and Chairperson
- Mr. Sean Kreuzsch –NED and Committee member;
- Mr. Krishen Sukdev –Independent Audit Committee (IAC) member;
- Mr. Nditsheni Tshithavhani-IAC member and;
- Mr. Mnikelo Moses Mazwane –IAC member.

In accordance with set terms of references approved by the Board upon the recommendation of the ARC, the committee assists the board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The audit and risk committee exercises its functions through close liaison and communication with corporate management and the internal and external auditors. The committee met five times during the year under review.

Furthermore, the audit and risk committee is empowered to amongst other things, ensure compliance with applicable legislation and the requirements of regulatory authorities, matters relating to financial accounting, accounting policies, reporting and disclosures; internal and external audit policy including performing oversight on the activities, scope, adequacy and effectiveness of the internal audit as well as external audit functions and their audit plans, findings, challenges, reports and fees, and overseeing compliance with the codes of corporate practices and conduct together with compliance with the municipal code of ethics.

The audit and risk committee addressed its responsibilities properly in terms of the charter during the year under review.

The audit and risk committee is pleased to note the integrated report has captured the key requirements in terms of section 121(3) of the MFMA, which aspects entail:

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

### **Combined assurance**

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

The compliance forum has been constituted to coordinate assurance activities in the group in compliance with the enhanced requirements of King IV, as a minimum.

The forum will implement and embed the combined assurance framework principles as approved by the audit committee. Permanent invitees to the forum are representatives from the independent external auditor, internal auditor, other major assurance providers as well as members of the audit committee and sustainability, risk and compliance committee of the board.

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

### **Remuneration, Social and Ethics Committee**

REMSEC is a committee responsible for performing oversight on the company's human resources management and labour matters. In addition, REMSEC monitors the entity's performance in its operational environment, health and public safety and performs oversight on the entity's social and economic development and good corporate citizenship responsibilities.

Up until the 2021 AGM referred to earlier on, the following non-executive directors comprised REMSEC:

- Ms. Dineo Sitole –Non-Executive Director (NED) and Chairperson
- Mr. Mabutho Sithole-NED
- Mr. Junior Ramovha-NED
- Mr. Tom Mofokeng
- Mr. Dingane Khesuoe
- Dr. Mongane Wally Serote
- Ms. Thandiwe Shezi;

At the AGM, Mr. Dingane Khesuoe, and Ms. Thandiwe Shezi; were retired from the entity's board of directors. Dr. Mongane Wally Serote resigned as a board member.

Subsequent to the AGM, REMSEC was reconstituted and the following members make up the committee:

- Ms. Dineo Sitole –Non-Executive Director (NED) and Chairperson
- Mr. Mabutho Sithole-NED
- Mr. Junior Ramovha-NED
- Ms. Moipone Qhomane-Goliath-NED
- Ms. Nomveliso Mpongo-NED
- Ms. Sebenzile Mkonto-NED
- Ms. Bonga Kweyama-NED; and
- Mr. Thembinkosi Masina-NED.

### **Combined assurance**

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

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

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

### **Remuneration, Social and Ethics Committee**

REMSEC monitors the entity's operational activities in terms of social and economic development, advancing the cause of the ten principles of the United Nations Global Compact Principles, the Organisation for Economic Co-

operation and Development (OECD) recommendations on corruption, the Employment Equity Act and the implementation of the Broad Based Black Economic Empowerment Act.

REMSEC is made up of the following non-executive directors:

- Mr. Jabu Mathebula (Non-Executive Director and REMSEC Chairperson);
- Mr. Jabu Hlongwane;
- Ms. Itumeleng Malope; and
- Ms. Dineo Sitole (Majavu)

### **Going-concern principle**

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

### **Evaluation of Chief Financial Officer and Finance Function**

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

### **Evaluation of Internal Audit Function**

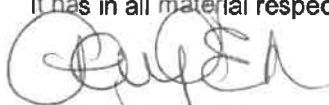
The committee has evaluated and is satisfied with the quality of the work of the internal audit and the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to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

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

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

Following a review of the Annual Financial Statements (AFS) for the year ended 30 June 2022, the Audit and Risk Committee is of the opinion that, the AFS comply with the relevant provisions of the MFMA, as amended, and standards of GRAP. Furthermore, the ARC is satisfied that the AFS fairly represent the results of the operations, cash flow and financial position of Joburg City Theatres.

The audit and risk committee has complied with the principles of the King IV code on corporate governance applicable to integrated reporting as reflected in JCT's 2021/22 Integrated Report. The committee is satisfied that it has in all material respects complied with its legal, regulatory and other responsibilities.



**Ms. Ashley Hayden**  
Chairperson



## **Remuneration, Social and Ethics Committee**

REMSEC monitors the entity's operational activities in terms of social and economic development, advancing the cause of the ten principles of the United Nations Global Compact Principles, the Organisation for Economic Co-operation and Development (OECD) recommendations on corruption, the Employment Equity Act and the implementation of the Broad Based Black Economic Empowerment Act.

REMSEC is made up of the following non-executive directors:

- Mr. Jabu Mathebula (Non-Executive Director and REMSEC Chairperson);
- Mr. Jabu Hlongwane;
- Ms. Itumeleng Malope; and
- Ms. Dineo Sitole (Majavu)

## **Director's Remuneration**

### **Entity's remuneration policy**

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

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

For the period under review, the REMSEC Committee is satisfied that the Remuneration Policy as determined by the City of Johannesburg, as the sole Shareholder adhered to the set objectives.

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

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

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

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

Fees paid to non-executive directors (including committee members) for the 2021/22 period, is listed below:

Member's Name	Board of directors Meeting	Remuneration, Social and Ethics Committee (REMSEC) Meeting	Audit and Risk Committee (ARC)	Group Risk Governance Committee (GRGC)	Group Audit Committee (GAC)	Chairperson's Quarterly	Signing of the COJ Shareholder Compact	Selection Committee Meeting for the recruitment of the CS position	Interviews for the CS position	2019/20 Performance Reviews of Executives-Chairperson's meeting	Mayoral Lekgotla	Total
Desmond Ndzipho	R 48 000				-	-			/		R 8 000	R 56 000
Dineo Sithole	R 96 000					R 24 000				R 12 000	R 10 000	R 142 000
Ashely Hayden	R 84 000		R 26 000	R 20 000	R 50 000	-				R 12 000	R 10 000	R 202 000
Mabutho Sithole	R 84 000				-	R 22 000		/				R 94 000
Rebone Moripe	R 72 000				R 34 000	-						R 106 000
Junior Ramovha	R 72 000				-	R 22 000						R 94 000
Normveliso Mphongo	R 72 000				-	R 20 000	/					R 92 000
Theminkosi Masina	R 72 000				-	R 14 000						R 86 000
Mande Ndema	R 72 000				R 32 000	-						R 104 000
Sebenzile Mkhonto	R 72 000				-	R 20 000						R 92 000
Molipone Qhomane	R 84 000				-	R 20 000					R 16 000	R 120 000
Bonga Kwenyame	R 72 000				-	R 14 000						R 86 000
JC Weapond	R 12 000				R 6 000	-						R 18 000
Zane Meas	R 32 000	R 2 000									R 16 000	R 50 000
Itumeleng Malope	R 24 000						R 8 000				R 12 000	R 44 000
Jabu Love Mathebula	R 24 000					R 10 000				R 12 000		R 46 000

Jabu Goodman Mxolisi Hlongwane	R 24 000								R 10 000								R 12 000		R 46 000
Sean Kreusch	R 24 000									R 8 000,00							R 12 000		R 44 000
Chrystal Cape	R 20 000									R 36 000								R 20 000	R 92 000
Frank Masibi										R 6 000									R 6 000
Nompumelelo Mkhize										R 32 000									R 32 000
Moses Mnikelo Mazwane										R 8 000									R 16 000
Krishen Ganas Sukdev										R 8 000									R 16 000
Tshithavhani Dylan Nditsheni										R 8 000									R 16 000
<b>Total</b>	<b>R 976 000</b>	<b>R 2 000</b>	<b>R 36 000</b>	<b>R 26 000</b>	<b>R 228 000</b>	<b>R 184 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>R 228 000</b>	<b>R 184 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>R 112 000</b>	<b>R 64 000</b>	<b>R 1 700 000</b>		

## Executive Management

### Composition

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

- Chief Executive Officer
- Acting Chief Financial Officer
- Chief Operations Officer
- Company Secretary

### Responsibilities

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



**MS XOLISWA NDUNENI-NGEMA**  
**CEO**  
Age: 60  
**Qualifications:**  
Bachelor of Social Science;  
Diploma in Marketing  
Management;  
Diploma in Public Relations  
Municipal Financial  
Management



**VUKANI MAGUBANE**  
**ACFO**  
Age: 37  
**Qualifications:**  
PG Diploma Accounting  
Science; Accountancy (Hons);  
BCom Accounting Degree  
13 years finance and auditing  
experience.  
Municipal Financial  
Management



**MS BRIDGET MASHIKA**  
**COO**  
Age: 48  
**Qualifications:**  
BCompt Degree  
Diploma in Creative Producing  
+10 years finance and  
governance experience  
Municipal Financial Management  
Senior Leadership Development  
Programme



**MS PHILIPA MADUKA**  
**COMPANY SECRETARY**  
Age: 41  
**Qualifications:**  
LLB  
Master of Commerce (specialising  
in taxation)  
10 years legal and company  
secretarial experience  
governance experience  
Municipal Financial Management

The table below discloses the 2021/22 remuneration of executive management:

EMPLOYEE COST BREAKDOWN	2022
Net Salary	44 770 589,15
PAYE & UIF	13 257 662,17
SDL	721 523,47
PENSION & MEDICAL AID	15 209 079,66
THIRD PARTIES	374 214,13
Leave Accruals & Bonus Provisions	2 872 049,31
OTHER	156 107,65
	<u>77 367 201,57</u>

EMPLOYEE RELATED COSTS	2022
Salaries & Wages	77 367 201,57
Board Fees included in Employee Cost	1 312 000,00
	<u>78 679 201,57</u>

Chief Executive Officer	2022
Annual Remuneration	1 832 466,76
Performance Bonus	306 886,54
Contributions to UIF, Medical Aid & Pension	22 839,62
Other (Including Leave Pay)	253 659,88
	<u>2 415 852,80</u>

Chief Financial Officer	2022
Annual Remuneration	1 866 055,01
Performance Bonus	305 666,79
Contributions to UIF, Medical Aid & Pension	21 932,07
Other (Including Leave Pay)	93 220,10
	<u>2 286 873,97</u>

Chief Operating Officer	2022
Annual Remuneration	1 038 670,15
Performance Bonus	198 149,85
Contributions to UIF, Medical Aid & Pension	312 330,32
Other (Including Leave Pay)	68 766,71
	<u>1 637 917,03</u>

Company Secretary	2022
Annual Remuneration	810 871,48
Performance Bonus	158 000,98
Contributions to UIF, Medical Aid & Pension	185 620,14
Other (Including Leave Pay)	61 090,52
	<u>1 215 583,12</u>

EMPLOYEE RELATED COSTS	2021
Salaries & Wages	70 489 769,00
Employee Costs included in Other	1 014 000,00
	<u>71 479 769,00</u>

Chief Executive Officer	2021
Annual Remuneration	1 758 927,37
Performance Bonus	311 052,42
Contributions to UIF, Medical Aid & Pension	19 657,02
Other	28 371,89
	<u>2 118 048,70</u>

Chief Financial Officer	2021
Annual Remuneration	1 694 808,72
Performance Bonus	229 232,17
Contributions to UIF, Medical Aid & Pension	20 577,57
Other	262 368,11
	<u>2 206 986,57</u>

Chief Operating Officer	2021
Annual Remuneration	1 061 517,06
Performance Bonus	111 008,32
Contributions to UIF, Medical Aid & Pension	301 608,89
Other (Including Leave Pay)	60 342,71
	<u>1 534 476,98</u>

Company Secretary	2021
Annual Remuneration	911 544,11
Performance Bonus	148 706,80
Contributions to UIF, Medical Aid & Pension	10 842,13
Other (Including Leave Pay)	54 190,52
	<u>1 125 283,57</u>

PAYE & UIF	2022
Opening Balance	948 685,97
Transactions for the Year	13 257 662,17
Amounts Paid - Current Year	(11 053 429,28)
Amounts Paid - Previous Year	(948 585,97)
Closing Balance	<u>2 204 232,89</u>

PAYE & UIF	2021
Opening Balance	890 586,79
Transactions for the Year	7 905 891,33
Amounts Paid - Current Year	(4 709 762,05)
Amounts Paid - Previous Year	(890 586,79)
Closing Balance	<u>3 196 129,28</u>

PENSION & MEDICAL AID	2022
Opening Balance	1 501 353,20
Transactions for the Year	15 209 079,66
Amounts Paid - Current Year	(13 610 985,26)
Amounts Paid - Previous Year	(1 501 353,20)
Closing Balance	<u>1 598 094,40</u>

PENSION & MEDICAL AID	2021
Opening Balance	1 548 121,72
Transactions for the Year	9 815 302,67
Amounts Paid - Current Year	(6 972 377,11)
Amounts Paid - Previous Year	(1 351 693,19)
Closing Balance	<u>3 039 354,09</u>

### Company Secretarial Function

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

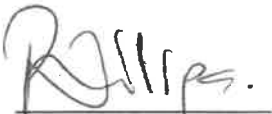
Primary function of the company secretary is to act as the link between the board and management and to facilitate good relationships with the shareholders. The company secretary is responsible for the general administration, more specifically to ensure compliance to good corporate governance practices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

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

- Some of the key responsibilities included:
- Ensuring the Board is kept abreast of all laws, regulations and corporate governance developments relevant to the Company and ensuring that statutory deadlines are complied with;
- Facilitating the implementation of the anti-fraud and corruption policy and the fraud prevention plan;
- Facilitating the review and confirmation of the delegations of authority policy;
- Developing for approval by the board the schedules as well as the agenda for Board and committee meetings; and
- Maintaining statutory records, registers, minute books and related documents.

#### **Company Secretary's Certification**

In terms of Section 88 (2) (e) of the Companies Act. 71 of 2008 as amended, the Company Secretary certifies that, to the best of her knowledge and belief, the company has lodged and/or filed, for the financial year ended 30 June 2022, all such returns and notices as required and that all such returns and notices are true, correct and up to date.



**Ms Philipa Maduka**  
**Company Secretary**

#### **Statement of Responsibility**

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

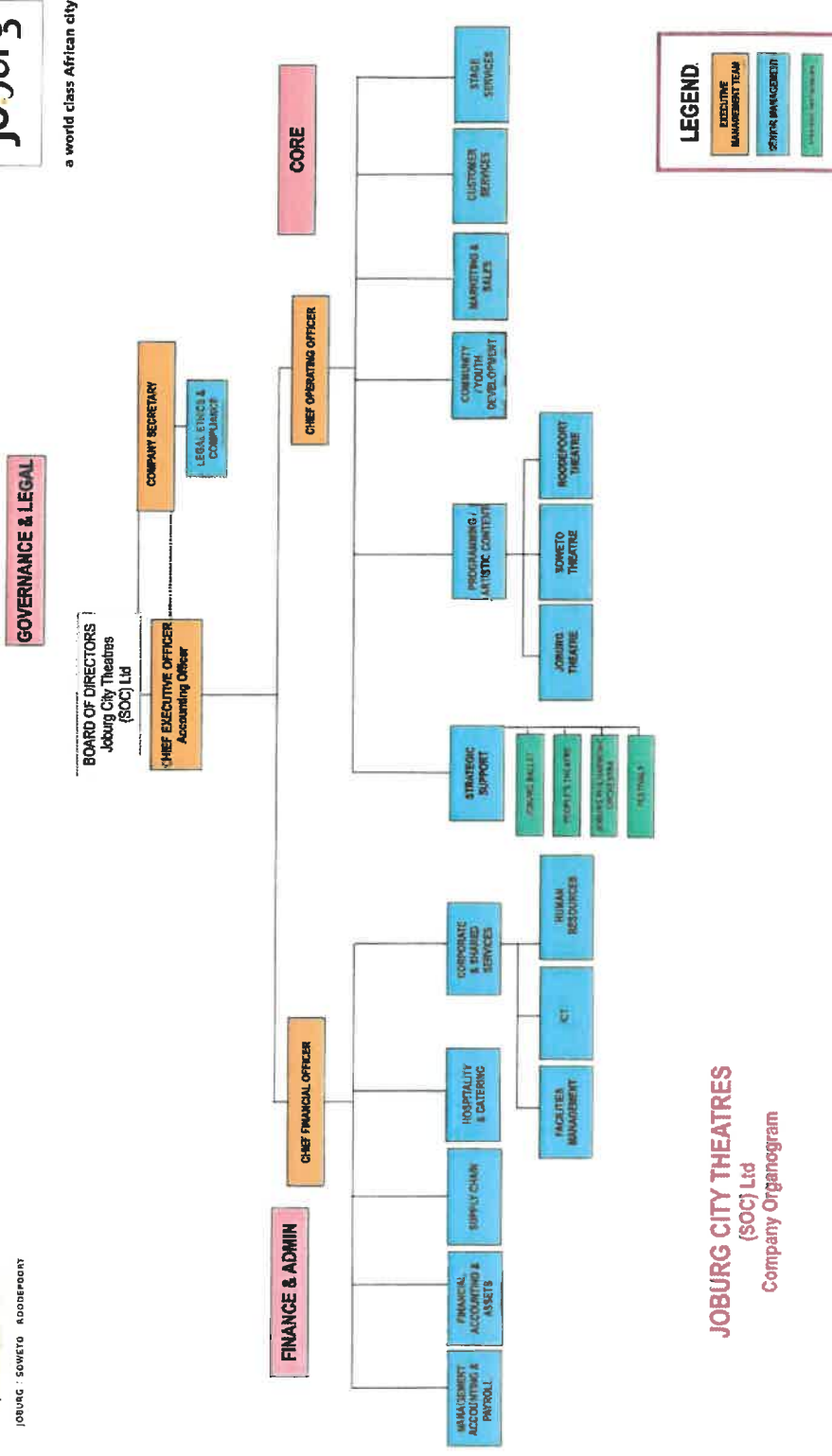
The directors are responsible for the preparation of the other information in the integrated report and are responsible for both its accuracy and its consistency with the annual financial statements. The going concern basis has been adopted in preparing the financial statements. The directors believe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

## Section 2: High-level organisational structure

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



1



### Section 3: Governance of Stakeholder Relationships

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

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

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

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

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

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

#### Application of King IV

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

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

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

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

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



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

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

✓ Applied  
# Partially applied

Principle	Applied	How principle is applied or other relevant explanation
1 The governing body should lead ethically and effectively.	✓	JCT subscribes to high ethical standards, and responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency.
2 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	✓	The business of JCT is governed by the Code of Conduct and a Code of Ethics, both approved by the board.
3 The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	✓	The board is responsible for ensuring that JCT protects, enhances and invests in the well-being of the economy and society, and is involved in a number of community development projects.
4 The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	✓	The board of JCT embraces the notion that good governance is a holistic approach and that the organisation operates within a stakeholder spectrum to which the organisation is accountable. The board acknowledges the organisation's responsibilities to current and future stakeholders.
5 The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.	✓	An integrated report is produced which, together with complementary reports, addresses the sustainability of the company, including financial and non-financial aspects such as strategy, risk, environmental, social and governance issues. Reporting is prepared in line with recognised guidelines that include International Financial Reporting Standards (IFRS), Generally Recognised Accounting Standards, King IV Report on Corporate Governance, Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3.1) and international best practice.
6 The governing body should serve as the focal point and custodian of corporate governance in the organisation.	✓	In terms of the Shareholder Compact signed between the board of directors and the City of Johannesburg Metropolitan Municipality (the sole shareholder of JCT), the board is the Accounting Authority of the company and it approves the company strategy and organisational policies upon which JCT's corporate governance is based.
7 The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	✓	The Shareholder appoints the board of directors and the selection process involves considering the balance of skills and experience and diversity in line with the societal demographics in South Africa.
8 The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	✓	The board of JCT individually and collectively understand the responsibility for each member to act in the best interests of the company and the duty to act with due diligence. At board inductions, the board are educated on their fiduciary duties as well as the need to act professionally and ethically.
9 The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	#	Board assessments are historically performed by an independent company as facilitated by the City of Johannesburg Metropolitan Municipality's Group Governance department taking into account Directors' individual and collective performance. Feedback on areas of improvement would be given to the board. For the year under review, the board assessed the Audit and Risk Committee's performance with feedback being collated by the Secretariat.
10 The governing body should ensure that the appointment of and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities	✓	The board has approved a delegations of authority policy which empowers management to conduct operations within the applicable legislative framework. The policy is modelled on legislation affecting JCT as a municipal owned entity and company. The legislation includes Labour Relations Act, Basic Conditions of Employment Act and the Local Government: Municipal Finance Management Act (MFMA).

Principle

Applicable

How principle is applied or other relevant explanation

11	The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	✓	The board is responsible for the governance of risk and ensures that the company has an effective risk management system. The board has delegated oversight over risk matters to the Audit and Risk Committee. On an annual basis and during the business planning process for the following financial year, a risk assessment is conducted by the entity and facilitated by the Group Risk and Assurance Services (GRAS) department. The risk assessment translate into a risk register which is approved by the board and which is monitored on a quarterly basis by the board. Potential positive and negative risks are discussed and ways of exploiting or mitigating the impact of negative risks employed.
12	The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	✓	The responsibility to implement and execute technology and information management has been delegated to management by the board. An Information, Communication and Technology Steering Committee (ICSTC) Steering Committee comprised of management has been established to manage business continuity, risks associated with technology and technology investment.  An Information and technology governance framework which defines the structures, processes and responsibilities for information and technology governance was approved by the board during the 2014/15 financial year. The responsibility for monitoring compliance and implementation of the framework has been delegated to the Audit and Risk committee.
13	The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	✓	The board has adopted a code of conduct and ethics as well as an anti-fraud and anti-corruption policy which sets the tone for expected conduct in the workplace.  GRAS also audits the policies and provides assurance to the board through the Audit and Risk Committee on the adequacy and effectiveness of these policies.
14	The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	✓	The remuneration of employees is determined by the City of Johannesburg Metropolitan Municipality in consultation with the South African Local Government Bargaining Council (SALGBC). The board approves the collective agreements reached on remuneration. The remuneration of Executive Management is disclosed in the entity's quarterly and integrated annual report.
15	The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	✓	The board has adopted a combined assurance model in the governance of risk.  The Audit and Risk Committee is responsible for reviewing and monitoring the internal control environment. GRAS audits the effectiveness and adequacy of internal controls and provide assurance to the Audit and Risk Committee. From time to time, the Audit and Risk Committee deliberates on the assurance providers' methodology in the audit processes to satisfy the board of the integrity of information.
16	In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	✓	The City of Johannesburg Metropolitan Municipality (CoJ) has a group governance framework which regulates the relationship between the CoJ as the holding company and its entities as the subsidiaries. A Shareholder Compact has also been signed between the board and the CoJ and the Compact sets out the responsibilities of the board and matters reserved for the Shareholder. A Stakeholder Management policy is work in progress and stakeholder mapping should be contacted in the next financial year.
17	The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by companies in which it invests.	✓	The CoJ negotiates and contracts with pension funds for the benefit of employees. Furthermore, the company partially contributes towards the employees' pension fund.

### ***Group's Governance Framework***

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

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

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

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

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

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

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

### ***Ethical Leadership***

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

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

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

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

### ***Corporate Citizenship***

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

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

***Compliance with laws, rules, codes and standards***

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

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

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

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

Below is a snapshot of the legislative prescripts that make up JCT's priority regulatory register and adherence to these prescriptions were monitored during the financial year under review.

Legislation	Compliance requirement	Status
Section 7 (2) of the Occupational Health and Safety Act, 85 of 1993 as amended	(2) Any direction under subsection (1) shall be accompanied by guidelines concerning the contents of the policy concerned.	Complied-JCT has a health and safety policy and procedures approved by the Accounting Officer
Section 8 (1) of the Occupational Health and Safety Act (OHSA), 85 of 1993 as amended	(1) every employer shall provide and maintain, as far as is reasonably practicable, a working environment that is safe and without risk to the health of his employees.	Complied-general duties of employer to employee guided by the Act are in place.
Section 8(2) (b) of OHSA	(2) (b) taking such steps as may be reasonably practicable to eliminate or mitigate any hazard or potential hazard to the safety or health of employees, before resorting to personal protective equipment.	Complied as provided for in the entity's Health and Safety policy requirements
Section 17 (1) of OHSA	(1) Subject to the provisions of subsection (2), every employer who has more than 20 employee in his employment at any workplace, shall, within four months after the commencement of this Act or after commencing business, or from such time as the number of employees exceed 20, as the case may be, designate in writing for a specified period health and safety representative for such workplace, or for different sections thereof.	Complied-JCT has health and safety representatives
Section 19 (1) of OHSA	(19) (1) An employer shall in respect of each workplace where two or more health and safety representative have been designated, establish one or more health and safety committees and, at every meeting of such a committee as contemplated in subsection (4), consult with the committee with a view to initiating, developing, promoting, maintaining and reviewing measures to ensure the health and safety of his employees at work.	Complied-last meeting was held on 28 April 2021 and a feedback report was sent to the head of human resources management in the entity.
Section 3 (4) of the OHSA	(4) Where more than 10 employees are employed at a workplace, the employer of such employees shall take steps to ensure that for every group of up to 50 employees at that workplace, or in the case of a shop or an office as contemplated in the Basic Conditions of Employment Act, 1983 (Act No.3 of 1983), for every group of up to 100 employees, at least one person is readily available during normal working hours, who is in possession of a valid certificate of competency in first aid, issued by (a) the SA Red Cross Society; (b) the St. John's Ambulance; (c) the SA First Aid League; or (d) a person or organization approved by the chief inspector for this purpose.	Complied-first aid training offered
Section 32 of the Local Government: Municipal Systems Act, No. 56 of 2003 (MIFMA Circular 68)	"The processes to respond appropriately to fruitless and wasteful expenditure are similar to the following three processes outlined for irregular expenditure: (i) disciplinary charges against officials and political office bearers; (ii) criminal charges against officials and political office-bearers; and (iii) recovery of the fruitless and wasteful expenditure from the liable persons."	
	All instances of unauthorised, irregular, fruitless and wasteful expenditures must be reported to the mayor, the MEC for local government in the province, the Auditor General, disclosed in the annual report, and to council as required by section 32(4) and 74 of the MFMA. This disclosure will assist in addressing	Complied Report submitted to the City in May 2021.

Legislation	Compliance requirement	Status
Section 65(2)(e) of the Local Government: Municipal Finance Management Act, No. 56 of 2003	challenges relating to expenditure control and transparent reporting in order to strengthen accountability.	
4(3)(a)-(b)- Local Government: Municipal Finance Management Act, No. 56 of 2003	The municipality must pay all monies owed by it within 30 days of receiving the relevant invoice or statement	Complied
	"Council may not delegate or sub-delegate any supply chain management powers or duties –	Complied-the entity has a supply chain management policy which only confers supply chain management powers to officials of the entity.
	(a) To a person who is not an official of the municipality; and (b) To a committee which is not exclusively composed of officials of municipality"	
Section 85 (1) & section 85 (5) of the Local Government: Municipal Finance Management Act and Regulations Act, No.56 of 2003	(1) Entities must open at least one bank account in the name of the relevant entity. (5) Accounting Officers of entities must administer the entity's bank account	Complied
Section 86 (1) (a); section 86 (1) (b); 86 (2) Local Government: Municipal Finance Management Act and Regulations Act, No.56 of 2003	Accounting officers of entities must within 90 days after entity has opened a new bank account submit to municipality the name of the bank where the account has been opened and the type and account number of account. The accounting officer must annually before the start of the financial year in writing inform the municipality of the name of each bank where the entity holds a bank account The accounting officer of the municipality must submit that information to national treasury, the Auditor General, and the relevant Provincial Treasury in writing.	Complied
Section 87(1); 87(2) & 87(3) of the Local Government: Municipal Finance Management Act and Regulations Act, No.56 of 2003	Board of Directors must for each year submit a proposed budget for the entity to the municipality no later than 150 days before the start of the entity's financial year	2020/21 budget was submitted and approved by Council during November 2019.
	Municipality must consider the proposed budget and board of directors must submit a revised budget 100 days before the start of the financial year. The Mayor must table the entities proposed budget in Council at the same time of the tabling of the municipality's budget.	
Section 13 (1) of the Companies Act, No. 71 of 2008	The Companies Act requires all companies to maintain their company records. A company must at all times have a copy of its Memorandum of Incorporation (MOI) and any amendments or alterations to it, as well as any rules that apply to the company in terms of its MOI. The company is also required to keep a register of its shares and its company secretary and auditor, to the extent that the company is required to make such appointments.	Complied-entity has an MOI in place
Section 24; 24 (3) (b) and 24 (5) of the Companies Act, No. 71 of 2008	In addition, the company is required to keep the following records for a period of seven (7) years:	Complied-secretariat maintains the requisite records

Legislation	Compliance requirement	Status
	<p>"• A record of its directors, including the following detailed information about each director:</p> <ul style="list-style-type: none"> <li>• The full name and any former names, the identity number or date of birth, the nationality and passport, the occupation,</li> <li>• the date of their most recent election or appointment;</li> <li>• the name and registration number of any other company or foreign company that the director is a director of;</li> <li>• the address for service for that director; and</li> <li>• any professional qualifications and experience of the director in the case of a company required to have an audit committee.</li> </ul> <ul style="list-style-type: none"> <li>• Copies of               <ul style="list-style-type: none"> <li>• All reports presented at an annual general meeting;</li> <li>• Annual financial statements required by the Act;</li> <li>• Any accounting records required by the Act;</li> </ul> </li> <li>• Notices and minutes of all shareholder meetings, any resolutions taken at those meetings, as well as the documents made available to the shareholders in relation to those resolutions;</li> <li>• Copies of any written communication sent by the company to shareholders;</li> <li>• Minutes of meetings and resolutions of directors, directors committees, or audit committees.</li> </ul>	
Section 33 of the Companies Act, No. 71 of 2008	<ul style="list-style-type: none"> <li>• Companies have 30 business days from the date that the entity become due to lodge annual returns before it is in non-compliance with the Companies Act.</li> </ul>	Inprogress
Section 92 of the Companies Act, No. 71 of 2008	<p>It is mandatory for a public and a state-owned company to appoint an auditor and a company secretary. A public company must appoint its auditors and its company secretary upon incorporation or within 40 business days of incorporation.</p>	Compiled-JCT has a Company Secretary who was appointed on 01 July 2016
Section 93 & 3 (3) of the Companies Act, No. 71 of 2008	<p>A public or state-owned company must have an audit committee consisting of at least three members, unless it is a subsidiary of another company with an audit committee that will perform the functions of the audit committee of the subsidiary. The audit committee members must be appointed upon incorporation by the incorporators or within 40 business days after incorporation by the board of directors. Thereafter, the audit committee must be elected at each annual general meeting.</p> <p>Audit committee members must be directors of the company, meeting the requirements set out in regulations published by the Minister. The audit committee members must be non-executive and independent. Audit committee vacancies must be filled within 40 business days.</p>	Compiled-audit committee has three independent audit committee members who were appointed by the Shareholder, at its general meeting held on 11 February 2021. Four of the audit committee members are Non-Executive Directors of the Company.



<p><b>Legislation</b> Regulation 72 (4) in terms of the Companies Act, No. 71 of 2008</p>	<p><b>Compliance requirement</b> State-owned companies, listed public companies and private companies with the Public Interest Score (PIS) above 500 are required to have a Social and Ethics Committee.</p>	<p><b>Status</b> Complied-JCT has a social and ethics committee in place with board approved terms of references. During the 4<sup>th</sup> quarter, the board reviewed the terms of reference in accordance with the entity's policy that policy documents are reviewed every two years.</p>
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### **Accountability**

The Board is responsible for the preparation and presentation of the information contained in the annual financial statements in accordance with applicable laws and regulations.

The Board is satisfied that the statements give a true and accurate view of the results and state of affairs of the company.

An independent examination of the annual financial statements has been carried out by the external auditors in accordance with International Auditing Standards and as far as the Board is aware no relevant audit information which may have had a bearing on the outcome of these statements was withheld from the auditors.

The annual financial statements were prepared in accordance with the statements of GRAP. The Board has considered the correctness of the information contained in the integrated report and is satisfied that this provides a true and correct reflection of the business and activities of the JCT. The annual financial statements included in this integrated report have been prepared on the *'going concern'* basis and the directors believe that the company has adequate resources to continue to operate for the foreseeable future.

The Board has responsibility for the system of internal control which enables it, together with the combined assurances provided by management, Group Risk and Assurance Services and Sub-Committees, to provide a reasonable assurance against material misstatements and loss and of the maintenance of proper accounting records and reliable financial information.

The Board is also responsible for ensuring the adequate prevention and detection of fraud and irregularities and the safeguarding of the company assets. The company has an independent whistle blowing facility hotline which provides all stakeholders with a mechanism for the reporting of irregularities. The internal control system is evaluated by the Audit and Risk Committee and GRAS in accordance with the annually approved audit coverage plan.

#### Section 4: Risk Management and internal controls

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

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

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

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

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

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

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances. The entity has an approved business continuity plan in place for purposes of ensuring continuity of business-critical activities, and the audit and risk committee monitors the practicality and suitability of this plan, through recommendations that the business continuity plan should be tested twice a year, in the presence of internal audit for assurance purposes.

By the same token, the entity assesses its internal control systems quarterly in relation to the need to maintain and uphold effective internal controls over financial reporting.

Based on the assessment done by internal auditors, the Audit and Risk Committee believed that, as at 30 June 2021, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, is reasonably adequate and effective.

At the beginning of the financial year under review, the Board conducted a strategic risk assessment which focussed on identifying the critical risks that affect the company at a strategic level together with mitigating controls. Strategic and operational risks and related controls were reviewed and monitored on a monthly basis at EXCO and MANCO forums. On a quarterly basis the results of these assessments were reviewed by the ARC and the Board.

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

The entity still faces significant risks both the strategic risk register and the emerging risks identified. Further actions to mitigate these risks have been put in place and are implemented and monitored continuously.

### **Register of Directors interest in contracts**

Directors of the company are continuously advised to declare any interests they hold in any contracts that the company might enter into. To this end the directors are supplied with a form on which to declare their interests and declared interests are then entered into the company register. There has not been any material interest declared as at the date of this report.

### **Report on the prohibition of disposal of assets contained in Section 115 of the Companies Act**

No assets as contained in Section 115 were disposed.

### **Compliance Monitoring and Reporting**

The Joburg City Theatres has established and maintains a system of risk management in accordance with the provisions of the Municipal Finance Management Act, the King IV report on Corporate Governance and Risk Management Standards as applicable.

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

### **Risk Management Framework and Policy and the Compliance Advisory and Assurance Framework**

- The entity is using **Group Risk Management Framework and Policy**.
- Similarly, the ME's **Compliance Framework** is aligned to the CoJ Group Compliance Advisory and Assurance Framework.
- The Risk Management Framework and the Compliance Monitoring Framework are reviewed annually.

### **Risk and Opportunities**

#### **Risks**

- Business disruption
- Inconsistent attendance at theatre show.
- Lack of brand positioning and brand awareness of JCT
- Theft, fraud and corruption
- Limited programmes available for newly trained Arts Practitioners.
- Non-compliance with applicable legislation

#### **Opportunities**

- The optimal utilisation of the ten theatre spaces at the three theatres (addressing the dual mandate of transformation and financial viability).
- Restored amphitheatre at Jabulani, suitable for mass events and productions with local appeal.

- Maintaining contacts in global entertainment industry.
- Transformation and arts awareness through innovative education and community participation programmes at all theatres.
- Production partnerships with other national, international production and presenting houses.
- Corporate partnerships for production funding.
- Explore government funded international exchange programmes

## Effective Control

Chapters and Principles	Governance outcomes
<p><b>Governing Structures and Delegation</b></p> <p><b>Role of the governing body Principle</b></p> <ul style="list-style-type: none"> <li>• the governing body should serve as the focal point and custodian of corporate governance in the organization.</li> </ul> <p><b>Practice:</b> During the year under review JCT board remained the focal point and remained the custodian of corporate governance in the entity.</p> <p><b>Composition of the governing body Principle</b></p> <ul style="list-style-type: none"> <li>• the governing body should ensure that its composition comprises a balance of the skills, experience, diversity, independence and knowledge needed to discharge its role and responsibilities.</li> </ul> <p><b>Practice:</b> The board of JCT is comprised of persons with diverse skills, experience, independence and knowledge needed to discharge its role and is reflective of the diversity of the society.</p> <p><b>Committees of the governing body Principle</b></p> <ul style="list-style-type: none"> <li>• the governing body should consider creating additional governing structures to assist with the balancing of power and the effective discharge of responsibilities, but without abdicating accountability.</li> </ul> <p><b>Practice:</b> JCT board has established two committees namely, audit and risk and remuneration social and ethics committees to assist with balancing power and effectively discharging its responsibilities.</p> <p><b>Delegation to management Principle</b></p> <ul style="list-style-type: none"> <li>• the governing body should ensure that the appointment of, and delegation to, competent executive management contributes to an effective arrangement by which authority and responsibilities are exercised.</li> </ul> <p><b>Practice:</b> Delegations of authority are in place for JCT and approved by the board to facilitate effective functioning of the organization.</p> <p><b>Performance evaluations Principle</b></p> <ul style="list-style-type: none"> <li>• the governing body should ensure that the performance evaluations of the governing body, its structures, its chairs and members, the CEO and the company secretary or corporate governance professional result in continuous improved performance and effectiveness.</li> </ul> <p><b>Practice:</b></p>	<p>Adequate and effective control</p>

Chapters and Principles	Governance outcomes
<p>JCT board conducts performance evaluations of the executive management team guided by the performance management policy of the entity and the guiding legislation.</p> <p><b>Governance Functional Areas</b></p> <p><b>Risk and opportunity governance Principle</b></p> <ul style="list-style-type: none"> <li>the governing body should govern risk and opportunity in a way that supports the organization in defining core purpose and to set and achieve strategic objectives.</li> </ul> <p><b>Practice:</b></p> <p>Governance of risk and opportunity is embedded in JCT's processes and the board on a quarterly basis receives and considers reports on risk governance and management including mitigation plans.</p> <p><b>Technology and information governance Principle</b></p> <ul style="list-style-type: none"> <li>the governing body should govern technology and information in a way that supports the organization in defining core purpose and to set and achieve strategic objectives.</li> </ul> <p><b>Practice:</b></p> <p>JCT board has approved both ICT governance framework and policy for governing technology and information within the organization. Management reports regularly to the board on the governance of technology and information.</p> <p><b>Compliance governance: Principle</b></p> <ul style="list-style-type: none"> <li>the governing body should govern compliance with laws and ensure consideration of adherence to non-binding rules, codes and standards.</li> </ul> <p><b>Practice:</b></p> <p>As part of quarterly reporting the board receives reports on compliance with laws and regulations and acts upon these reports as and when necessary.</p> <p><b>Remuneration governance: Principle</b></p> <ul style="list-style-type: none"> <li>the governing body should ensure that the organization remunerates fairly, responsibly and transparently so as to promote the creation of value in a sustainable manner.</li> </ul> <p><b>Practice:</b></p> <p>Remuneration policy of JCT is informed by that of the shareholder and the guiding legislation.</p> <ul style="list-style-type: none"> <li><b>Assurance: Principle</b> the governing body should ensure that assurance results in an adequate and effective control environment and integrity of reports for better decision-making.</li> </ul> <p><b>Practice:</b></p> <p>JCT board considers reports from the assurance providers like internal audit and Auditor General of South Africa. These assurance providers ensure that adequate and effective control environment and integrity of reports is achieved for better decision making.</p>	<p>Adequate and effective control</p>

## Annual Risk Management Plan

The Annual Risk Management and combined assurance Plan for the 2021/22 financial year was reviewed and approved at the meeting held on 10 May 2022 by the Audit and Risk Committee and submitted to COJ's Group Risk. The Committee oversees progress on the implementation of the annual plan at each quarterly meeting and has confirmed the entity's plan is aligned to the City's Group Risk.

The progress against the plan was as follows:

Activity	% completed
Operational Risk Register Monitoring	100% and or fully implemented
Strategic Risk Register Monitoring	100% and or fully implemented

## Annual Risk Management Status Update

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

JCTs risks are a combination of short- medium and long term risks. JCT experienced the following significant highlights from a risk management perspective:

The root cause for business disruption are as follows: Global Pandemic (COVID-19), Lockdown regulations, Political unrest/Criminality, Load shedding and water cut.

### Progress on implementation per action plan

Procured a backup generator for Joburg Theatre and it was delivered in March 2022. However due to unforeseen delays with the procurement of gas, it is anticipated that it will be operational in the first quarter of 2023/24 financial year. ST has an emergency generator for lighting, RT has a generator however does not provide sufficient power to run all the operations, Implementation of the Business Continuity Plan. Even though there are not restrictions re Covid-19, the theatre continues to encourage online bookings. Currently all COVID 19 regulations have been lifted which allows for live performances at full capacity.

### Inconsistent attendance at theatre show:

High cost of production and the need to recover costs, Effect of the country's economic status, Lack of exposure of potential audiences to the theatre experience, Load shedding, Fear of COVID-19, Fear of crime in the area, Disaster Management regulations and limited audiences allowed in the theatre.

### Progress on implementation per action plan:

Different pricing structures based on product and venue, offering a limited number of discounted and/or free tickets to the youth and senior citizens, mobile theatre truck used to take the arts to targeted diverse communities, action to engage stakeholder to ensure safety in the precinct, customer satisfaction survey conducted after every show, marketing plan developed for each production.

Sponsorship policy is implemented to target sponsorship. A comprehensive survey is being conducted to establish audience needs. Theatre is currently engaging with JMPD and SAPS to police the precinct. A marketing plan for each production is being implemented.

### Obsolete and/or outdated stage machinery and equipment:

The stage upgrade is now at 99% completion. The 1% that is outstanding consists of the commissioning of the batten software. Thus, the entire project is on target to be completed by the beginning of Q1 of 2022-2023.

### Progress on implementation per action plan:

The project plan to upgrade the stage machinery. Theatre calendars are aligned with the project plan and the project manager and steering committee is in place to oversee the implementation of the project. The current controls look adequate to address the risk in its current form.

**Lack of brand positioning and brand awareness of JCT:**

Inadequate marketing budget and ineffective implementation of the marketing strategy.

**Progress on implementation per action plan**

Media partnerships for productions at each theatre, media database management, continuous productions awareness campaigns, marketing strategy in place.

Management reviewed marketing and communication strategy and organised online promotional campaigns for brand awareness in line with the budget.

**Theft, fraud and corruption resulting in financial and non-financial loss:**

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

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

Management is continuously conducting antifraud and corruption awareness workshop and also fraud risk assessment

**Non-compliance with applicable legislation:**

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

**Progress on implementation per action plan –**

The Anti-Fraud and Anti-Corruption policy in place, Fraud prevention plan, Code of conduct, Segregation of duties, Declaration of interests, Gift register in place and Remuneration, Social and Ethics Committee, conduct fraud risk assessment annually and anti-fraud and corruption awareness workshops.

Management is continuously conducting antifraud and corruption awareness workshop and also fraud risk assessment.

**Non-compliance with applicable legislation:**

Various and changing legislative requirements to be complied with and there is a requirement to comply with MSCOA.

**Progress on implementation per action plan** - Regulatory compliance register/ assessment tool monitored by the Company Secretary, compliance policy and framework in place, presented to the BOD the impact and progress on MSCOA compliance, quarterly reporting to oversight committees on compliance and entity is currently transacting on MSCOA.

Review of regulatory compliance register, continuous monitoring reporting on compliance and seamless integration of systems will be completed on implementation of SAP.






**Limited programmes available for newly trained Arts Practitioner:**

Limited in-house production to absorb newly trained practitioners.



**Progress on implementation per action plan** - Applied Performing Arts and Arts Management partnership with WITS, weekly drama workshops and mentoring and upskilling of internal staff in key positions on in house productions. The entity is establishing partnership with other role players in the industry.















Table 1: Quarterly Risk Management Status Update

	<b>LOW</b>		<b>MODERATE</b>		<b>HIGH</b>
	<b>Residual risk remains unchanged</b>		<b>Residual risk has improved</b>		

Status on implementation of the risk response / treatment plans for significant risks reported

Risk name	Causes/background to the risk	Residual rating				Within risk tolerance	Status of implementation of treatment plan	Horizon
		Q1	Q2	Q3	Q4			
Business disruption	Global pandemic (COVID-19), Lockdown regulations, Political unrest /Criminality, Load shedding, Water cut.	High	High	High	High	No	 Backup Generator has been delivered and will be fully operational in the 1 <sup>st</sup> quarter of 2023  	Short to medium term

Risk name	Causes/background to the risk	Residual rating				Within risk tolerance	Status of implementation of treatment plan	Horizon
		Q1	Q2	Q3	Q4			
Inconsistent attendance at theatre show.	High cost of productions and the need to recover costs, Effect of the country's economic status, Lack of exposure of potential audiences to the theatre experience, Load shedding, Fear of COVID-19, Fear of crime in the area, Disaster Management regulations and limited audiences allowed in the theatre	High	Moderate	Moderate	Moderate	Yes	 	Medium-term
'Aged, obsolete and outdated stage machinery and equipment	Stage upgrade is now at 95% completion	Low	Low	Low	Low	Yes	 	Short-term
Lack of brand positioning and brand awareness of JCT	Inadequate marketing budget, Ineffective implementation of the marketing strategy.	Moderate	Moderate	Moderate	Moderate	Yes	 	Medium-term

Risk name	Causes/background to the risk	Residual rating				Within risk tolerance	Status of implementation of treatment plan	Horizon
		Q1	Q2	Q3	Q4			
Theft, fraud and corruption	Conflict of interest, Inadequate segregation of duties / Inadequate or no supervision, Weak internal control environment - cash handling / administrative procedures, Lack of accountability, Poor work ethics, Greed, collusion, bribery, Inadequate IT access controls, Inadequate physical security controls, cyber attack	Moderate	Moderate	Moderate	Moderate	Yes	 	Short-term
Non-compliance with applicable legislation	Various and dynamic legislative requirements to be complied with. There is a requirement to comply with MSCOA	Moderate	Moderate	Moderate	Moderate	Yes	 	Medium-term
Limited programmes available for newly trained Arts Practitioners.	Limited in-house production to absorb newly trained practitioners	Moderate	Moderate	Moderate	Moderate		 	Medium-term

**Information on emerging / new risks**

None.

**Major projects and contracts risk profiles**

JCT does not have major projects that have a significant risk exposure to the entity and the COJ.

**ICT risk governance & ICT risk management**

Risk name	Causes/background to the risk	Impact on the entity	Treatment plan	Q1	Q2	Q3	Q4
Business interruptions	MTC does not have a backup power for the its network equipment in Jabulani civic centre	Soweto theatre's connectivity to Jabulani Civic Centre and to Joburg Theatre is lost when there is power outage	Continuously engaging the service provider on the best solution to this	↕ Moderate	↕ Moderate	↕ Moderate	↕ Moderate

**Fraud risk management / fraud prevention**

The entity has an approved fraud prevention policy and fraud hotline. During fraud risk assessment conducted, the following fraud risk exposure has been identified

Risk name	Causes/background to the risk	Impact on the entity	Treatment plan	Q1	Q2	Q3	Q4
Fraud and Corruption	There could be a possibility of nepotism, collusion, overtime payment, false travel claims, etc.	Reputational damage and financial loss	Continue doing workshops. Monitoring of compliance	↕ Low	↕ Low	↕ Low	↕ Low

**Risk transfer – exposures**

**Information on emerging / new risks**

None.

**Major projects and contracts risk profiles**

JCT does not have major projects that have a significant risk exposure to the entity and the COJ.

**ICT risk governance & ICT risk management**

Risk name	Causes/background to the risk	Impact on the entity	Treatment plan	Q1	Q2	Q3	Q4
Business interruptions	MTC does not have a backup power for the its network equipment in Jabulani civic centre	Soweto theatre's connectivity to Jabulani Civic Centre and to Joburg Theatre is lost when there is power outage	Continuously engaging the service provider on the best solution to this	Moderate	Moderate	Moderate	Moderate

**Fraud risk management / fraud prevention**

The entity has an approved fraud prevention policy and fraud hotline. During fraud risk assessment conducted, the following fraud risk exposure has been identified:

Risk name	Causes/background to the risk	Impact on the entity	Treatment plan	Q1	Q2	Q3	Q4
Fraud and Corruption	There could be a possibility of nepotism, collusion, overtime payment, false travel claims, etc.	Reputational damage and financial loss	Continue doing workshops. Monitoring of compliance	Low	Low	Low	Low

## Internal Audit Function

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

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

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

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

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

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

Internal audit provided assurance on the high risks identified during risk assessments by prioritising these areas during annual planning. Some of the medium and low risk areas were also audited where possible. ***The system of internal controls was reasonably adequate and effective for the 2021/22 financial year.***

The results of the reviews and audits conducted throughout the financial year 2021/22 were communicated to management and management has committed to addressing the issues raised. The mitigating control actions implemented by management will be followed up by the Group Internal Audit Services.

## Corporate Ethics and Organisational Integrity

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

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

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

## Sustainability Report

### JCT Sustainability Statement

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

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

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

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

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

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

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

JCT appreciates the importance of the social dimension of the triple bottom line. Not only does engagement with local communities bring direct benefits to the sustainability of theatres, it also leads to theatres having a role in strengthening and sustaining those communities. We continuously develop ways of demonstrating how Theatres deliver on well-being – why the facilities and activities they provide benefit people's health, make people feel connected and human, provide fulfilment and enable them to participate in civic life.

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

#### a) Environmental Management

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

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

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

## b) Economic

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

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

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

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

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

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

## c) Corporate Social Responsibility Report

The Company's Corporate Social Investment philosophy and function have, over the years been broadly underpinned by the concept of sustainable development. The strategy of the entity is to act as a facilitator rather than as sole sponsor of social investment projects. In this way, the long-term sustainability of projects is encouraged, additional donors attracted and formerly disadvantaged communities are empowered. During the year under review, the entity contributed a total amount of R 2,840,088 towards Corporate and Social Initiatives.

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

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

The key interventions to community and youth development at Joburg City Theatres are through youth development in the arts sphere focusing on drama and music tuition programmes. Community development programmes seek to reduce inequality and poverty by creating economic activity through **arts education** programmes and access to Theatre. **JCT's youth development programmes in the art sphere cater between 200 and 250 youths attending programmes in drama and music.** The Youth and Community Development department is mandated to provide structured and professional opportunities to aspirant artists and new audiences for in-depth development of the artistic skills.



The focus is acceleration of youth development through programmes that stimulate an interest in the arts as a viable career path and provide opportunities for future arts practitioners and entrepreneurs and over 873 youth were reached, an acceleration from the 600 youth reached in the previous financial year.

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

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

### **International Day of Clean Air for Blue Skies**

The Environment and Infrastructure Services Department (EISD) launched its Climate Action Plan (CAP) in June 2021, declaring the city intends to reduce its environmental impact. The city celebrated International Clean Air Day in recognition of its efforts towards reducing its impact on the environment. International Clean Air day was the second stakeholder activation by the Youth Development unit with EISD in a three-year partnership. Through the EISD, the Joburg Theatre Youth Development Department will be able to use theatre and theatre-making skills to help the city engage the residents on its green project and climate action goals.

### **Gender Based violence awareness campaign ( Soweto Pride)**

Gender-based violence (GBV) is a profound and widespread problem in South Africa, impacting almost every aspect of life. GBV is systemic and deeply entrenched in institutions, cultures and traditions in South Africa. GBV is also a huge cost to the country as tremendous resources are directed to addressing the aftermath of violence. The police; hospitals; emergency services; courts and child care costs amount to billions of Rands.

During the year under review the city of Joburg painted the street of Soweto for the first Soweto Pride parade. The Joburg Theatre truck parked at the end of the parade of the historic day ended with a live music concert. In bringing Pride to life, JCT worked with 6 APAAM members of the 2018 cohort.

### **School Set-Work Program**

The theatre is a unique learning and teaching space. The schools set-work program offered a unique opportunity for the youth and community development unit to have our students become teachers. The school set-work program sets school prescribed literature to the stage to offer alternative learning and teaching methods so that more visual and oral learners can grasp the concepts and themes in their literature differently.

Joburg Theatre's School Setworks program rejuvenated books by taking venue to the schools, the twofold bill of grant winning creations; **Sizwe Banzi is Dead and The Island**, directed by the award winning Thespian, director and actor, Dr John Kani.

#### **d) Health and safety**

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

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

## **Section 5: Anticorruption and Fraud**

In accordance with schedule 2 of the Local Government: Municipal Systems Act, JCT has a Fraud Prevention Policy and a Code of conduct applicable to all staff members. JCT observes zero tolerance to fraud and corruption. The City of Johannesburg's Group Forensic and Investigations Services (GFIS) department manages JCT's fraud prevention hotline.

Ethics Awareness workshops were conducted for all the three theatres, during the period under review. The Ethics Awareness training entailed amongst others, making employees aware what ethics is, the expectations or the role employees play in acting ethically as well as provision of guidelines on ethical conduct. The development of an ethics strategy commenced during the 4<sup>th</sup> quarter of the period under review and the strategy is anticipated to be board approved during 2022/23 financial year.

A process of appointing ethics ambassadors across all the theatres commenced during the last quarter of the financial year under review. The purpose of having Ethics Ambassadors is to have more eyes on the ground monitoring ethical conduct as well as for quick detection of unethical conduct and reporting it timeously. This will enable JCT to attend to ethical breaches as soon as they are identified.

## **Section 6: ICT Governance**

JCT has an established Information and Technology Steering Committee, which is responsible for recommending effective performance management mechanisms on Technology and Information governance to the entity's EXCO.

In line with King IV, information technology (IT) governance forms an important part of Joburg City Theatre's (JCT) governance structures, policies and procedures. It is crucial that the current and future use of ICT is carefully directed and controlled in order for ICT to be aligned to the business goals of the entity.

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

For the effective implementation of IT governance, and in order to improve the value of governance and sustainability, Joburg City Theatres aligns the strategic framework and IT policy in the following objectives:

### **Improved value and strategic delivery:**

#### **1. Upgrading of Stage Machinery at Joburg Theatre (long term project 2017 – 2023)**

This massive project is finally nearing completion. This is the first technology upgrade to Mandela Stage since 1992. Ironically, South Africa's lockdown status, due to Covid 19, allowed more time to be dedicated to this project. The building department's technical staff monitor the entire project internally with reports submitted to the Chief Financial Officer.

Currently the upgrading of the Joburg Theatre machinery upgrade is standing at 99% completion. The 1% that is outstanding consists of the commissioning of the batten software. Thus, the entire project is on target to be completed by the beginning of Q1 of 2022-2023.

The upgrade was an enormous task and is an example of an engineering design that is of a world-class standard. The software program, is designed and commissioned by Mocon Systems, and is one of the largest PLC programs in existence worldwide. The network system is so complex that Mitsubishi's Japanese engineering team has indicated that they would like to use this installation as an example of what can be done with the technology in the future.

#### **2. COJ A647 SAP Business Transformation Programme**

JCT is ready and waiting for the COJ SAP project to commence. The SAP project was put on hold until farther notice by COJ. The CIO Forums provide feedback on progress when information becomes available.

Timeline provided for JCT to start with Payroll migration are currently marked for September 2022. However, the last feedback provided through the CIO Forum indicated that budgets will only be approved by November 2022.

### **SAP – Connectivity to COJ**

JCT entered into a contract agreement with MTC to provide JCT with a VPN between the three Theatres and to access physical rack space in a Datacentre for JCT's backup hardware.

All phases have been completed and are functional. JCT monitors outages and reports to MTC directly. Outages are normally restored within hours. Some outages caused by load shedding experienced longer time outs as backup power can run out due to the time taken to restore the power.

Damage to fibre cables caused by third-party contractors around the Soweto Theatre has largely reduced during the 4th quarter of the year, and the connectivity supply has been far more consistent. JCT is dependent on MTC to connect to the COJ for SAP and to the Datacentre for offsite backups via the Fibre links.

### **Jozinet**

JCT, in conjunction with COJ, completed the Active Directory Federation Server setup. Users at JCT can access Jozinet through the MTC fibre connection. Jozinet services remain functional on the JCT network.

### **Active Directory synchronization with COJ Azure tenant**

JCT required licensing from the COJ to use the full functionality of the Microsoft Teams application. On request for licensing on the COJ E3 license with Microsoft, JCT was informed that the onsite Active Directory needed to be synchronized with the COJ Azure tenant. The synchronization was done and completed via the MTC Fibre connection, and into the COJ environment, and Microsoft Teams Licenses were allocated to JCT users. Both technicians from Microsoft and the COJ assisted in completing this project.

JCT will in future leverage on this synchronization to make use of additional licensing requirements when needed.

COJ confirmed that JCT would be included into the next license renewal period between COJ and Microsoft on the enterprise agreement. Certain administrator functions are not available to JCT. JCT is in discussions with COJ to resolve the matter.

### **Cell phone signal boosters and Internal Wi-Fi expansion**

As part of the process to improve on connectivity, JCT completed the Wi-Fi and Cell phone signal boosters project at Soweto Theatre. JCT established centralised control over guests Wi-Fi access systems for visiting producers and has also improved on the roaming capabilities for staff when they move from one theatre to another. The same Wi-Fi signal that is available to Joburg Theatre staff is now available to Soweto and Roodepoort users, allowing staff to roam between theatres.

To date JCT successfully provided our staff and guest producers who required streaming facilities at Soweto Theatre the ability to stream functions onto YouTube and other social media platforms via the Wi-Fi expansion.

In addition, JCT continues to implement Wi-Fi expansion and rolled out additional Access Points (Aps) to the Peoples Theatre.

When new areas within theatre space are identified as requiring streaming facilities, JCT will add Wi-Fi APs to that area. JCT has to date rolled out 18 access points at Joburg Theatre, 6 access points at Roodepoort Theatre and 8 access points at Soweto Theatre. The Wi-Fi system is voucher driven, and vouchers are allocated on request to Producers or companies who hire the venues. In order to protect resources against abuse, the vouchers issued are subjected to expiration dates.

### **Internet connectivity**

In our efforts to work within Covid restrictions, JCT supplied laptops to users on a regular basis, to enable a work-from-home environment. This inadvertently placed more stress on Internet connections and the bandwidth intermittently to run at full capacity.

JCT is in the process of upgrading the Internet lines at each theatre to accommodate for the workload. Soweto Theatre was upgraded in quarter 2. Roodepoort Theatre was upgraded in Q3. Joburg Theatre's Internet connectivity was subject to a tender. The evaluation and adjudication process was completed in Q3. The tender was awarded to MTN in Q4.

The necessary follow-up site visits were completed and JCT is awaiting for the installation to commence.

JCT will have dual lines as incoming Internet connections with different last mile connectivity to ensure a failover and high availability Internet connection.

### **Temperature scanning of visitors and staff members**

JCT took delivery of portable digital temperature scanners in quarter 2. The scanners can detect temperature as well as detect the presence (or lack) of a facemask. The scanners are placed at strategic places to scan patrons entering JCT buildings. The scanners were issued to Joburg Theatre, Roodepoort and Soweto Theatre. The temperature scanners are functional and was quickly adopted by staff and visitors.

At the end of quarter 4 the temperature scanning regulations were repealed, and the scanners were removed from the public areas of the buildings.

### **Risk Register**

During the previous financial year, JCT procured a cloud-based version of the Anti-Virus management console with the annual license renewals. A cloud-based dashboard now allows central management of systems when infections are detected without the need of the system being connected to the JCT network via VPN. The upgrade of the Anti-Virus software provides better protection against ransomware and has an artificial intelligence component. Next-gen technologies such as AI-powered predictive prevention, Enterprise-level detection and automated incident response is now enabled.

To date the management of remote systems has improved over the previous onsite dashboard. However, as part of the current Sophos package, JCT has an on-prem email-scanning platform, which will reach End-Of-Life towards the end of 2022, and a new cloud based email-scanning platform will need to be procured.

### **Capex**

Capex was generously allocated for IT projects in the current financial year. The following projects were identified for procurement:

- Advanced Stage Software has been procured for Roodepoort, Soweto and Joburg Theatres during the year
- Network upgrades on TV network from analogue to digital in conjunction with Building & Security Department was completed during the year
- The procuring of units for automatic temperature screening was completed in Q2 in conjunction with Building & Security Department

### **Future Focus Areas**

#### **Access Control for staff into Joburg Theatre.**

JCT has two access control systems that are end-of-life and need to be replaced with current, more modern systems. The two systems will be consolidated into one new, smarter system. The new access control system will accommodate smart technologies such as number plate recognition, face recognition and also be diverse enough to allow for both biometric access and traditional access card scanning. The new system will be implemented in Q1 of the 2022/23 financial year.

#### **Smart City**

The much anticipated gas generator is on target for implementation in the 3<sup>rd</sup> quarter of the new financial year. This project will allow extra power to be used by City Power to assist the power grid during peak periods. A request was made for JCT to install a 280 meter long fibre connection from the generator to the JCT's firewall. This connection enabling the supplier to monitor the generator remotely in real time.

## **Readiness for compliance legislation**

The company is working closely with the Information Regulator to make sure that JCT's adherence to both POPIA and PAIA is in line with regulated requirements. The updated PAIA manual will be implemented in the new financial year. JCT is also working closely with the City of Johannesburg's GRAS to bring the Business Continuity Plan (BCP) in line with new standards ISO22301, as well as the implementation of the new BCP Policy.

## **Section 7: Compliance with Laws and Regulations**

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

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

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

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

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

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

## **Statement of Compliance**

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

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

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

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

The Protocol is premised on the principles enunciated in the King Report for Corporate Governance for South Africa. JCT's practices are, in most material instances, in line with the principles set out in the King IV Report.

Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews progress to ensure that the company improves its Corporate Governance.

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

**Subsidiaries or associations with other companies including trusts**

JCT is a municipal owned entity which is 100% owned by the City of Johannesburg Metropolitan Municipality. Apart from its relationship with the City of Joburg and its entities, JCT has no subsidiaries or trusts in which it participates.

**Timeous notification with respect to resolutions to its members**

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

**Financial Irregularities**

No financial irregularities were reported in the period under review.

**Report of the documentation procedures and processes**

Minutes and appropriate minuté books all board and committee meetings are maintained by the entity's secretariat.

**Assessment of Arrears on municipal taxes and service charges**

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

JCT does not charge Municipal Taxes and Service Charges.

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

**b) Amounts owed by entity for service charges**

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

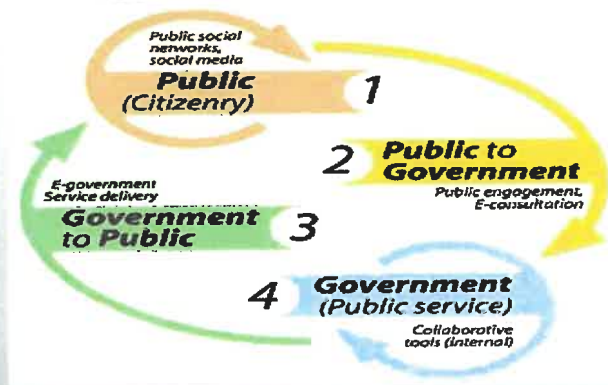
**c) Assessment of Directors' and senior managers' municipal accounts**

NED - Non-Executive Director  
 IAC – Independent Audit Committee member  
 COJ – City of Johannesburg

Name of Director/Senior Managers	Designation	Name of Municipality	Municipal Acc Number	Account Status as at 30/06/19	Comments
Mr. Zane Meas	NED	COJ	30233071	Current	
Ms. Dineo Sitole	NED	Note an account holder			
Ms. Ashley Hayden	NED	COJ	400918405	Current	
Ms. Itumeleng Malope	NED	Not an account holder			
Mr. Jabu Mathebula	NED	Ekurhuleni	1704335290	Current	
Mr. Jabu Hlongwane	NED	COJ	556132462	Current	

Mr. Sean Kreuzsch	NED	COJ	554415465	Current	
Mr. Krishen Sukdev	IAC	COJ	202211526	Current	
Mr. Nditsheni Tshithavhani	IAC	COJ	555008670	Current	
Mr. Moses Mazwane	IAC				
Ms. Xoliswa Nduneni-Ngema	CEO	COJ	207540933	Current	
Mr Solomon Mphakathi	CFO	COJ	551983685	Current	
Ms. Philipa Maduka	Company Secretary	Not an account holder			
Ms Bridget Mashika	COO	COJ	440859900	Current	

## CHAPTER THREE: SERVICE DELIVERY PERFORMANCE



### KEY ACHIEVEMENTS

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

- The company achieved 95% on the Key Performance Indicators.
- Youth and community development programme
- Contribution to the city's expanded public works programme;
- Contribution towards building the arts, with focus on social cohesion, job creation and inclusion of previously disadvantaged groups
- Delivery according to mandate – create a better life for residents of Johannesburg; Value for money; and Quality productions and service delivery



**Core Business**

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

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

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

**Section 1: Highlights and Achievements**

2021/22 IN-HOUSE / CO-PRODUCTIONS PROGRAMMING	
<b>JOBURG THEATRE</b>	<p><b>CIION: Requiem of Ravel’s Bolero</b>  <b>Isandlwana Lecture: The Musical</b>  <b>Kill Move Paradise</b>  <b>Joyous Celebration 26 recording</b>  <b>Beneath African Skies</b>  <b>Evolve</b>  <b>SoliiDaD</b>  <b>Streaming of virtual poetry and music event</b>  <b>Long Nights of the Poets</b>  <b>Soweto Gospel Choir shoot</b>  <b>Solo Flight by Joburg Ballet</b>  <b>Johannesburg International Arts Alive lauch</b>  <b>Jazz@Artsalive filming and streaming</b>  <b>Soweto Pride launch</b>  <b>Annual Shakespeare Schools Festival 2021</b>  <b>Little Miss &amp; Miss Teen United Nations South Africa.</b></p>
<b>ROODEPOORT THEATRE</b>	<p><b>Amanda Black</b>  <b>My Children My Africa</b>  <b>Rhapsody in Pink</b>  <b>Human Rights Day Celebration</b>  <b>South African Body of Dance (SABOD)</b>  <b>Afrikaanse Taal-en Kultuurvereniging (ATKV Culture Festival) -</b>  <b>The Afrikaans Language and Culture Association</b>  <b>IBFF Women’s Month Showcase</b>  <b>Westside Comedy Jam Roodepoort Dance Hybrid Festival</b>  <b>Aladdin JR.</b>  <b>Youth and Community Development programmes</b></p>

SOWETO THEATRE	
	<b>The Voice</b> <b>Marangrang</b> <b>King Cetshwayo the Musical</b> <b>Vuma Zion</b> <b>Puss in the Boot</b> <b>Seven Colour Sundays</b> <b>My community Cooks with Vuma</b> <b>Speaker's Dialogue: The role of local Government in the fight against LGBTI and femicide</b> <b>Best of the Best Mbhaqanga Legendary Artists Performances &amp; Exhibition</b> <b>A Raisin in the Sun</b> <b>Mzansi Musical Theatre Show;</b> <b>Seven Colour Sundays</b>

The programming at Joburg Theatre, Roodepoort Theatre and Soweto Theatre is aligned to the company's four key strategic objectives in order to enable JCT to effectively focus and prioritise its options in delivering on its mandate. Balancing the need to transform while at the same time addressing the commercial imperatives that contribute to funding the same transformation agenda is key and contributes to supporting local content development and socio-economic development in the Arts. JCT also continues to implement structured opportunities for development of the talents and skills of young people and opening up opportunities for future employment in the arts.

JCT maintains a varied blend programming through rentals, co-productions, and in-house productions. Roodepoort Theatre leads the way as far as rentals go; the theatre has maintained a healthy list of loyal programme producers who mainly provide youth and family oriented programmes. The mobile theatre truck is used to reach communities that are unable to come to the theatre. Soweto Theatre also maintains a strong list of rental clients, but it is through music and theatre co-productions that the theatre is making its mark – there has been an increased number of young theatre and music programme producers who have registered on JCT suppliers' database in order to co-produce work with the theatre.

## JOBURG THEATRE

JCT continues to provide training and development programmes for young people wanting to develop performing arts skills and knowledge. The theatres adjusted to the new norm by taking the setworks to the schools around Gauteng, to increase daytime programming for schools' audiences, providing learners with high quality live performances of set books from the school curriculum at the comfort of their school halls. JCT has been at the forefront in providing not only entertainment but edutainment by putting the world of books on stage and making the study of literature pleasing. During the year under review Joburg Theatre presented the twofold bill of grant winning creations; **Sizwe Banzi is Dead** and **The Island**, directed by the award winning Thespian, director and actor, Dr John Kani; Soweto Theatre presented the screening of **Ubhuku Lwamanqe** and **Icala Kaliboli** at schools and also offered streaming options, where learners could buy a ticket online and watch the plays in the comfort of their homes. Our focus this year was to keep the School Setworks programme running and young audiences watching and benefitting from the show despite the limitations posed by the Covid-19 pandemic.

During the period under review, Joburg Ballet' presented - **Solo Flight**, **The Nutcracker**, **Evolve** as well as a multimedia artistic performance of **Piazzes In visibili – The Silent Wanderer**. Joburg Ballet was severely impacted by the pandemic with dancers and members of staff contracting Covid-19. Initially this resulted in date changes for scheduled performances at the Joburg Theatre and subsequently requiring a completely new programme to be developed, that would accommodate the limitations placed on the company in terms of physical demands and social distancing during both the rehearsal and performance processes.

Joburg Theatre launched monthly **Jozi Food and Music Saturdays** with food and live music catering to all different music genres at Stages Restaurant in Braamfontein, Johannesburg. This programme aims at growing a diverse and competitive growing economy that creates jobs, promote economic development and also attract investment to reduce unemployment in the Arts fraternity.

The **Johannesburg International Arts Alive Festival** was launched at the Nelson Mandela Foyer under the theme: "*A Redefining and Artistic Creative Future*" *let's keep the arts alive!*. Arts Alive serves as a platform to showcase a wide across diversity of the Arts industry in South Africa whether in Music, Theatre, Dance, Workshops or Seminars. Due to the ongoing Covid pandemic, the 2021 Arts Alive was digitalized on all reachable platforms for the 2<sup>nd</sup> year in a row. This 29<sup>th</sup> edition virtual festival featured partners such as Global Dance Supreme, Alexandra Arts Academy, Major Productions, Nomthandazo Solomon, Beat Makers Market, Soweto Arts and Craft and City of Joburg.

An absolutely outstanding production, **The Trolley Dollies** a Musical all the way from Cape Town that takes the audience behind the velvet curtain and into the proverbial dressing room with Cathy Specific and her sassy sidekicks, Holly and Molly as The Trolley Dollies, where there is an exchange of heels and wigs for trials and tribulations was presented in the Lesedi Theatre. The play had a sprinkle of social and political commentary which left the audience in stitches with laughter and yet on the contrary left them feeling a wave of misery.

Sello Maake Foundation's debut production **The Voice** took place at the Peoples Theatre, performed by the stunning Abafazi be Ngoma. A searing plea to men to take a responsible position in society and mend the broken state of our social and moral fibre. Sello Maake Foundation production, **The Voice** was showcased in People's Theatre performed by the stunning Abafazi be Ngoma. A clarion call-in song and dance, chronicling the historical destruction of the African family from colonialism. After a successful run at the Joburg Theatre and due to public demand, the Gender Based Violence awareness production, '**The Voice**' moved to the Soweto Theatre.

In partnership with Joburg Theatre, Brenda Mtambo presented **The Sane Project Tour**. This event was based on sharing her life experiences and bringing most loved songs like I Love You. Brenda has been vocal about her struggle with anxiety in the past two years hence her latest single Khululeka (Be free) released in April 2021.

The **18<sup>th</sup> Edition of Moshito Music Conference** took place at the Lesedi Theatre under the theme '*The Rebirth of African Music Business*', which looked at reshaping the music industry after the Covid-19 pandemic, the music industry landscape, and the purpose that it has served as a powerful means of enhancing the country's identity and distinctiveness while at the same creating employment, developing human skills, and generating social capital and cohesion.

The **South African Upcoming Musicians Awards (SAUMA)** event was held where upcoming musicians in South Africans were given a platform to showcase their talent as well as be recognized and awarded for the effort and merit they put in their crafts.

The traditional annual pantomime came back on stage following the 2020 cancellation due to the lockdown. And of course, what is a year-end without the Janice Honeyman's Pantomime. **CINDERELLA**, returned back Bigger, Brighter and Better Than Ever Before! ...The 2021's SPECTACULAR Pantomime was packed with an abundance of comedy, stunning spectacle, hundreds of beautiful costumes and the 3-D surprise on stage, transforming Cinderella from rags to riches and whisked off to the Ball – with the help of a little dusting of Fairy Godmother magic.

Joburg Theatre in association with the City of Johannesburg entities Joburg City Parks and Zoo and City Power once again presented the annual **Festival of Lights** at the Joburg Zoo. The programme included the likes of Joburg Ballet's Nutcracker, Bikos Manna, Soulphiatown, Xoli B, Art of Dance, Shef and the Kitchen, Tribhangi Dance Theatre, Sempre Opera, Mzansi Youth Choir, Bongzi Mthombeni, Brenda Mtambo as well as the surprise performance by SAEED Foundation Youth Development who performed as part of the entertainment when the newly appointed Mayor and MMCs attended the festival.

It was an honour and privilege to host **Isandlwana Lecture: The Musical** again at the beginning of 2022 as we welcomed back the audiences that have been highly anticipating this show. The opening night and the nights following were a success as the theatre was a full house and the show received a standing ovation each night. Musician and cultural doyen Mbuso Khoza led The Afrikan Heritage Ensemble in reliving the story of the battle of Isandlwana where Zulu warriors outthought the British army in Africa's most famous anti-colonialist clashes.

Afro Arts SA in association with Joburg Theatre, Palestine Festival South Africa, Discover TV, Narr8 Studio, and South African, Palestinian, and international artistes and social justice initiatives presented a **Memorial service tribute in celebration of the life of the global icon Arch-Bishop Desmond Mpilo Tutu**. The tribute was streamed in all our social media pages for South Africans to join.

The return of **CION: Requiem of Ravel's Bolero** finally took place after countless postponements due to the global Covid-19 pandemic. Joburg Theatre's Nelson Mandela stage was set alight with this much-anticipated masterfully choreographed dance piece by Gregory Maqoma, which looks to take its place on global stage. CION became the first production on the renewed Mandela Stage and what a way to kick off 2022. Even though so many have watched this piece before, this version was absolutely amplified and has created its own experience of a kind. The production left many in awe of its indescribable beauty with its well-deserved standing ovations night after night. This production which was brought to life in collaboration with the City of Joburg's Arts Culture and Heritage Department, had three sold out shows and an additional show due to popular demand had to be added which also sold out.

In commemoration of Black History month **Kill Move Paradise** was co-produced with 2nd Round Productions at the Lesedi Theatre with a prestigious opening and closing night, directed by an award winning Ms. Lesedi Job.

The award winning **MTN Joyous Celebration** hosted its 26th album "*JOY*" live recording and DVD shooting on the Mandela Theatre. The songs were a hybrid of revamped traditional and contemporary hymns / songs, as well as original compositions whose combination and presentation set an exclusive evening of high praise, celebration, worship, Joy and spiritual upliftment. The tickets for the night were sold out within 24 hours of opening bookings online as patrons simply could not wait to come in numbers to be part of this joyous album recording.

**The 1st Annual Basadi in Music Awards** launch took place on International Women's Day. These newly formed awards aims to celebrate female talent in the music industry through upliftment and celebration. The launch was graced by the presence of the City of Johannesburg Executive Mayor Dr. Mpho Phalatse accompanied by the MMC for Community Development, Mr. Ronald Harris.

Still in the same breath of celebrating women, **ARMC Women in Music** held an International Women's Day dialogue that took place at the Lesedi Theatre. The dialogue aimed at empowering women in the industry. The event featured female artists across the country, where they shared their experiences in topics such as sexual harassment, being objectified and finding recognition as women within the industry.

Peoples Theatre had both children and parents on lock with **Beneath the African Skies** season. Keith Smith and Jill Girard brought an ensemble of great African stories that are created particularly for children. The play is based on an African landscape that transforms itself as the wonders of the land becomes the backdrop to the myths and legends acted out by a group of amazingly talented professionals.

The second edition of **Kulture Blues** Festival took place at the Lesedi Theatre hosted by comedian Roni Modimola featuring Malcom Jiyane, Luyolo Lenga, Tumi Mogorosi and Gabi Motuba. Luyolo Lenga showed his appreciation for Xhosa culture and African spirituality in his music, stemming from exuberance and humility.

Vincent Sekwati Mantsoe, an accomplished seasoned Dancer, Artistic director and Choreographer adorned Lesedi Theatre with his solo dance piece, **Soliiidad**. Produced by Joburg Theatre and supported by the National Arts Council and The French Institute of South Africa, Mantsoe celebrated his 30th anniversary in the dance industry and during Joburg Theatre's 60th Anniversary with Soliiidad, a story about solitude and oblivion. It was a quest to an emperor's elegant path to oblivion.

Telkom sponsored production **Sound HQ Recording** took place on the Mandela stage. The production was a free entrance by invitation only held over three days. The live recording event featured well-known gospel musicians such as Dumi Mkokstad, Busi Radebe and Tshwane Gospel Choir.

**Applied Performing Arts and Arts Management (APAAM)** programme students who constituted the second cohort of APAAM graduated. 53 students started the program in 2017 and a total number of 49 Students graduated after what was a challenging and long 4 years. APAAM is a three-year NQF level 4 to 6 program in partnership with Drama for life and Wits School of Art. Over a three-year period, community theatre groups are capacitated in performance, writing, technical and business modules.

Mbuso Khoza who is known for his passion for heritage and culture, a Musician, Historian, Actor and Heritage activist presented **Ihubo- The song of ages**. Mbuso Khoza- took the audience through the re-arranged ancient choruses and compositions with songs like Amahubo, and other spiritual songs that were lamented by Americans (e.g. Swing Low). The show was a successful three-day season for Joburg Theatre in partnership with Mbuso Khoza.

The iconic Mandela Stage was set alight with a three night only concert, **MOYA** - by Simphiwe Dana in partnership with Joburg Theatre, Gregory Maqoma and Vuyani Dance. All shows were nothing short of amazing as patrons raved on the excellent performance - All the shows were sold out with endless standing ovations.

The **Naledi Theatre Awards Nominations Reveals** and the annual **Naledi Theatre Awards 2022** took place at the Nelson Mandela Theatre. Joburg City Theatres and associated producers and partners also scooped awards, Best Theatre Set- and AV Design; Best Performance in a Solo Production; Best Original Score / Arrangement / Adaptation; Best Production: Dance, Physical Theatre and Ballet.

We celebrated Africa month with young and fresh talent from **FEDA** (Festival of Excellence in Dramatic Arts) at the Lesedi Theatre. FEDA is more than just a theatre festival. It is a testimony that drama teachers, their students and their schools with the support of their principals are embracing and exercising two of the most valuable Rights enshrined in our constitution that Theatre is made as vessel of Freedom of Expression and Freedom of Creativity.

In closing off Africa month, JCT and John Kani Productions presented the premiere of **Kunene and The King**, directly from the West End which was presented at the Ambassador Theatre in London, then went on a national tour at Joburg Theatre, Durban Playhouse and moving to Nelson Mandela Bay Theatre in Gqeberha and Stellenbosch University mid-July.

**Feya Faku** chose Joburg Theatre to host a special concert to celebrate his 60th birthday. This sold out one-day show was not only a birthday celebration, but also a career thanksgiving to Faku.

In commemoration of Youth Month, The People's theatre opened **Disney's The Jungle Book Kids** after cutting the season short in 2019. This show tells a story of a young boy named Mowgli and his host of animal friends in the jungle. It has been a hit with children for generations.

Joburg Theatre closed the Youth Month with a music weekend featuring the remarkable and talented **Drakensberg Boys Choir**, which returned to the Joburg Theatre after 4 years since its last visit in 2018. This incredible concert encompassed new music as well as old jams had the patrons singing along in joy.

## **SOWETO THEATRE**

Soweto Theatre youth program Lit'somong prepared a showcase **Lehe le Kganyapa** as part of their curriculum. This was an initiative piloted as part of the lessons for learners to experience the offerings of professional play. The production was about Mollalepule, a girl that is responsible of finding her brother and in her journey she meets an old man who helps her to defeat the greedy man Mathanzima who stole the egg of the water snake. The play seeks to explore African myth and legends, it looks at how African myth and legends can help children find meaning or make sense of the modern world.

ASSITEJSA brought to Soweto Theatre's centre stage another award winning play **Letsema! / Collaborate! Belgium/SA**. This was a collaborative project between Belgian and South African artists, with a view of creating new projects in the future. The project kicked off with a meeting between artists from the two countries and an opportunity to learn about how theatre is made in different contexts. The next step was for the artists to see works from the other countries. These productions were also shared with learners from the Lits'omong programme and observe their response to the content.

**Seven Colour Sundays** is a food market that showcases local South African and Kasi Foods that is hosted at Soweto Theatre on a last Sunday of each month. A number of local chefs and food artists set up food stalls and sell their Kasi Foods outside the forecourt of Soweto Theatre. This is an exciting family event that encourages people to come out and spend their Sundays enjoying great music from guest DJs who play relaxed jazzy lounge music. The event presents a chilled atmosphere and relaxed environment.

Omama Besxaxa Foundation presented **Best of the Best Mbhaqanga Legendary Artists Performances & Exhibition**, with the aim of the project to create employment, talent searching and skills transferring to the youth, woman and people with disability in and around Gauteng after all nurturing the talent discovered. From the year 2020 Omama Besxaxa Foundation has been running competitions for the upcoming groups/creative and aiming to reach its objectives such as: creation and development of new work in the music industry; innovative artwork in the music industry; creative writing of Mbhaqanga music that will sustain this music genre; capacity building and skills transfer from the Legendary Artists to the youth.

Soweto Theatre was proud to host **'A Raisin in the Sun'** during Heritage month, presented by South African stage and screen actor and Director Dr Jerry Mofokeng wa Makhetha in partnership with the US Mission to South Africa. The title of the play is taken from the poem Harlem by Langston Hughes, "What happens to a dream deferred? Does it dry up like a raisin in the sun?"

House of Sports and Development Foundation presented **Mzansi Musical Theatre Show**, a showcase of music, dance and spoken word poetry performance to introduce kids to the theatre space., a small group of inspired and passionate young people from Soweto who are dedicated to making a difference in their community. Based in the Heart of Protea South, the foundation works with kids from surrounding schools and family and child welfare centres like Othandweni Child and Youth Centre, with a mission to provide opportunities that will enable young people to rise out of poverty.

Kwaito Music has always been a reflection of what's happening in the streets of Soweto and other townships between 1997- 2011 and has simply evolved and influenced new genres like Gqom and Amapiano. Soweto Theatre as part of the Arts Alive programme showcased a tribute to **Kwaito Legends**.

The Soweto Theatre was proud to host the **Ms Green Economy SA** launch. **Ms Green Economy SA (GESA)** is a Women's Sustainable Entrepreneurship Development Initiative that creates opportunities for economic empowerment, exploit potentials for gender equality & inclusive growth and bring sustainable change to local communities in South Africa.

**Marabastad the Musical** is an enthralling musical that highlights and brings forth the historic events in the slums of Marabastad, near the center of Pretoria in the days of apartheid. Despite many difficulties experienced by residents of Marabastad, the play lighten up its stigma with an exciting romantic tale while on the other side pays homage to political activists such as Peter Matseke, Naboth Mokgatle and Maniben Sita, who dedicated their lives politically in the fight against segregation. Through beautiful singing, electrifying moves of marabi dances, Marabastad the Musical celebrates the multi-racial and multicultural life of the people of Marabastad.

**A tribute and benefit concert for Nomsa Manaka** took place at Soweto Theatre. This concert which was a great success featured a diverse range of renowned and award winning musicians such as Siphos 'Hostix' Mabuse, Siya Makuzeni, AusTebza, Cameron Ward, Nokukhanya Dlamini, Swazi Dlamini, Nombulelo Maqetuka-Morapedi, Mandla Mlangeni, poets Mak Manaka and Nomashenge Dlamini, Nomsa Manaka Studio Dance Dancers and many more. Soweto Theatre proudly joined in support to pay homage to this living legend.

**The Red On The Rainbow** -Primarily inspired by recent real life events in Coligny, the play follows the aftermath of the death of a young man on a maize farm at the hands of a farmer's son and his friends. The play explored how time seems to remain frozen, picture-style, in an unending apartheid-ghost-dance. How with each dreary step into the future, reality seems to loop, stoop and reloop, forever trapping the amper-people of these towns in a cartoonish and feverish attempt to leap into the much lauded blissful change that our country's simunye moment is said to have unleashed for all.

The **Mzantsi Jazz Awards Company - MJAC** hosted two award-winning musicians for their Live DVD recording of their debut albums at Soweto Theatre. This was part of their award as winners for the 5th Mzantsi Jazz Awards – MJA. Featuring a delicious mix of some of South Africa's great musicians, including Mongezi Conjwa, Siya Makuzeni and Dalisu Ndlazi among others, this was a night like you will never experience again.

The Youth Development department in partnership with ASSITEJ (International Association of Theatre for Children and Young People) hosted a month long programme of fun and educational filled activities in celebration of Take a Child to Theatre. Centred around the World Day of Theatre for Children and Young People (20<sup>th</sup> March). This campaign invited artists, companies, theatre houses, education and the general public to join together in giving children and young people access to theatre on this day, or at any point during the year. The campaign aims to combat the poverty of imagination that is so evident in our society by recognizing the potentially transformative role of the arts in the lives of children and young people.

Soweto Theatre in partnership with Wushwini Pan African Centre presented the internationally acclaimed production **King Cetshwayo, the Musical**, written and produced by playwright Jerry Poore. The musical theatre follows the life and times of King Cetshwayo KaMpande, who was the ruler of the Zulu kingdom from 1873 to 1879 and its leader during the Anglo-Zulu War of 1879.

In celebration of Human Rights Month, an all-day live reggae music and dancehall experience, **Catch A Fire: Soweto Reggae Festival** in partnership with Lioness Productions and Soweto Theatre featured Mzansi's finest reggae artists, bands, poets & selectors. The line up included the likes of Nkulee Dube, African Storm Sound

Systems, the inseparable legendary reggae duo Jahseed & The Admiral Nkulee Dube - The two have been DJ'ing together since 1996 and are responsible for the weekly reggae nights at Bassline in Newtown.

In partnership with Soweto Theatre, **Vuma Zion** recorded and showcased talent of their journey of presenting Indigenous Gospel Music in platforms where it has never been, with an aim to give history of Zion in Africa, genre and its traditions while raising awareness of gender based violence and promoting positive mental health to the audience and community at large. Vuma Zion is a multiple award-winning artist. Known by his single "Adam Ukuphi Na" and many other songs and albums including their latest album "Makhosi Akithi".

Soweto Theatre has since evolved into a cultural complex that includes theatre, music, poetry, dance and allied arts. Today, it remains at the forefront of South African entertainment spaces, actively encouraging new works that continue to reach international stages. To **celebrate its 10 year anniversary**, the theatre celebrations programme was filled with poetry, comedy, staged plays and music from entertainers who have graced its stages in the past decade. In its 10 years, Soweto Theatre has hosted legends such as, Yvonne Chaka Chaka, Sello Maake ka Ncube, Dr Hugh Masikela, Blondie Makhene, Siphho Hotstix Mbuse and many South African Award winning artists such as Zakes Bantwini, Thandiswa Mazwai, Mzwakhe Mbuli, Sibongile Khumalo amongst others.

The 10 years celebration festivities kicked off with the **Soweto Comedy festival**. On the show line-up were the masters of comedy and resident of Soweto, Jordan Jay Boogie Mazibuko, Zicco Sithole, PelePele and Kedibone Mulaudzi. This edition also featured an international guest comedian from Zambia Chibwe Katebe. This was followed by the **Africa Day Groove** with performances by renowned artists such as SJAVA, Nomfundo Moh, Peanut Butter and Jam, Malcom Jiyane, Bcuc, Crazy Black Dudes, The Brothers Move On, Nathi B, Dj Mofaya amongst many more, which will take place on Saturday 28 May.

In celebrating Youth Month, Soweto Theatre joined in the rest of the country by celebrating the youth of Soweto and surrounding areas. This was done through an offering of educational programs such as the **Artist Residency showcase** and the **Brave Spoken Youth Project**.

## ROODEPOORT THEATRE

During the year under review Roodepoort Theatre hosted rentals from its regular and repeat clients which include opened the **South African Body of Dance (SABOD)** where all style Dance celebrated 30 years of dance in 2021, **Afrikaanse Taal-en Kultuurvereniging (ATKV) Culture Festival** a society that aims to promote the Afrikaans language and culture, the **IBFF** women's month showcase, **Westside Comedy Jam** which takes place every last Friday of the month and features South Africa's established and up-and-coming comedians, **Roodepoort Dance Hybrid festival and Aladdin Jr, Phoenix 2021** a production that lifted the spirit of the audiences and dancers; who had one goal to support the arts, the artists and the theatre, **Contemporary and Ballet Awards** universal dance pieces providing a feast of dance from ballet, contemporary and jazz that set the stage alight, with a 50 dancers repertoire, **One Midsummer Eve** presented by To the Pointe Dance School, as well as **World Lyrical Dance Federation (WLFDA)** an international organisation that is committed to the Growth and Development of Lyrical Dance Internationally.

The South African International Opera star, **Pumeza Matshikiza** was on stage for a special solo concert at the Theatre. The concert was an excellent treat for all music lovers who had been deprived of live music because of the pandemic. They had an opportunity to hear the top of South Africa's operatic talent singing a stunning selection of opera arias and traditional South African songs.

The Carstens/Ireland Ballet School presented their 9th annual studio production, **The Nutcracker**, which showcased a dazzling performance set to the beautifully captivating music of Tchaikovsky with innovative new choreography by Natasha Ireland, Sandra Carstens, Anya Segal and Angela Revie adorned by a sparkling cast of 90 dancers on a captivating Christmas Eve adventure brought to life by the magical Miss Drosselmeyer.

Roodepoort Theatre was engulfed in a blue hue as **Meraki Blue**, a spring performance exhibiting the best of ballet, contemporary, Spanish and contemporary dance and the ability to communicate through instruments practiced and developed to bless the viewer and bring them to a place of hope and enjoyment.

**Comedy and a Cup of Tea (Election Comedy Jam)** – renowned comedian giant Alfred Adriaan who's comedy is deeply rooted in everyday life was extremely funny and relatable as he performed to a full house show.

Mario Dance School presented **Kids Mask Off Showcase** - Roodepoort Theatre was set ablaze by the Mario dancers as they performed their signature piece *mask off*, which showcased urban contemporary moves such as

the bank head bounce, bop, cat daddy, chicken noodle soup, crank that , moon walk , naenae and many more which had the entire audience dancing along to every beat.

The Dance Art School presented its 5th bi-annual show the **Fairytale Frenzy** which was written and curated by Talia and Jordyn Swart for dance art dancers of all ages and starring an all-girl cast with a unique exciting story which was performed for all to enjoy.

Orlovska Dance Studio was proud to present its second **Annual Recital**. The dance school offers ballet training course in the acclaimed Vaganova system that has been developed in Russia for more than a century and which has been the key factor in the great success that Russian ballet dancers have enjoyed on the international stage.

**Game for change: Launch** - The aim for games of change youth development programme is to create access to sport programmes through this community-based initiative which creates an active sports zone and encourages a healthy lifestyle for all. The launch brought the youth closer to the City and its services by linking the youth to opportunities in both sports and academics. This programme adds value to society and the theatre aspires to take the partnership to new heights.

**Turning pointe and Move Dance Studios** - A day filled with adventure in the annual showcase by two dance schools being turning pointe and move dance studios where dancers displayed all forms of dance such as, Hip hop, Ballet, Acro, Modern Dance, Contemporary with the theme; *time travel*. The time indeed travelled as the audience were teleported into the future and back in time.

Niel Liebenberg graced the Basement Theatre after his eighteen-month performance hiatus to debut his latest production, **Sentimental**. The show explored themes about love, grief & triumph and had the audience raving for more.

MTN Joyous Celebration utilised the Main Theatre to record **Super Soul Sundays** which are 60-minute online sessions presented every last Sunday of the month. These one-hour sessions incorporate praise and worship songs from the ensembles' wide repertoire and also feature a guest artist and pastor.

The evening was full of celebrating award winning movies and shows, roaring crowds and thousands of flash bulbs. Hosted by Natasha Academy of Dancing, and featuring dance styles in ballet, acrobatics, modern, contemporary and hip-hop, all set to some of the most inspiring movie and show themes to present **Walking the Red Carpet**. The goal for the day was to bring sustainable change through various projects which focus primarily on social upliftment, food relief and orphaned children.

Roodepoort Theatre started 2022 with Ps Michael David's praise and worship production **Worship Encounters in Zion**. The audience came in their numbers to support and to catch their familiar favourites like, "Wave after Wave, King of Glory, Great in Battle, Oh Worship Him and Wayekhona".

Amanda Benedicta Antony, known professionally as Amanda Black, an award winning musician was front and centre at the Main stage for two nights with **Amanda Black - The Mnyama Experience**. Music lovers came in their numbers decked out in all black in support of the dress code and Amanda.

**Rhapsody in Pink** is Dance Inc.'s 9th theatre production to celebrate teacher Carla Turner's 25th year of sharing the magic of ballet with children of all ages! A show by kids, for kids with glorious orchestrated hits like My Favourite Things, Dancing Queen, Swan Lake , Barbie Girl, Bossa Nova, All about the Bass and Isn't She Lovely! Plus their studios theme song "Better When I'm Dance Inc.!"

**Jozi Youth Dance** - Jozi Youth Dance Company is a one of its kind, platform for young dancers, exposing them to professional choreographers and dancers. They gain invaluable experience, performing to sold out audiences, preparing them for the cut-throat dance industry

**Sleeping Beauty** - One of the things that can charm any heart is to watch a creative work that can make the cupids begin to fly in the right direction. The Sleeping Beauty Ballet, which was presented by members of the Youth Russian Ballet Company in Johannesburg, entrenched in a rich storyline that held audiences spellbound for many generations. This performance was full of awe, sublime moves, and well-choreographed displays.

The theatre experience will always be a unique and special one, what lies ahead are opportunities to enhance that experience. On 23 June 2022, the Covid 19 regulations around gatherings were lifted, allowing for 100% capacity for the first time in 27 months.



The 2022/2023 financial year will be an exceptionally exciting and challenging one with lots of new variables in the process of making and viewing theatre. JCT, with the unwavering support it receives from the City of Johannesburg (CoJ), is well placed to emerge triumphant into the new era theatre globally.

- **Financial**

- ✓ 8% total revenue growth year on year.
- ✓ JCT's achieved the target in the fourth quarter by spending 100% of capital expenditure, which is in line with the city 's mandate to ensure that budget allocated for capex is fully spent as at year end

ECONOMIC	Unit	2022	2021	2020	2019	2018
Total Assets	R	57 284 407	65 958 255	37 726 238	38 529 213	49 781 987
Total Equity	R	23 192 848	12 311 301	7 463 278	19 117 735	26 829 904
Non-Current Assets	R	14 908 225	15 071 655	16 319 452	17 001 972	14 226 798
Bank Balance	R	17 478 917	10 038 804	8 835 684	11 052 694	15 729 386
CAPEX - COJ	R	11 767 000	36 108 000	34 673 591	25 263 446	8 308 543
Earned Revenue	R	85 914 a577	43 008 671	55 694 988	63 843 368	70 505 648
Subsidies	R	166 152 000	163 454 000	128 469 000	116 447 000	104 432 000

- **Non-Financial:**

- JCT managed to achieve its objectives in a volatile economic climate, both locally and globally with budgets tightened and the City's focus on delivering basic services especially in deprived communities.
- 95% achievement on service delivery performance. 1 Audit KPI's was not achieved
- Notable improvements in Youth Development programmes includes enabling tools and opportunities for community theatre groups and individual artists.
- Procurement spend on SMMEs against total procurement expenditure was 66%, well above the target of 30%.
- Procurement spend on BBEEs against total procurement expenditure was 100%, well above the target of 75%.

ENVIRONMENTAL AND SOCIAL									
	Unit	2022	2021	2020	2019	2018	2017	2016	2015
Employees		242	5	234	159	145	145	131	146
Employment equity	%	94	91	90.5	91	84	89	86	87
Gender equity	%	37	37	40	38	35	33	29	31
Training cost	R	429 101.6	1,306,534	1,102,643	1,390,528	596,921	344,889	190,794	61,787
BBBEE	%	100	100	101	98	97	96	107	93
Corporate social investment	R	2,840,088	1,619,335	1 553 282	1,982,206	1,748,025	2,768,539	2,460,064	1,464,190
Electricity, gas and water consumption	R	12 164 344	11,927,810	11,459,175	10,115,592	8,529,216	10,231,298	7,223,313	8,135,159

### Challenges faced during the year

- The COVID-19 pandemic had a significant impact on the performing arts, mirroring its impacts across all arts sectors. Due to physical distancing requirements and limited numbers to attend the physical venues.

- Ticket sales remain a challenge particularly the sale of tickets on newly developed African stories. These productions usually require substantial investments at initial stages with lower returns on investment and require a number of years to warm to the audiences.
- Mobile theatre truck remains a challenge to market and generate adequate revenue for its operations. However partnership has been forged with community development and other stakeholders to create visibility and market of the truck.
- Rising input costs from the hospitality and catering business remain a challenge as they may result in price increases to maintain adequate gross profit margins.
- Marketing inefficiencies particularly maximum utilisation of social media to increase visibility of our productions.
- The capacity within departments of JCT is a challenge both in the form of inadequate numbers of human resources and the skills set available in different departments.

## **Section 2: Service Delivery Challenges**

### **COVID-19 Restrictions on gatherings**

At the beginning of March 2020, South Africa (59 million inhabitants) was hit by the pandemic of COVID-19 and soon became the most affected country in Africa by the SARS-CoV-2 virus.

During the period under review Covid 19 regulations still affected the maximum seating capacities for both indoor and outdoor events. Indoor venues were at 50% capacity and outdoor events were capped at a maximum capacity of 2000 pax, until the end of June when restrictions were lifted.

The theatre sector was amongst the first to shut down and will be one of the last to return to full operations. It was not financially viable for many theatres to present shows at reduced audience capacity to observe public health and social distancing guidelines. If they do so, they risk accumulating a high deficit from the cost of producing and presenting, with limited ticket sales to offset these costs. At the same time, theatres adapted where feasible to deliver limited in-person performances, workshops, and digital offerings.

- **Cancellations and postponements:**

Due to restrictions, productions had to be cancelled and others were postponed.

- **Revenue loss:**

As at 30 June 2022, due to reduced capacity producers continued to postpone / cancel productions, many had already experienced loss of revenue

It has been challenging for many of our members to project the expected total revenue decrease of the cancellation or re-scheduling of these productions and events.

- **Other sources of income:**

Other sources of income have also been cut or reduced, such as, sponsorships, rental spaces, hospitality and catering.

### **POWER CUTS DUE TO LOAD SHEDDING**

Load shedding has been a major business disruption to the theatre this financial year. This consistent load shedding severely affected restaurants as it meant early closure. Load shedding was deemed as a significant risk to the theatre's operations and management has opted to procure a backup generator as an alternative means of power supply to ensure continuity in the theatre operations during the load shedding. The backup generator will be operational in the 2022/23 financial year.

## **Section 3: Response to Strategic Direction**

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

Designed as a broad set of programmatic interventions, the National Development Plan (NDP) proposes a 'virtuous cycle' of growth and development, whilst reducing poverty and inequality. The enablers are strong leadership throughout society, national consensus, social cohesion and a capable state. Chapter 15 of the NDP asserts that:

*“Arts and culture opens powerful spaces for engagement about where a society finds itself and where it is going. Promoted effectively, the creative and cultural industries can contribute substantially to small business development, job creation, urban development and renewal.”*

The City's Integrated Development Plan (IDP) and policy imperatives informed the business plan of Joburg City Theatres for the financial year 2021/22. In this regard, Joburg City Theatres is a progressive, complementary and supportive intergovernmental partner of the Department of Arts Culture.

The year under review also saw the emergence of the Multi-Party Government (MPG) with its program of action termed 'The Golden Star', 7 Mayoral Priorities were introduced and Joburg City Theatres ensured its programmes and the business plan were aligned to:

1. A city that gets the basics right;
2. A safe city;
3. A caring city;
4. A business-friendly city;
5. An inclusive city;
6. A well run city;
7. A smart city.

**Alignment to the New Strategic Agenda -**

For the period 2021/22 and beyond, five (5) Strategic Objectives have been developed in order to enable JCT to effectively focus and prioritise its options in delivering on its mandate and respond to the above strategic focus areas.

The Strategic Objectives are framed as statements that describe the outcome expected as a result of Joburg City Theatres intervention, and are elaborated upon in the table below:

<b>Joburg City Theatres Strategic Objective</b> <b>(Towards achieving the mandate, mission and Strategic Priorities)</b>	<b>Objective Description and Focus Areas</b>	<b>CoJ Priority Alignment</b>
<b>1) Provision of opportunities for the youth, including future arts practitioners and entrepreneurs.</b>	<ul style="list-style-type: none"> <li>▪ Support local content development;</li> <li>▪ Support for youth development programmes;</li> <li>▪ Facilitate partnerships and co-productions that widen the participation of local producing partners engaged with JCT;</li> <li>▪ Implement structured opportunities for the development of the talents and skills of young people in the arts; and</li> <li>▪ Sound and consistent supply chain management processes that support preferential procurement, and</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Active and engaged citizenry</b></li> <li>▪ Job opportunity and creation</li> <li>▪ Sustainable Economic Growth</li> </ul>

<b>Joburg City Theatres Strategic Objective (Towards achieving the mandate, mission and Strategic Priorities)</b>	<b>Objective Description and Focus Areas</b>	<b>CoJ Priority Alignment</b>
	<p>enhance the contribution of JCT to enterprise development.</p>	
<p><b>2) High quality performing arts and entertainment experiences and facilities.</b></p>	<ul style="list-style-type: none"> <li>▪ Excellence in delivery of the JCT core business, in support of the mandate, vision and mission;</li> <li>▪ Supporting the development and creation of work;</li> <li>▪ Strengthening the acquiring and hosting of local and international work;</li> <li>▪ Facilitate production partnerships with theatres in South Africa and the African Diaspora for the development of productions from African stories;</li> <li>▪ Ensuring facilities and infrastructure are in excellent condition; and</li> <li>▪ Monitor and enhance customer satisfaction and the achievement of service standards.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Sustainable service delivery</b></li> <li>▪ Financial sustainability</li> <li>▪ Job opportunity and creation</li> <li>▪ Smart City</li> </ul>
<p><b>3) Affordable access to and use of theatres by communities.</b></p>	<ul style="list-style-type: none"> <li>▪ Thematic productions that address issues;</li> <li>▪ Engagement with arts practitioners, private sector and communities in bringing new audiences into contact with JCT programmes;</li> <li>▪ Develop future audiences by providing discounted tickets to learners;</li> <li>▪ Provide access to JCT venues;</li> <li>▪ Accessibility to theatres venues for people living with disabilities; and</li> <li>▪ Mechanisms and approaches that assist to make theatre going practical for various communities;</li> </ul>	<ul style="list-style-type: none"> <li>▪ Job opportunity and creation</li> <li>▪ Active and Engaged Citizenry</li> <li>▪ Sustainable service delivery</li> </ul>
<p><b>4) Good governance, financial sustainability and sound management.</b></p>	<ul style="list-style-type: none"> <li>▪ Balance the imperative for revenue generation with socio-economic development;</li> <li>▪ Grow shareholder value by ensuring sound financial management, financial control and growth in revenue;</li> <li>▪ Increase asset utilisation and leveraging investment;</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good Governance</li> <li>▪ Financial Sustainability</li> </ul>

<b>Joburg City Theatres Strategic Objective (Towards achieving the mandate, mission and Strategic Priorities)</b>	<b>Objective Description and Focus Areas</b>	<b>CoJ Priority Alignment</b>
	<ul style="list-style-type: none"> <li>▪ Cost efficiency across value-chain;</li> <li>▪ Customer care improvement;</li> <li>▪ Integrate the programming of the theatres and integrate the value chain of the theatres; and</li> <li>▪ Ensure efficient and effective internal business processes and systems.</li> </ul>	
<b>5) Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT.</b>	<ul style="list-style-type: none"> <li>▪ Build JCT brand awareness and grow market share of JCT as a leading brand;</li> <li>▪ Build JCT visibility through enhanced marketing, communication and stakeholder management;</li> <li>▪ Leveraging of mutually beneficial partnering agreements and joint programmes; and</li> <li>▪ Fundraising and donations.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sustainable Service Delivery</li> <li>▪ Financial sustainability</li> </ul>

Set out below, is an analysis of the entities performance against its KPIs for the financial year 2021/22 as set out in the Business Plan.

As will be seen, significant progress against the set targets has been made. This indicates important success by the entity, and our partner organisations in improving conditions in and the economic performance of, in particular, the inner city, and the initial focus of the entity's work. The data shows that in all instances the entity has met or bettered its targets. This can be attributed to solid corporate governance, sound management and management systems, clearly focused objectives, and efficient and effective staff.

It also demonstrates the effectiveness of the entity business model in delivering on the mandate of the CoJ to promote area-based economic development and area-based regeneration.

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

Twenty two (22) targets were set for the 2021/22 financial year and 95% was achieved.

<b>Joburg City Theatres Strategic Objective (Towards achieving the mandate, mission and Strategic Priorities)</b>	<b>Objective Description and Focus Areas</b>	<b>Achievement</b>
<b>1) Provision of opportunities for the youth, including future arts</b>	<ul style="list-style-type: none"> <li>▪ Support local content development;</li> <li>▪ Support for youth development programmes;</li> <li>▪ Facilitate partnerships and co-productions that widen the participation of</li> </ul>	873 Youths attended arts programmes during the year

<b>Joburg City Theatres Strategic Objective</b> <b>(Towards achieving the mandate, mission and Strategic Priorities)</b>	<b>Objective Description and Focus Areas</b>	<b>Achievement</b>
<b>practitioners and entrepreneurs.</b>	local producing partners engaged with JCT; <ul style="list-style-type: none"> <li>▪ Implement structured opportunities for the development of the talents and skills of young people in the arts; and</li> <li>▪ Sound and consistent supply chain management processes that support preferential procurement, and enhance the contribution of JCT to enterprise development.</li> </ul>	220 of Expanded Public Works programmes (EPWP) work opportunities created at JCT
<b>2) High quality performing arts and entertainment experiences and facilities.</b>	<ul style="list-style-type: none"> <li>▪ Excellence in delivery of the JCT core business, in support of the mandate, vision and mission;</li> <li>▪ Supporting the development and creation of work;</li> <li>▪ Strengthening the acquiring and hosting of local and international work;</li> <li>▪ Facilitate production partnerships with theatres in South Africa and the African Diaspora for the development of productions from African stories;</li> <li>▪ Ensuring facilities and infrastructure are in excellent condition; and</li> <li>▪ Monitor and enhance customer satisfaction and the achievement of service standards.</li> </ul>	10 Number of livestreaming/Online productions 100% achievement of Service Level Standards 83 Arts and Culture festivals and themed productions held / in-house production 6 Ballet seasons were held 5 Philharmonic Orchestra were held
<b>3) Affordable access to and use of theatres by communities.</b>	<ul style="list-style-type: none"> <li>▪ Thematic productions that address issues;</li> <li>▪ Engagement with arts practitioners, private sector and communities in bringing new audiences into contact with JCT programmes;</li> <li>▪ Develop future audiences by providing discounted tickets to learners;</li> <li>▪ Provide access to JCT venues;</li> <li>▪ Accessibility to theatres venues for people living with disabilities; and</li> <li>▪ Mechanisms and approaches that assist to make theatre going practical for various communities;</li> </ul>	113,201 attendees
<b>4) Good governance, financial</b>		30% / 70% Earned income R71,500m

<b>Joburg City Theatres Strategic Objective</b> <b>(Towards achieving the mandate, mission and Strategic Priorities)</b>	<b>Objective Description and Focus Areas</b>	<b>Achievement</b>
<b>sustainability and sound management.</b>	<ul style="list-style-type: none"> <li>▪ Balance the imperative for revenue generation with socio-economic development;</li> <li>▪ Grow shareholder value by ensuring sound financial management, financial control and growth in revenue;</li> <li>▪ Increase asset utilisation and leveraging investment;</li> <li>▪ Cost efficiency across value-chain;</li> <li>▪ Customer care improvement;</li> <li>▪ Integrate the programming of the theatres and integrate the value chain of the theatres; and</li> <li>▪ Ensure efficient and effective internal business processes and systems.</li> </ul>	<p>Total Revenue R237,659m</p> <hr/> <p>66% of procurement spend on SMMEs quarterly against total procurement expenditure - target of 30%</p> <hr/> <p>104% of procurement spend on BBBEE quarterly against total procurement expenditure - target of 75%</p> <hr/> <p>100% CAPEX budget spent</p> <hr/> <p>Unqualified audit report with one material audit finding</p> <hr/> <p>95% of pre-determined objectives achieved</p>
<b>5) Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT.</b>	<ul style="list-style-type: none"> <li>▪ Build JCT brand awareness and grow market share of JCT as a leading brand;</li> <li>▪ Build JCT visibility through enhanced marketing, communication and stakeholder management;</li> <li>▪ Leveraging of mutually beneficial partnering agreements and joint programmes; and</li> <li>▪ Fundraising and donations.</li> </ul>	<p>23 Strategic partnerships created</p>

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

<b>Value</b>	<b>What it means in practice for Joburg City Theatres</b>
<b>Service Excellence</b>	<ul style="list-style-type: none"> <li>▪ We will at all times render the quickest, responsive and best service to our customers. We will do so in a competent, timely, cost effective, efficient and professional manner.</li> <li>▪ We will strive for enhanced levels of customer satisfaction and responsiveness, and diligently strive to meet and exceed our service standards.</li> </ul>

Value	What it means in practice for Joburg City Theatres
<b>UBUNTU (Care and concern for people)</b>	<ul style="list-style-type: none"> <li>▪ We will do our work with care, empathy and concern for the wellbeing of vulnerable communities, customers and stakeholders;</li> <li>▪ We will at all times display tolerance, respect and consideration of cultural diversity;</li> <li>▪ We will implement Batho Pele Principles.</li> </ul>
<b>Accountability</b>	<ul style="list-style-type: none"> <li>▪ We will display punctuality, reliability, dependability and a commitment to meet deadlines;</li> <li>▪ We will act in a transparent manner and display ethical and consistent behaviour;</li> <li>▪ We will behave with integrity in all our actions, always acting in the best interest of the citizen and organisation.</li> </ul>
<b>Agility</b>	<ul style="list-style-type: none"> <li>▪ We will seek to be flexible, adaptable and responsive to our highly competitive environment;</li> <li>▪ We will value and promote innovative ideas and solutions in order to deliver exceptional results;</li> <li>▪ We will strive to identify opportunities to delivery services more economically and efficiently, and to respond to revenue opportunities, given the constrained fiscal environment;</li> <li>▪ We will seek to leverage the positive social benefit of the arts, and to use the arts to address societal issues and promote greater quality of life.</li> </ul>



## Section 4: Performance against Service Standards

The company has signed the Shareholder Compact and is actively adhering to the Service Level Standards (SLS).

All shows ran smoothly, safely and on time, with service standards meeting expectations. JCT continued to implement all relevant Covid 19 protocols for those guests and staff who visited the facilities in person. The amendments to the Covid 19 regulations during Q3 had no effect on the current capacity for indoor or outdoor events at all three theatres during April and May. On 23 June 2022, the Covid 19 regulations around gatherings were lifted, allowing for 100% capacity for the first time in 27 months. Ticket sales increased as a result.

### Service Level Standards Performance

Performance Status	Reporting Period -				
	Q1	Q2	Q3	Q4	YTD Performance
Target Achieved	100%	100%	100%	100%	100%
Target Not Achieved	0	0	0	0	0
KPI not measured	0	0	0	0	0
Total no. of KPI's	3	3	3	0	3
Total no. of KPI's Measured	3	3	3	3	3

### Performance Highlights

- JCT prides itself on placing customer service at the forefront of it's service delivery to performers, patrons and other visitors to it's various sites. Easy accessibility for all citizens, prompt starting times of performances, and providing a safe and healthy environment has long been the calling card of an entity that prides itself on delivering excellent service to all who enter the doors.
- JCT has also changed the delivery of tickets for their productions. Instead of physical tickets needing to be presented to gain access to events, tickets can now be sent to patrons mobile phones. The bar code on the virtual ticket can then be scanned for entry into the event.
- Free, online, digital programmes are offered to patrons where feasible, to further increase the contact-less experience.
- Where payment is made at the restaurants, bars and box offices, JCT encourages a cashless experience, and provides the use of tap-and-pay devices
- Several performances were sold out this month.

**Performance Challenges and Mitigations** Covid-19 presented additional challenges with regards to safe and healthy regulations, as well as the health and safety of staff and external visitors. However, JCT rose to the challenge.

Covid 19 regulations still affected the maximum seating capacities for both indoor and outdoor events. Indoor venues were at 50% capacity and outdoor events were capped at a maximum capacity of 2000 pax, until the end of June 2022 when restrictions were lifted.

### Challenges and mitigations

SLS KPI not achieved	Challenges	Mitigations
NOT APPLICABLE	-	-

## Section 5: Performance against Predetermined objectives

### Performance Information For The Year Ended 30 June 2022

IDP Programme	Result Area	Key Performance Indicator	Key Intervention	Strategic Objective Annual Targets		Means of Verification	2021/22 Performance Targets				Annual	2021/22 Budget								
				Baseline 2020/201 Estimate	2021/22 Target		Reporting Period	Q1 Jul - Sep 2021	Q2 Oct - Dec 2021	Q3 Jan - Mar 2022			Q4 Apr - Jun 2022							
				Unit Responsible for Reporting	Target		Actual	Target	Actual	Target			Actual	Target	Actual					
Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	Increase work opportunities at ICT	Number of Expanded Public Works programmes (EPWP) work opportunities created at ICT	Job opportunities	220 Expanded Public Works programmes (EPWP) work opportunities created at ICT	200 Expanded Public Works programmes (EPWP) work opportunities created at ICT	Employment contracts / HR/ Payroll Information	Quarterly	Target	100	Actual	116	Target	150	Actual	148	Target	220	Actual	220	
							Target	50	Actual	51	Target	220	Actual	220	Target	220	Actual	220		
							Unit Responsible for Reporting	CFO												
Increased youth development programme	Increased youth development programme	Number of youths attending arts programmes (Non-Cumulative)	Youth development in the art sphere	556 of youths attending arts programmes (Non-Cumulative)	200 (Jul-Dec) 250 (Jan - Jun) of youths attending arts programmes (Non-Cumulative)	Attendance registers Tutor programme content Program summary	Quarterly	Target	200	Actual	231	Target	250	Actual	250	Target	225	Actual	225	
							Target	200	Actual	231	Target	250	Actual	250	Target	225	Actual	225		
							Unit Responsible for Reporting	Executive Producer, Artistic Manager												
COVID-19 Response	Continuation of ICT Services	Number of livestreaming/ Online productions	To make ICT relevant during the Covid-19 Pandemic Promotion of positive social local content	6	8	Web link of streaming/ online production and/or marketing material	Quarterly	Target	2	Actual	5	Target	4	Actual	7	Target	6	Actual	8	
							Target	2	Actual	5	Target	4	Actual	7	Target	6	Actual	8		
							Unit Responsible for Reporting	Executive Producer, Artistic Manager												
Create a culture of enhanced service delivery with	Improved service delivery	Percentage achievement on service level standards	Service standards turnaround time improvement <sup>1</sup>	90% achievement service level standards	90% achievement service level standards	Service Level Standards Reports	Quarterly	Target	90%	Actual	100%	Target	90%	Actual	100%	Target	90%	Actual	100%	
							Target	90%	Actual	100%	Target	90%	Actual	100%	Target	90%	Actual	100%		
							Unit Responsible for Reporting	COO												

<sup>1</sup> CORE BUSINESS

1. Theatres accessible to people with disabilities 100% accessibility

SERVICE LEVEL STANDARD

100% accessibility

IDP Programme	Result Area	Key Performance Indicator (Non-Cumulative)	Key Intervention	Strategic Objective Annual Targets		Means of Verification	2021/22 Performance Targets					Annual	2021/22 Budget	
				Baseline 2020/201 Estimate	2021/22 Target		Reporting Period	Q1 Jul - Sep 2021	Q2 Oct - Dec 2021	Q3 Jan - Mar 2022	Q4 Apr - Jun 2022			July 2021 - June 2022
Create a culture of enhanced service delivery with pride and dignity	Improved audience development and accessibility to venues. Promote positive social local content	Number of Arts and Culture festivals and themed productions held / in-house production	To make venues more accessible. Promotion of positive social local content	27 Arts and Culture festivals and themed productions held / in-house production	20 Arts and Culture festivals and themed productions held / in-house production	Contracts Marketing material Show reports	Quarterly	Target	Target	Target	Target	Target	Target Achieved	Capex Opex
				6	15		18	20	20	20				
				Actual	Actual		Actual	Actual	Actual	Actual				
Promote economic development	Number of Ballet seasons	4 ballet seasons	Image building of the Col by Joburg Ballet	4 ballet seasons	4 ballet seasons	Quarterly report Contracts and marketing material	Quarterly	Target	Target	Target	Target	Target	Target Achieved	Target Achieved
				1	2		3	4	4	4				
				Actual	Actual		Actual	Actual	Actual	Actual				
Create a City that responds to the needs of the citizens, customers,	Improved audience development and	Number of Philharmonic Orchestra seasons	Improved access to professional concerts of classical and choral music	4 Philharmonic Orchestra seasons	4 Philharmonic Orchestra seasons	Quarterly report Contracts and marketing material	Quarterly	Target	Target	Target	Target	Target	Target Achieved	Target Achieved
				1	2		3	4	4	4				
				Actual	Actual		Actual	Actual	Actual	Actual				
Strategic Objective 3: Affordable access to and use of theatres by communities														
Create a City that responds to the needs of the citizens, customers,	Improved audience development and	Number of attendees	Public access to theatres	211,794 attendees to theatres	80,000 attendees	Ticket reports	Quarterly	Target	Target	Target	Target	Target	Target Achieved	Target Achieved
				10,000	50,000		60,000	80,000	80,000	80,000				
							Actual	Actual	Actual	Actual	Actual	Actual		

2. Production start times	100% of in-house productions commence within 15 minutes as per schedule
3. Safety of patrons	100% compliance to health and safety legislation

IDP Programme	Result Area	Key Performance Indicator	Key Intervention	Strategic Objective Annual Targets		Means of Verification	2021/22 Performance Targets					Annual	2021/22 Budget		
				Baseline 2020/201 Estimate	2021/22 Target		Unit Responsible for Reporting	Reporting Period	2021/22 Performance Targets						
									Q1 Jul - Sep 2021	Q2 Oct - Dec 2021	Q3 Jan - Mar 2022			Q4 Apr - Jun 2022	July 2021- June 2022
Enhance our financial sustainability stakeholders and businesses	accessibility to venues						8,821	65,504	81,462	113,201	113,201		Target Achieved		
<b>Strategic Objective 4: Good governance, financial sustainability and sound management</b>															
Enhance our financial sustainability	Improved financial planning and project management	Percentage spent on operating budget against approved operating budget	Operating project programme	Operating project programme	CAPEX expenditure report Financial statements	Quarterly	≥ 103% spend and not exceeding 2% of approved operating budget	97%	≥ 90% spend and not exceeding 2% of approved operating budget	97%	≥ 90% spend and not exceeding 2% of approved operating budget	97%	Target	Actual	Target Achieved
														91%	105%
Enhance our financial sustainability	Improved and sound	Percentage of CAPEX budget spent against total revenue including subsidy	Capital project programme	CFO	CAPEX expenditure report Financial statements	Quarterly	95% of R34,751m CAPEX budget spent	95% of total CAPEX budget spent	30%	70%	74%	100%	Target	Actual	Target Achieved
														39%	51%
Enhance our financial sustainability	Improved and sound	Percentage spent on repairs and maintenance against the budget	Operating project programme	CFO	Expenditure report Financial statements	Quarterly	97%	8%	8%	21%	30%	Target	Actual	Target Achieved	
													2%	8%	21%
Enhance our financial sustainability	Improved and sound	Proportion of earned income against total revenue including subsidy	Financial sustainability	Improved and sound	Financial statements Income reports	Quarterly	30% / 70% Earn Revenue R55,694m Total revenue R184,163m	24% / 76% Earn Revenue R51,687m Total revenue R217,859m	24% / 76% Earn Revenue R24,691m Total revenue R79m	24% / 76% Earn Revenue R57,036m Total revenue R154,317m	24% / 76% Earn Revenue R51,687m Total revenue R217,859m	Target	Actual	Target Achieved	
													76%	76%	76%

IDP Programme	Result Area	Key Performance Indicator	Key Intervention	Strategic Objective Annual Targets		Means of Verification	Unit Responsible for Reporting	2021/22 Performance Targets					Annual	2021/22 Budget	
				Baseline 2020/2021 Estimate	2021/22 Target			Reporting Period	Q1 Jul - Sep 2021	Q2 Oct - Dec 2021	Q3 Jan - Mar 2022	Q4 Apr - Jun 2022			July 2021 - June 2022
financial management	Percentage of valid invoices paid in 30 days after receipt of invoice or statement?	financial management	financial management	100%	100%	Expenditure report financial statements	CFO	Quarterly	20% / 80% Earn Revenue R11 382m Total revenue R55 768m	31% / 69% Earn Revenue R40 349m Total revenue R129 007m	30% / 70% Earn Revenue R 54,288m Total revenue R 181,522m	30% / 70% Earn Revenue R 71,500m Total revenue R 237,659m	July 2021 - June 2022	Capex Opex	
				100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Achieved
Internal control improve process Audit mitigation initiatives	Audit opinion	Clean audit outcome	Clean audit outcome	Unqualified audit opinion with zero findings	Unqualified without material findings	External audit opinion and report Annual financial statement	CFO	Annually	Unqualified without material findings Unqualified Audit Opinion -	Unqualified without material findings Unqualified Audit Opinion -	Unqualified without material findings Unqualified Audit Opinion -	Unqualified without material findings Unqualified Audit Opinion -	July 2021 - June 2022	Target Not Achieved	
				85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	85% of pre-determined objectives achieved	Target Achieved
AG findings	Percentage of resolution of AG findings	Strategy improvement plans	Strategy improvement plans	100%	100%	Quarter reports / evidence files	CFO	Quarterly	10%	30%	70%	100%	July 2021 - June 2022	Target Achieved	
				100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	Target Achieved

2 100% of valid invoices paid in 30 days from receipt of valid Invoices and Statements

IDP Programme	Result Area	Key Performance Indicator	Key Intervention	Strategic Objective Annual Targets		Means of Verification	Unit Responsible for Reporting	2021/22 Performance Targets					Annual	2021/22 Budget		
				Baseline 2020/201 Estimate	2021/22 Target			Reporting Period	Q1 Jul - Sep 2021	Q2 Oct - Dec 2021	Q3 Jan - Mar 2022	Q4 Apr - Jun 2022			July 2021 - June 2022	
				100%	100%			Quarterly	Target 10%	Target 30%	Target 70%	Target 100%			Target 100%	Target 100%
Improved financial planning and project management	Percentage of resolution of Internal Audit (IA) findings	Strategy improvement plans	Strategy improvement plans	100%	100%	Quarter reports / evidence files	CFO	Target 10%	Actual 63% of 2020/21 findings were resolved	Target 70%	Actual 100% of 2020/2021 findings were resolved	Target 100%	Actual 100% of 2020/2021 findings were resolved	Target 100%	Actual 100%	Target Achieved
				100%	100%	Quarter reports / evidence files	CFO	Target 100%	Actual 100%	Target 100%	Actual 100%	Target 100%	Actual 100%	Target 100%	Actual 100%	Target Achieved
				85%	100%	Quarter reports / evidence files	CFO	Target 10%	Actual 47%	Target 55%	Actual 73%	Target 100%	Actual 100%	Target 100%	Actual 100%	Target Achieved
Increased entrepreneurial support of small businesses	Percentage of spend on SMME's against total procurement expenditure	Business Support to SMME's	Strategy improvement plans	30% of procurement spend on SMME's against total procurement expenditure	30% of procurement spend on SMME's against total procurement expenditure	Procurement reports	CFO	Target 30%	Actual 66%	Target 30%	Actual 73%	Target 30%	Actual 66%	Target 30%	Actual 66%	Target for Midyear was Achieved
				75% of procurement spend on BBBEE against total procurement expenditure	75% of procurement spend on BBBEE against total procurement expenditure	Procurement reports	CFO	Target 75%	Actual 98%	Target 75%	Actual 98%	Target 75%	Actual 104%	Target 75%	Actual 104%	Target Achieved
				15 Partnerships / Collaborations / productions / programmes / events	15 Partnerships / Collaborations / productions / programmes / events	Signed MoA / MoU / contract	Executive Producer	Target 5	Actual 6	Target 15	Actual 15	Target 15	Actual 23	Target 15	Actual 23	Target Achieved
Create a City that responds to the needs of the citizens, customers, stakeholders and businesses	Number of strategic partnerships created	Partnerships / Collaborations / productions / programmes / events	Partnerships / Collaborations / productions / programmes / events	26 strategic partnerships created	15 Partnerships / Collaborations / productions / events	Signed MoA / MoU / contract	Executive Producer	Target 5	Actual 6	Target 15	Actual 15	Target 15	Actual 23	Target 15	Actual 23	Target Achieved
				15 Partnerships / Collaborations / productions / programmes / events	15 Partnerships / Collaborations / productions / programmes / events	Signed MoA / MoU / contract	Executive Producer	Target 5	Actual 6	Target 15	Actual 15	Target 15	Actual 23	Target 15	Actual 23	Target Achieved
				15 Partnerships / Collaborations / productions / programmes / events	15 Partnerships / Collaborations / productions / programmes / events	Signed MoA / MoU / contract	Executive Producer	Target 5	Actual 6	Target 15	Actual 15	Target 15	Actual 23	Target 15	Actual 23	Target Achieved

**Summary**

Quarterly KPIs	20
Annual KPIs	02
Total number of KPIs	22
Total number of KPIs Measured	22
Number of All KPIs Achieved	21
Number of All KPIs Not Achieved	1
Total achieved constitutes	95%

**KPI NOT ACHIEVED AND ACTION PLAN**

REF #	KPI	Target	Actual	Reason for not meeting target	Mitigating Measure
14	Audit opinion	Unqualified without material findings	Unqualified Audit Opinion With Material Findings	The finding was due to non-compliance with section 95d of the MFMA (failure to prevent irregular expenditure); and material audit adjustments on performance information	JCT will implement UFW reduction strategy and implementation plan. Management will put emphasis on controls such accurate record keeping to ensure that all performance achievements accounted for. This is to ensure reliability and usefulness information reported.

## **Section 6: Public Satisfaction on Municipal Services**

### **Joburg City Theatres: Customer Satisfaction Survey**

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

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

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

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

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

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

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

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

### **Future Areas of Focus**

For the 2022/23 financial year, the primary focus for the stakeholder management will include identifying all the issues raised by customers and stakeholders during the previous customer satisfaction survey and working on improvements to ensure that similar concerns are not presented in the next survey.

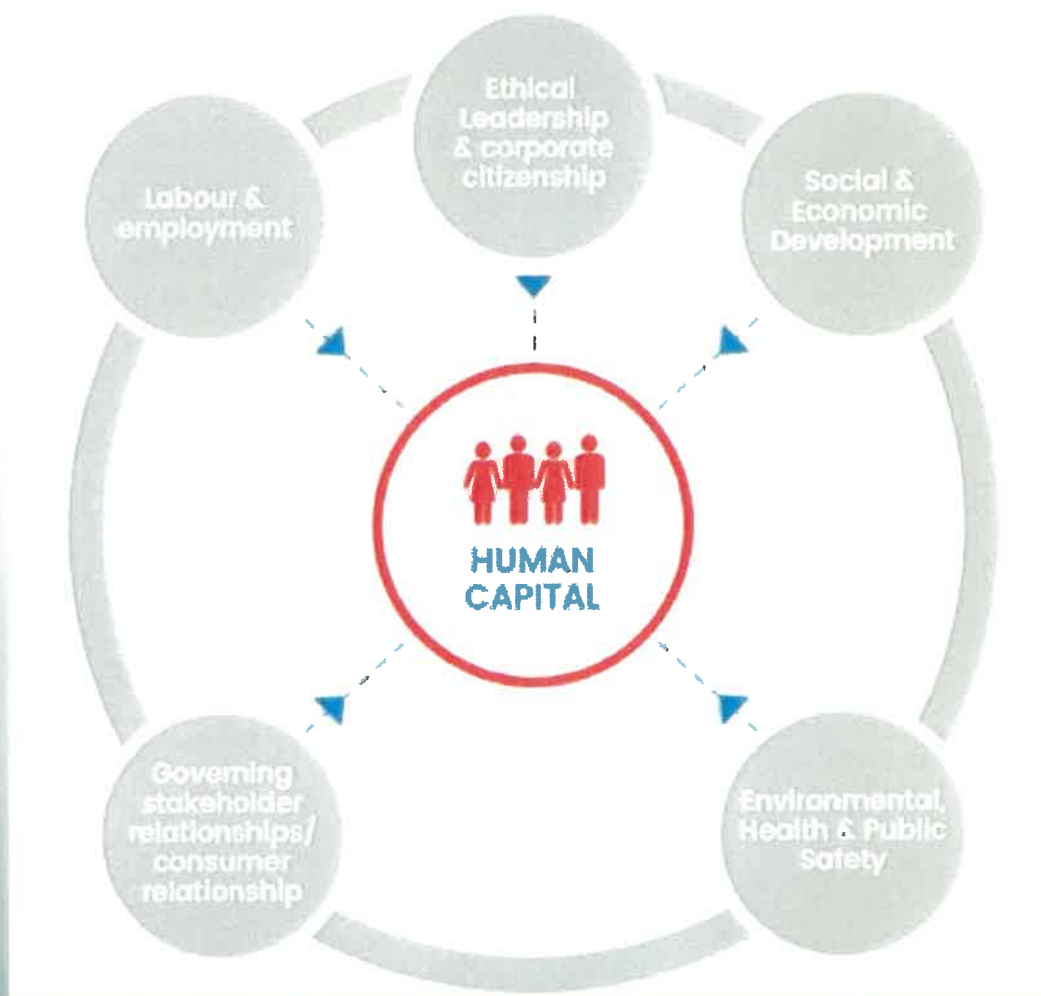
There will be a concerted effort to encourage maximum utilisation our various social media platforms in order to increase our visibility and ensure that our stakeholders are kept abreast of developments.



**Section 7: Recommendation and Plans for next financial year**

<b>Action</b>
Management and promotion of high quality performing arts and entertainment facilities
Provision of supportive hospitality infrastructure and services
Enable Joburg residents to access and benefit from quality arts and culture facilities and experiences
Hosting and showcasing of revenue generating local and international productions that have a positive impact on the financial sustainability of Joburg City Theatres, whilst also exposing Joburger's to globally recognised professional entertainment
Hosting of quality performing arts and entertainment productions that are attractive to both traditional and regular theatre goers, but also to new and diverse audiences
Promotion and development of local content and local markets through programmes that advance social cohesion and support the transformation of society
In-house and/or co-production and staging of arts and entertainment productions in collaboration with local arts practitioners, entrepreneurs and enterprises
Acceleration of youth development through programmes that stimulate an interest in the arts as a viable career path and provide opportunities for future arts practitioners and entrepreneurs
Conceptualise, create, produce, market and disseminate content both through own facilities and by taking shows to communities
Generate revenue over and above the subsidy received from the city through the effective delivery of the above services

## CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT



UNITY. RESPECT. EXCELLENCE. INTEGRITY. GROWTH

### OUR VALUES

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

## **Human Resource Management**

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

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

## **Organisational Structure**

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

As at June 30th 2022, the company had a total of 242 permanent employees. Every employee of the theatre is trained to offer services to the clients, namely the entity renting a part of the complex for any relevant core or support business purpose; and the customer, i.e the patron choosing to participate in a core or support business of the theatre.

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

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

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

## Section 1: Employment Remuneration

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

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

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

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

- a) Improved governance and compliance
- b) Creating opportunities for growth
- c) Ensure parity in remuneration and Conditions of Service
- d) Creation of labour Stability
- e) Smart hiring
- f) Human capital capacitation and empowerment
- g) Improve leadership and employee skills within the company to develop a culture of learning
- h) Employee safety, healthy and wellness programme.,
- i) Cultivate a high performance culture

HR Strategy and Framework, Remuneration Policy and other policies are available on the JCT's website: [www.joburgcitytheatres.com](http://www.joburgcitytheatres.com)

Employee Remuneration	2021/22	Ratio	2020/21	Ratio	2018/19	Ratio
<b>Net salary</b>	59 049 549.08	57%	53 103 741	58%	52 548 602	58%
<b>PAYE</b>	15 563 002.80	15%	13 252 521	15%	13 417 945	15%
<b>SDL</b>	851 144.00	1%	699 379	0.90%	785 113	0.90%
<b>UIF</b>	918 590.30	1%	893 034	1%	904 181	1%
<b>Medical Aid</b>	5 829 065.00	6%	5 611 980	6%	5 234 307	6%
<b>Pension Contribution</b>	14 494 816.12	14%	13 998 014	14%	13 055 980	14%
<b>Third Parties</b>	565 806.33	1%	370 823	0.30%	239 744	0.30%
<b>13th cheque leave accrual and performance bonus</b>	5 289 213.90	5%	5 136 524	4,8%	4 337 559	4,8%
<b>Other</b>	618 322.47	1%	333401	0%	0	0%
<b>Total</b>	<b>103 179 510.00</b>	<b>100%</b>	<b>93 399 417</b>	<b>100%</b>	<b>90 523 431</b>	<b>100%</b>

	2022	2021
<b>Board Fees</b>	1,700,000.00	1,676,500.00
<b>Total Employee Related Costs</b>	104,879,510.00	71,479,769.00
<b>Total Revenue</b>	244,426,525.00	206,462,671.00
<b>Total Expenditure</b>	237,117,099.00	200,290,584.00
<b>Employee Related Cost Ratio</b>	44%	36%
<b>Employee Related Cost Revenue Ratio</b>	43%	35%
<b>Average Related Cost Per Employee</b>	499,193.89	484,965.09
<b>Average Revenue Per Employee</b>	514,582.16	499,909.62

## Section 2: Key Vacancies

All key vacancies are filled. The current approved structure has **260** positions. **242** posts are occupied while **18** are vacant. A detailed staff establishment per department is provided in Table 1 below to indicate occupancy and vacancy percentages as per the approved structure.

Detailed analysis on occupancy and vacancy report as at 30 June 2022:

Department	Approved Positions	Occupied Positions	Vacant Positions	Temporary Staff	Interns / Learners	Total
Governance	8	7	1	0	0	7
Human Resources	4	3	1	0	1	4
Stage	29	27	2	0	2	29
Finance and SCM	17	16	1	3	4	23
Building & Security	62	58	4	0	1	59
Customer Services	9	8	1	26	2	36
Client Services (Programming)	10	8	2	0	2	10
Hospitality & Catering	31	27	4	166	0	193
Soweto Theatre	60	59	1	21	4	84
Roodepoort Theatre	30	29	1	16q	1	46
<b>Total</b>	<b>260</b>	<b>242</b>	<b>18</b>	<b>232</b>	<b>17</b>	<b>491</b>

<b>Vacancy Occupancy %</b>	<b>93%</b>	<b>7%</b>	<b>44%</b>	<b>4%</b>	
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JCT is operating at **93%** occupancy against the approved staff establishment with the remaining **7%** recorded as vacancy rate. In addition to the above staffing, **3%** of human capacity comprises of interns which are placed within various departments and **47%** of temporary/Adhocs staff members.

Six (3) permanent and three (3) temporary terminations; four (4) permanent and (32) temporary appointments were recorded in this year. There are plans to fill some of the 18 posts in the first quarter of the 2022/23 financial year. The recruitment process has already commenced as it is indicated in the table below.

JCT has 232 temporary/Adhocs employees in this quarter under review. The majority of these temporary employees are working in the Hospitality and Catering department (i.e. 166). The other 66 are ushers contracted to work whenever there are shows. The appointment of temporary employees is dictated by the needs of the business. The number of temporary employees fluctuates on monthly basis due to the nature of the business.

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

**There is no fixed patron capacity in the theatre bars as the business in this area is determined by the shows that are on the stage at any given time, hence this area is treated as seasonal work based on the seasonal run of any given show.**

- **The restaurant business is managed on a day-to-day basis based as per point 1, as well as the daily take up of the restaurant by the surrounding businesses.**
- **Unfortunately, the department often experiences an extreme fluctuation of business volumes that occur over a period of any one year due to the area of the hospitality it works in, namely, the theatre.**
- **There are very few foreign nationals in the workforce and their fixed term contracts are based on their current valid work permits.**

**The number of temporary employees fluctuates on monthly basis due to the nature of the business. The table below summarises the recruitment activities and progress towards filling of vacant positions.**

### **Section 3: Employment Equity**

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

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

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

Section 20 of the Employment Equity Act, 1998, provides that the employer must prepare and implement an employment equity plan, which will help to reach employment equity in the workplace. The company encourages promotion within the core employment base, with particular attention given to the opportunities of promoting those staff members from historically disadvantaged communities.

All the relevant employment equity reports, return of earnings and work skill plans are submitted to the Department of Labour and Culture, Arts, Tourism, Hospitality and Sport SETA (CATHSSETA). The company receives SETA rebates on a regular, fully monitored basis. The Chief Executive Officer, together with the Chief Operating Officer, is responsible for the monitoring of the implementation of the employment equity plan. The company is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution and the Employment Equity Act. In this context, Joburg Theatre seeks to create an institution that reflects the diversity of South African society, and which contributes to maximising the human resource potential of its entire people.

The Company has employment policies that it believes are appropriate to the business and the market in which it trades. Equal employment opportunities are offered to all employees. The company firmly endorses the four key areas of employment equity identified by the Employment Equity Act:

- elimination of discrimination in decision-making;
- promotion of employee diversity;
- reduction of barriers to advancement of the disadvantaged; and
- Introduction of measures and procedures for transformation.

The implementation of JCT's five-year employment equity plan is on track. The implementation of the plan is monitored on quarterly and annual basis through the reports submitted to the City and to the Department of Labour to ensure compliance requirements are fully met. The theatre's management team is inclusive and representative of the demographics of the country. The members of the support management team comprise of staff members from a diverse background.

JCT is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution and the Employment Equity Act. In this context, JCT seeks to create an institution that reflects the diversity of South African society, which contributes to maximising the human resource potential of its entire people. JCT is committed to appointing a fair representation of employees in terms of race and gender in order to comply with its employment equity plan. The tables and graphs below are based on the formats prescribed by the Employment Equity Act, 55 of 1998 and the Department of Labour.

The theatre's management team is inclusive and representative of the demographics of the country. The members of the support management team comprise of staff members from a diverse background. During the year under review, historically disadvantaged individuals accounted 95% of the permanent staff compliment, 30%% youth and 37% female.

Joburg City Theatres' Human Capital objective is to have a workforce profile reflective of the demographics of South Africa and Gauteng region. JCT is committed to appointing a fair representation of employees in terms of race and gender in order to comply with its employment equity plan. The Employment Equity is profiled according to gender, disability, race, and by occupational levels. The employment equity targets are aligned to the country's Economically Active Population (EAP) percentage distribution within the Gauteng region. The EAP includes people from 16 to 65 years of age who are either employed or unemployed and seeking employment and is used to assist employers in the analysis of their workforce to determine the degree of under-representation of the designated groups. It is important to note that the analysis of the section of this report focuses on the EAP as depicted in the tables below.

### Employment Equity Profile

**Table 7: Workforce Profile for Joburg Theatre**

Occupational Level	Male				Female				Foreign Nationals		Grand Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	0	0	0	0	1	0	0	0	0	0	1
Senior Management	1	0	0	0	1	0	0	0	0	0	2
Professionally Qualified / Middle Management	9	1	0	5	4	1	0	1	0	0	21
Skilled Technically and Academically Qualified	16	0	1	3	12	0	0	0	0	0	32
Semi-Skilled	27	1	0	0	14	0	0	0	0	0	42
Unskilled	17	0	0	0	12	0	0	0	0	0	29

Occupational Level	Male				Female				Foreign Nationals		Grand Total
	A	C	I	W	A	C	I	W	Male	Female	
Total	70	2	1	8	44	1	0	1	0	0	127
	54%	1.3%	1.3%	5%	35%	0.8%	0.0%	0.8%	2%	0.0%	

Job Level	2016/17	2017/18	2020/21	2021/22	2021/22		
	Employees No.	Employees No.	Employees No.	Employees No.	Employees No.	Vacancies No.	Vacancies (as a % of total) %
0-3	1	1	1	3	3	0	0%
4-6	18	18	15	27	27	5	19%
7-9	29	12	13	18	18	4	22%
10-12	43	51	50	36	36	6	17%
13-15	60	77	76	61	61	2	3%
16-18	8	75	85	98	98	1	1%
<b>Total</b>	<b>159</b>	<b>234</b>	<b>240</b>	<b>242</b>	<b>242</b>	<b>18</b>	<b>62%</b>

#### Employment Equity and Economically Active Population (EAP) Targets

Description	Total number of employees	Gauteng EAP EE Target %	JCT EE Actual %	Variance
Africans	223	81.0%	92%	11%
Coloureds	4	2.6%	1.6%	- 1%
Indians	4	2.9%	1.6%	-1.3%
Whites	11	13.5%	5%	-8.5%
<b>Persons with disability</b>	<b>4</b>	<b>2.0%</b>	<b>1.7%</b>	<b>-0.3%</b>
<b>Male</b>	<b>153</b>	<b>55.9%</b>	<b>63%</b>	<b>7.1%</b>
<b>Female</b>	<b>89</b>	<b>44.1%</b>	<b>37%</b>	<b>-7.1%</b>

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

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

The Disability Target for employment of Persons with disability is 2% which should be achieved against the institution's entire staff compliment. The employment of the persons with disabilities is currently at 1.7%.

As of 30 June 2022, the company has implemented various policies and practices which have made possible to achieve the following goals:

As we look to 2022/23 and beyond, the company's success will depend on the quality of the strategic objectives set. These decisions will need to be made in an organisational culture which is fully representative of our society in terms of race, gender, disability and other forms of diversity. Hence we promote ongoing transformation at all levels of the company in line with our objectives for employment equity.

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

- Identifying and eliminating employment barriers



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

### Disability Profile

Occupational levels	Males				Female				Total PWDs
	A	C	I	W	A	C	I	W	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally Qualified / Middle Management	0	0	0	0	0	1	0	0	1
Skilled Technically and Academically Qualified	0	0	0	0	1	0	0	0	1
Semi-Skilled	0	0	0	0	0	0	0	0	0
Unskilled	1	0	0	0	1	0	0	0	2
<b>Total</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>4</b>

**Gender Equity** - With the recent insourced security and cleaners across the three theatres, it was noticed that the Gender Equity was not balanced. The company will give preference to females to ensure equitable representation in all occupational categories and levels in the workforce when opportunities arise.

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

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

### Gender representation

During the reporting period, overall African representation stands at **92%** which is above the set target of **81.0%**, Coloureds at **1.6%** which is also below a target of **2.6%**, Indians at **1.6%** which is below the target of **2.9%**, and the under representation of White employees by **4.4%**, which is below the set target of **13.5%**. Males form **63%** of the staff profile and are over represented while women in general are underrepresented at **37%**.

Gender	African		Coloured		Indian		White		TOTAL					
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual				
Male	45.3%	57%	1.3%	0.8%	1.9%	1.2%	7.4%	4%	55.9%	63%				
Female	35.7%	35%	1.3%	0.8%	1.0%	0.4%	6.1%	0.4%	44.1%	37%				
TOTAL	81.0%	92%	2.6%	1.6%	2.9%	1.6%	13.5%	4.4%						
Target Achieved														
Requires Improvement														
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; height: 15px; background-color: #28a745;"></td> <td>Target Achieved</td> </tr> <tr> <td style="width: 20px; height: 15px; background-color: #17a2b8;"></td> <td>Requires Improvement</td> </tr> </table>												Target Achieved		Requires Improvement
	Target Achieved													
	Requires Improvement													

#### **Section 4: Skills Development and Training**

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

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

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

In partnership with Drama for Life, JCT launched a strategic intervention programme called Introduction to Applied Performing Arts And Arts Management (APAAM). APAAM is an intense outcome-based training programme that encompasses business, technical and artistic skills. This programme is aimed at empowering the youth artistically, develop their business skills and ensure that they create employment within their own communities. The programme is accredited by Wits University.

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

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

This section provides the quarterly reporting on the status of employee's skills development and training initiatives undertaken by employees. The education assistance scheme ensures that employees are able to improve their educational qualifications with the assistance of the funding from the company. Most of the assistance is provided over two to three years, which is mostly the duration of academic programs.

In line with Training and Development Policy, JCT is committed to sustaining a continuous programme of training and development for its management and staff to improve either job performance and/or competitiveness for promotion.

The education assistance scheme ensures that employees are able to improve their educational qualifications with the assistance of the funding from the company. Most of the assistance is provided over two to three years, which is mostly the duration of academic programs. Seven (7) employees are studying towards a qualification in different institutions which is summarised in the table below.

The annual training report 2021/22 was submitted on 25 May 2021 accompanied by certificates of competency and or attendance registers as proof of training together with the WSP and ATP 2021.

### Subsidised Trainings

TRAINING	NUMBER OF DELEGATES	INSTITUTION
Postgraduate Diploma in Management	1	Regent Business School
Postgraduate Diploma in IT Management	1	MANCOSA
Postgraduate Diploma in Supply Chain Management	1	Regent Business School
Bachelor of Business Administration	1	MANCOSA
B Com HR	1	Regent Business School
Master's in Business Administration	1	Regent Business School
NEBOSH International Diploma In Safety Management	1	SHEilds
<b>TOTAL BENEFICIARIES</b>	<b>7</b>	

One hundred and forty two (142) employees attended the training interventions in this financial year under review. The training offered as well as its associated costs is reflected in the table.

### Training attended

Occupational Levels	Training intervention	Target participants	Number of staff	Costs
Top Management		None	0	R 00.00
Senior Management		None	0	R 00.00
Professionally Qualified / Middle Management	First Aid Level 3 Training	SCM employees, Sales employees, Managers, Banqueting employees, Chefs, Kitchen Staff & Stage Crew	1	R 2 972.75
Skilled Technically and Academically Qualified	First Aid Level 2 training First Aid Level 3 Training	SCM employees, Sales employees, Managers, banqueting employees, Chefs, Kitchen Staff & Stage Crew	28	R 84 166.48
Unskilled	First Aid Level 3 Training	Banqueting employees, Chefs, Kitchen Staff & Stage Crew	38	R 112 964.5
Temporary employees	First Aid Level 3 Training	Kitchen staff, Chefs & Banqueting employees	21	R 62 427.75
<b>TOTAL</b>			<b>142</b>	<b>R 429 101.6</b>

## **Section 5: Performance Management**

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

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

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

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

The Company started the rollout process to ensure that all employees in supervisory positions are included in the performance management strategy. Training of underperforming officials is being introduced as part of our coaching and mentorship process to improve the performance levels. Performance Management is being adopted as a positive management strategy rather than a punitive process, and in this way employees feel comfortable to be part of the process.

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

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

## **Section 6: Disciplinary Matters and Outcomes**

JCT's Human Resources Manager's office deals with employee / employer related issues and thereby maintaining direct lines of communication with employees. All entity's labour disputes are referred to South African Local Government Bargaining Council (SALGBC) for conciliation and/or arbitration. The Human Resources Manager's office deals with employee / employer related issues and thereby maintaining direct lines of communication with employees.

### **Union Membership**

No one joined the labour union in this quarter. The total of employees belonging to labour unions stands at **121**. **49** employees subscribe to IMATU while **72** to SAMWU. **121** employees who are not affiliated to any Union pay Agency Shop Fees to the Council. **3** employees do not pay Agency Shop fees.

## Labour Relations matters

JCT staff uphold the policies, procedures and values of the organisation. This conclusion is drawn from the minimal number of misconduct cases that were conducted within the year. All matters were handled in line with the approved disciplinary code policy of the organisation. Despite the challenges, it is clear that majority of JCT staff uphold the policies, procedures and values of the organisation.

The table below summarises the labour relations cases recorded for this financial year.

Department	Position	Nature	Progress and/or Outcome
Catering & Hospitality	Waitresses & Waiters	Allegations of fraud	Employees (waitress/waitresses & bartenders) suspended. Investigation completed. Charges were issued. <ul style="list-style-type: none"> <li>• <b>DC hearing : 27 June 2022</b></li> </ul>
Client Services	Marketing Executive (ex-employee)	Unfair labour practice – Unfair suspension.	Arbitration Award has been issued in favour of the Respondent. <ul style="list-style-type: none"> <li>• Applicant's application was dismissed.</li> </ul>
	Security Officers X2	Drinking alcohol on Duty / being under the influence of alcohol while performing their duties and refusing to take breathalyser test at the police station	<ul style="list-style-type: none"> <li>• The accused employees have since apologised. Thus, a formal DC hearing will not be conducted. However, a Prosecutor will be appointed to draft a Plea- Agreement. It will be presented to the Chairperson who will make determination regarding the sanction.</li> </ul>
Soweto Theatre	Security Officer x 2	Allegations of dishonesty	<ul style="list-style-type: none"> <li>• Disciplinary Case was scheduled to take place on the 20<sup>th</sup> of June 2022, However due to one of the accused being on leave due to family bereavement the DC will no longer take place as planned. A new date to be determined.</li> </ul>
Roodepoort Theatre	Security Officer	Making false and disparaging accusations against a fellow employee & Insolent, rude, provocative and aggressive behaviour	DC hearing was scheduled for Friday, 10 June 2022 but could not sit due to the Chairperson's unavailability. He had to attend labour matter at the Labour Court. Both parties have now confirmed availability for the 29 <sup>th</sup> of June 2022. The prosecutor will request that the DC hearing go ahead even if the accused and her representative do not attend. <ul style="list-style-type: none"> <li>• <b>DC hearing: 29 June 2022.</b></li> </ul>

## Section 7: Leave and productivity Management

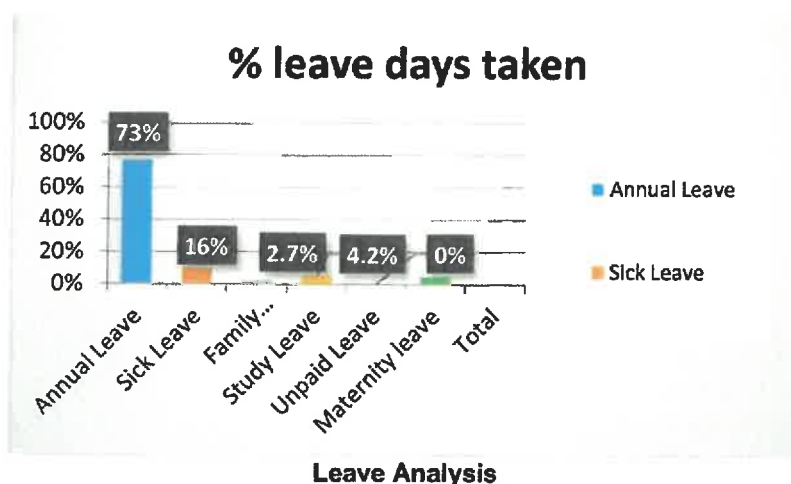
In line with the approved Leave policy, JCT employees are entitled to 21/24 days leave per annum to be taken at a time convenient to JCT and agreed upon by line management. 80 sick leave days in a three (3) year cycle are also provided. The section below provides a detailed overall leave management and analysis per theatre.

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

**Overall Company Leave Analysis as at 30 June 2022**

Type of leave	Q1 (Jul - Sep)	Q2 (Oct- Dec)	Q3 (Jan - Mar)	Q4 (Apr - Jun)	Total Leave Taken	% Leave days taken
Annual Leave	926	433	548	362	2269	73%
Sick Leave	103	188	70	142	503	16.1%
Family Responsibility Leave	22	23	12	27	84	2.7%
Study Leave	14	76	0	38	128	4.2%
Unpaid Leave	0	0	0	0	0	0
Maternity Leave	0	29	36	57	122	4%
<b>Total</b>	<b>1065</b>	<b>749</b>	<b>666</b>	<b>626</b>	<b>3106</b>	<b>100</b>

As at June 2022, a combined total of 3106 leave days were taken by employees. Employees are encouraged to take time off to rest whenever operations require to enable them to rest and come back being more productive. There were no adverse effects on operations during their absence.



Annual leave tops the list as per figure 1 above by 73%, Sick Leave at 16.1%, Study leave at 4.2%, unpaid leave at 0% and then Family Responsibility leave at 2,7% and maternity leave at 4% in this financial year.

**Section 8: Employee Wellness**

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

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

Joburg City Theatres has appointed ICAS, the service provider, to develop and implement Employee Assistance Programme (EAP).

Whereby employees and their immediate families continues to access the service free of charge. ICAS will provide 24 hours online (internet, website, WhatsApp, call-back, etc.), inbound and outbound telephonic, and face-to-face health and wellness information and counselling to staff members.

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

### **8.1 Employee satisfaction**

Joburg Theatre strives to pay salaries that are not disparate with the standard and has in place strategies and practices to deal with remuneration management and salary parity resolution.

### **8.2 Employee retention**

Succession planning within the company has been implemented for all senior management.

The succession and retention policy was reviewed. The salaries of executive management are regulated by COGTA and accordingly the upper limits for the CEO and managers directly accountable to the CEO are published from time to time in the government gazette. Remuneration packages are classified from minimum, midpoint and maximum thereby allowing for flexibility in negotiations for attraction and retention of managers based on competencies, qualifications, experience and knowledge.

### **8.3 HIV/AIDS on the Workplace**

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

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

#### HIV/Aids Structures

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

#### Prevalence rate

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

#### Awareness of the disease

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

#### Education

To build on the awareness programme, an ongoing education programme has been instituted. The first place of this programme was to train peer educators who will then provide HIV/Aids education to all staff

on an ongoing basis. Peer educators received training on lay counselling, grief management, company benefits, first aid and treatment of workplace injuries.

## **Section 9: Employee Benefits**

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

### **9.1 Defined Benefit Funds**

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

- Johannesburg Municipal Pension Fund (NMG) has 12 employees.
- E-Joburg Pension Fund has 224 employees.
- Mutual Gratuity Pension Fund (MGF) has 6 employees.

The total number of employees on pension fund is **242**.

### **9.2 Medical Aid Funds**

The company also administers three accredited medical aid schemes and pays a minimum of 60% and 75% monthly premium contribution on behalf of its members. Currently seventy-seven (62) employees are members of the schemes as follows:

- Discovery has 60 members, of which 40 receive 60% employer contributions, 18 receives 75%, while 2 employees on total cost to company contribute 100%.
- LA Health has 1 member who receives 60% company contributions
- Key Health has only 1 member who receives 60% company contributions

### **9.3 Company Allowances**

The Board has approved the Home Owners Allowance. Fifty-six (56) employees receive homeowner's allowance. Sixty-seven (67) employees receive Cellphone allowances while forty-five (45) receive data allowances towards the use for business purposes of their personal cell phones.

## **Section 10: Occupational Health & Safety Programmes**

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

Occupational Health and Safety in the workplace is regulated by the Occupational Health and Safety Act, (85 of 1993). Section (16)1 places the responsibility and liability on the Chief Executive Officer (CEO) to ensure that the duties imposed on the employer are properly discharged. The implication hereof is that the CEO has to ensure that an occupational health and safety management system is implemented which will give effect to the provisions of this Act.

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



The Health and Safety committee is functional and meetings are convened regularly as required. Inspections are undertaken and all Health and Safety equipment is up-to-date.

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

**COVID-19**

Thirty-four (34) JCT employees tested for COVID-19 in 2021/22 financial year. 21 of them tested positive while tested 13 negative. 21 employees recovered after being in quarantine including the 3 which were initially hospitalised. One of the 3 hospitalised employees succumbed to Covid-19 and unfortunately passed away.

<b>Workstation</b>	<b>Number of tested employees</b>	<b>Number of positive cases</b>	<b>Number of recoveries</b>	<b>Number of hospitalised</b>	<b>Number of Covid-19 Deceased</b>
Joburg Theatre	29	16	15	3	1
Soweto Theatre	4	4	4	0	0
Roodepoort Theatre	1	1	1	0	0
<b>Total</b>	<b>34</b>	<b>21</b>	<b>20</b>	<b>3</b>	<b>1</b>

## CHAPTER FIVE: FINANCIAL PERFORMANCE



### KEY ACHIEVEMENTS

- ✓ 12% total revenue growth year on year.
- ✓ Back-Up Generator delivered awaiting commissioning.
- ✓ 100% resolution of AG findings.
- ✓ R17m cash in the bank at year end.
- ✓ 100% spend of Capex budget.
- ✓ 100% BBBEE spend.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	5 014 302	2 152 488
Receivables from exchange transactions	3	16 524 543	36 658 932
VAT receivable	4	3 358 420	2 036 376
Cash and cash equivalents	5	17 478 917	10 038 804
		<b>42 376 182</b>	<b>50 886 600</b>
<b>non-Current Assets</b>			
Property, plant and equipment	6	12 971 575	13 160 897
Intangible assets	7	333 950	308 058
Heritage assets	8	1 602 700	1 602 700
		<b>14 908 225</b>	<b>15 071 655</b>
<b>Total Assets</b>		<b>57 284 407</b>	<b>65 958 255</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	25 352 675	48 669 383
Provisions	10	3 717 707	3 753 502
		<b>29 070 382</b>	<b>52 422 885</b>
<b>Non-Current Liabilities</b>			
Deferred tax	11	5 020 977	1 324 069
<b>Total Liabilities</b>		<b>34 091 359</b>	<b>53 746 954</b>
<b>Net Assets</b>		<b>23 192 848</b>	<b>12 311 301</b>
<b>Share capital / contributed capital</b>			
Reserves	32	10	10
Investment from Shareholder		1 784 049	1 784 049
Accumulated surplus		21 406 789	10 527 242
<b>Total Net Assets</b>		<b>23 192 848</b>	<b>12 311 301</b>

#### High level Notes

Current financial year Cash and cash equivalents improved by 74% compared with prior year. Current ratio for the entity has improved by 52.50% year on year from 0.97:1 to 1.46:1, which is above the target of 1:1 but below the City's norm of 1.5:1, The solvency ratio has improved by 40% raised from the 1.23:1 to 1.68:1 and is below the norm of 2:1, this does not pose a challenge for the entity as the asset base does not grow because a lot of asset improvements are funded by the shareholder. Current assets have deteriorated by 20% year on year due to the significant decrease in receivables owing to JCT compare to the prior year and current liabilities have decreased by 47%. Total assets decrease by 15.09% year on year while total liabilities also gone down by 39% year on year.

## Section 2: Statement of Financial Performance and Highlevel Notes

### Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Ticketing Services	12	499 583	101 561
Hospitality and Catering Services	12	54 040 931	22 947 848
Rental of facilities and equipment	12	4 644 966	1 868 678
Arts Alive	12	8 611 747	8 209 271
Sponsorship	12	478 261	-
In-house ticket sales	12	5 380 057	780 268
Other income	13	8 243 624	5 952 277
Interest received - Investment	14	4 015 408	3 132 768
<b>Total revenue from exchange transactions</b>		<b>85 914 577</b>	<b>43 008 671</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Subsidy	15	166 152 000	163 454 000
<b>Total revenue</b>	12	<b>252 066 577</b>	<b>206 462 671</b>
<b>Expenditure</b>			
Employee related costs	16	(104 878 510)	(95 089 417)
Depreciation and amortisation	17	(1 807 333)	(1 898 679)
Debt Impairment	18	-	(1 918 904)
Transfers and Subsidies	19	(22 884 193)	(21 512 000)
General Expenses	20	(107 917 084)	(79 870 584)
<b>Total expenditure</b>		<b>(237 488 120)</b>	<b>(200 290 584)</b>
<b>Surplus before taxation</b>		<b>14 578 457</b>	<b>6 172 087</b>
Taxation	21	(3 696 908)	(1 324 068)
<b>Surplus for the year</b>		<b>10 881 549</b>	<b>4 848 019</b>

### High High level Notes

The company posted a surplus of R10.889m (after taxation) for the year under review, inclusive of COJ subsidy. Earned Income consists of:

- Ticket sales from in-house productions R5.3m;
- Theatre rentals R4.6 million,
- Ticketing services of R500k,
- Income from hospitality, bars, restaurant, refreshments, merchandise R54m,
- Interest earned R4 million
- Earned income calculation excludes the City of Joburg subsidy of R86 million,
- Other income is R8.2m.

During the year under review earned income increased by 99.74% to R86 million, as compared to the prior year R43 million. Expenditure totalled R237 million, as compared to the prior year R200 million. The entity exercises prudence in its judicious management of expenditure.

## Section 3: Cashflow Statement and Highlevel Notes

### Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		100 791 531	10 531 455
Grants		166 152 000	163 454 000
Interest income		4 015 408	3 132 768
		<u>270 958 939</u>	<u>177 118 223</u>
<b>Payments</b>			
Employee costs		(104 189 164)	(94 479 292)
Suppliers		(157 684 536)	(80 520 121)
		<u>(261 873 700)</u>	<u>(174 999 413)</u>
<b>Net cash flows from operating activities</b>	22	<u>9 085 239</u>	<u>2 118 810</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(1 457 532)	(915 690)
Purchase of other intangible assets	7	(187 594)	-
<b>Net cash flows from investing activities</b>		<u>(1 645 126)</u>	<u>(915 690)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>7 440 113</u>	<u>1 203 120</u>
Cash and cash equivalents at the beginning of the year		10 038 804	8 836 684
<b>Cash and cash equivalents at the end of the year</b>	5	<u>17 478 917</u>	<u>10 038 804</u>

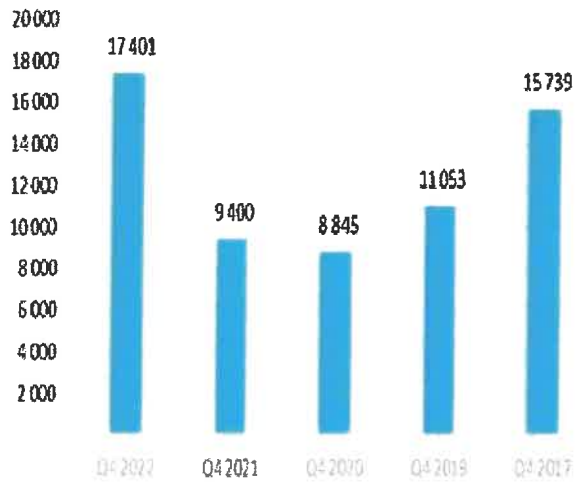
### High level Notes

Cash and cash equivalents improved by 74% year on year

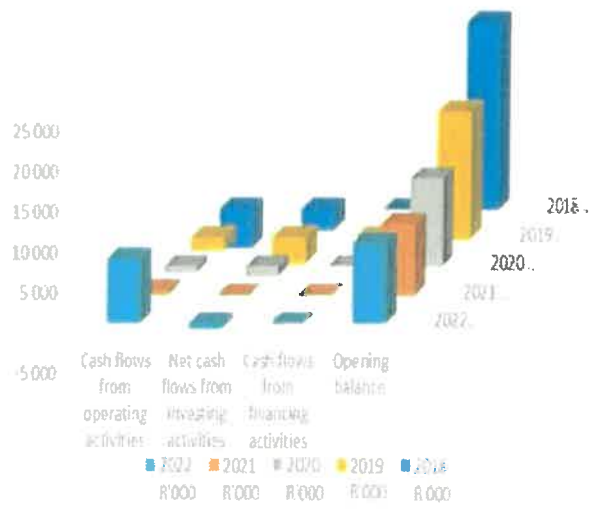
### Cash flow results for year Financial Year

Cash Flow Statement	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
Cash flows from operating activities	8 067	557 -	889 -	1 515 -	4 891
Net cash flows from investing activities	- 706 -	2 -	1 318 -	3 162 -	2 663
Cash flows from financing activities	-	-	-	-	-
Opening balance	10 039	8 845	11 053	15 729	23 284
<b>Cash and cash equivalents at the end of the</b>	<b>17 400</b>	<b>9 400</b>	<b>8 846</b>	<b>11 052</b>	<b>15 730</b>

### Cash Balances R'000



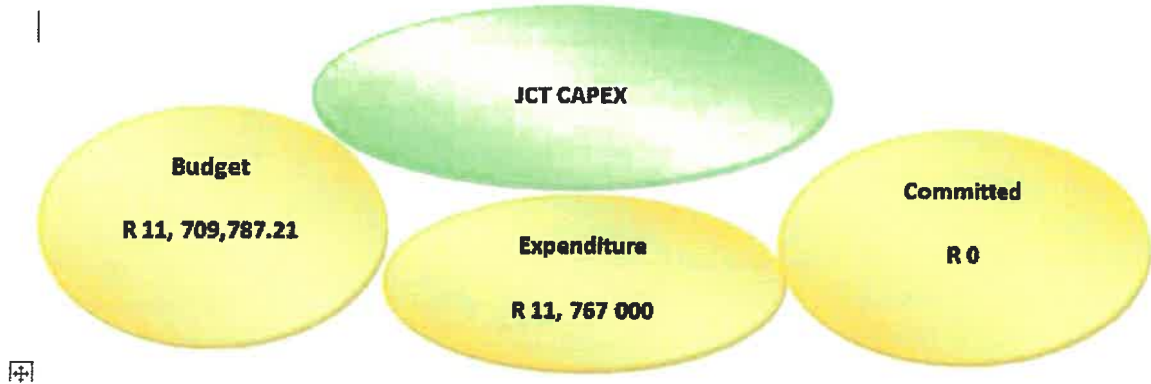
### Cashflow analysis



**Section 4: Capital Projects and Expenditure**

JCT's achieved the target in the fourth quarter by spending 100% of capital expenditure, which is in line with the city 's mandate to ensure that budget allocated for capex is fully spent as at year end.

The diagram below depicts the status for JCT capital expenditure.



	Budget	Expenditure	Committed	Available balance	Total
BUILDING RENOVATIONS AND UPGRADES OF NEW BUILDING ALTERACTIONS (JT)	2 188 319.54	2 108 965.18	-	80 354.36	96%
UPGRADE OF STAGE MACHINERY , RENEWAL PLANT & EQUIPMENT (JT)	4 514 680.46	4 514 680.46	-	-	100%
TECHNICAL EQUIPMENT NEW OPERATIONAL (JT)	955 000.00	955 000.00	-	-	100%
INFORMATION TECHNOLOGY NEW COMPUTER SOFTWARE (JCT)	955 000.00	944 342.63	-	10 657.37	95%
BUILDING RENOVATIONS AND UPGRADES OF NEW BUILDING ALTERACTIONS (RT)	575 248.83	575 248.83	-	-	100%
UPGRADING OF TECHNICAL EQUIPMENT (SOUND & LIGHTING)(RT)	582 247.30	581 458.34	-	1 388,96	100%
BUILDING RENOVATIONS AND UPGRADES (ST)	1 101251.17	1 101251.17	-	-	100%
UPGRADING OF TECHNICAL EQUIPMENT (ST)	894 652.70	929 840.60	-	-35 187.90	100%
	<b>11 767 000</b>	<b>11 709 787</b>	<b>-</b>	<b>57 212.79</b>	<b>100%</b>

<b>Spent to date</b>	<b>R 11, 709,787.21</b>	<b>100%</b>
<b>Committed Budget</b>	<b>R -</b>	<b>0%</b>
<b>Total</b>	<b>R 11, 709,787.21</b>	<b>100%</b>

## Section 5: Ratio Analysis

Financial Ratios	30 Jun 21	30 Jun 19	Target	Norm	Interpretation
Current Ratio	1.12:1	0.97	> 1.00	1.5 to 2.1	The current ratio is above the City's norm of 1:1
Solvency Ratio	1.39:1	1.24	> 2.00	02:01	The solvency ratio is 13% better than the same period last year at 1.39:1 from the 1.23:1 however it's still below the norm of 2:1, this does not pose a challenge for the entity as the asset base does not grow because a lot of asset improvements are funded by the shareholder and are capitalised at COJ.
Debt: Revenue	19%	4%	< 45%	45%	The ratio is within the target above the target range as the entity does not raise its funds from borrowings.
Remuneration	45%	47%	At least 30%	25% - 40%	The ratio has worsened in the current year and not within the largest range, this is due to salary increase of casual employees in Hospitality and Catering and further additional staff intake from the insourcing project on security and cleaners.
Repairs & Maintenance	30%	23%	8%	8%	The ratio is above the norm of 8%.
Interest: Expenditure	0%	0%	< 7%	<7%	The entity is not financed by interest bearing borrowings hence a lower ratio on interest hence target was achieved.
Net Operating surplus	2%	3%	At least 15%	= or > 0%	The entity did not achieve its target however the ratio is above that the norm
Cost Coverage Ratio	1Month	30 days	> 45 Days	1 - 3 Months	The entity ratio is above the norm of 1 - 3 months which means the entity will be able to meet its obligations to provide basic services

## Benchmarking Ratios

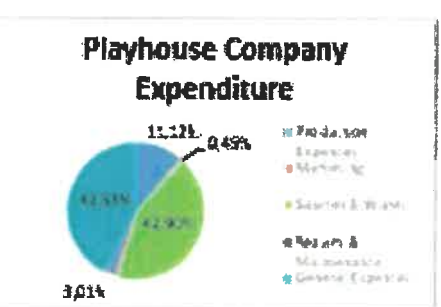
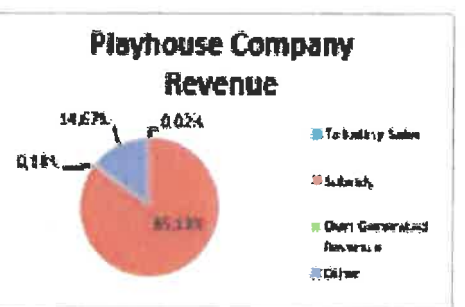
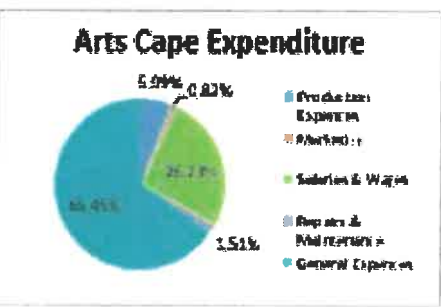
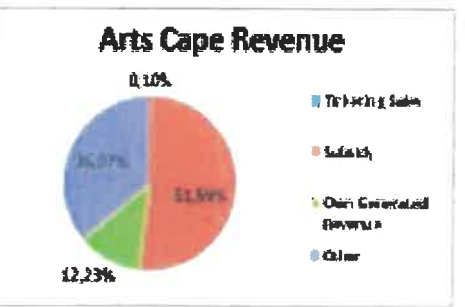
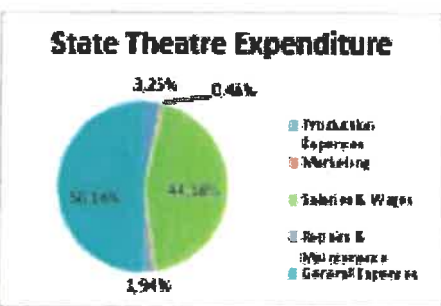
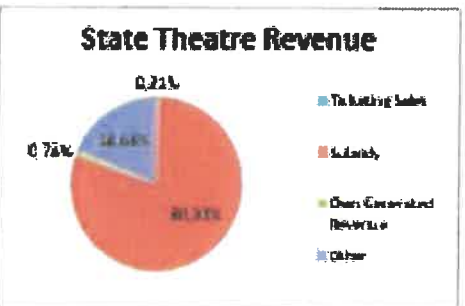
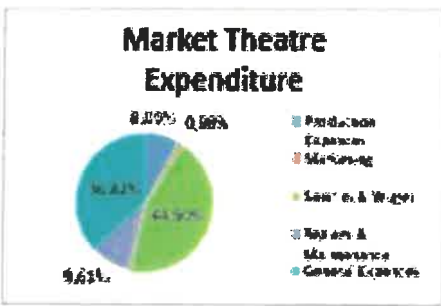
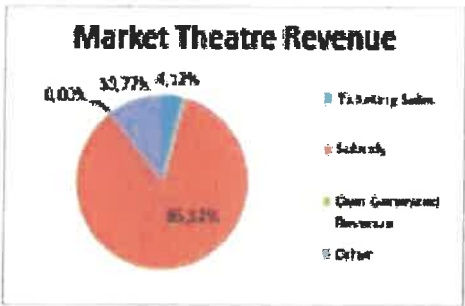
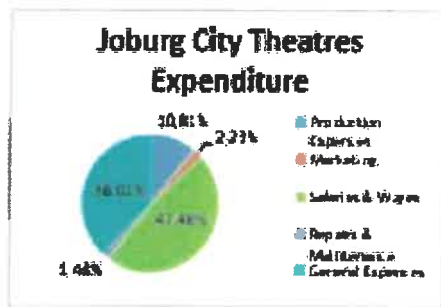
Below is the 2020/21 financial year benchmarking ratios to other entities within the industry based on revenue and expenditure:



	Joburg City Theatres	Joburg City Theatres %	The Market Theatre	The Market Theatre %	The S A Stars Theatre	The S A Stars Theatre %	Arts Cape	Arts Cape %	The Playhouse Company	The Playhouse Company %	TOTAL
<b>Revenue</b>											
Ticketing Sales	796 266,00	6,39%	781 568,00	1,16%	182 169,00	0,15%	168 473,00	0,21%	13 725,00	0,02%	1 942 203,01
Subsidy	163 454 000,00	79,17%	63 881 042,00	94,94%	107 796 953,00	87,58%	79 809 186,00	98,23%	62 013 023,00	93,59%	476 954 204,01
Own Generated Revenue	24 918 087,00	12,07%	1 988 701,00	2,96%	14 997 886,00	12,18%	631 659,00	0,78%	120 084,00	0,18%	42 656 417,01
Other	17 294 316,00	8,38%	637 664,00	0,95%	110 573,00	0,09%	640 690,00	0,79%	4 115 688,00	6,21%	22 798 931,01
	<b>206 482 671,00</b>	<b>100,00%</b>	<b>67 288 975,00</b>	<b>100,00%</b>	<b>123 087 581,00</b>	<b>100,00%</b>	<b>81 250 008,00</b>	<b>100,00%</b>	<b>66 262 520,00</b>	<b>100,00%</b>	<b>544 381 755,01</b>
<b>Expenditure</b>											
Production Expenses	21 650 193,00	10,81%	4 812 649,00	8,09%	7 734 096,00	5,99%	2 745 239,00	3,25%	9 214 416,00	11,12%	46 156 593,01
Marketing	4 459 734,00	2,23%	585 129,00	0,98%	1 056 000,00	0,82%	401 473,00	0,48%	375 405,00	0,45%	6 877 741,01
Salaries & Wages	95 089 417,00	47,48%	26 488 567,00	44,50%	33 871 961,00	26,23%	37 305 131,00	44,18%	35 558 166,00	42,90%	228 313 242,01
Repairs & Maintenance	2 970 264,00	1,48%	5 722 676,00	9,61%	1 954 545,00	1,51%	1 636 850,00	1,94%	2 494 768,00	3,01%	14 779 103,01
General Expenses	76 120 976,00	38,01%	21 914 602,00	36,82%	84 526 114,00	65,45%	42 354 493,00	50,16%	35 252 211,00	42,53%	260 168 396,01
	<b>200 290 584,00</b>	<b>100,00%</b>	<b>59 529 623,00</b>	<b>100,00%</b>	<b>129 142 716,00</b>	<b>100,00%</b>	<b>84 443 186,00</b>	<b>100,00%</b>	<b>82 894 966,00</b>	<b>100,00%</b>	<b>556 295 075,01</b>
Surplus/(Deficit)	<b>6 172 087,00</b>		<b>7 765 352,00</b>		<b>-6 055 135,00</b>		<b>-3 193 178,00</b>		<b>-16 632 446,00</b>		

**N/B: At the time of reporting, other theatres had not published their 2021/22 intergrated reports.**

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



## **Section 6: Supply Chain Management and Black Economic Empowerment**

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

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

The company SCM policy contains the following fundamental aspects:

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

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

The Bid Adjudication Committees were established in terms of the provisions of Local Government Municipal Finance Management Act (MFMA). This Committee consist of officials with delegated authority to recommend bids in accordance with their terms of reference. The Bid Adjudication Committee considers the bids and makes recommendation to the Accounting Officer / CEO to make final awards.

Bids were evaluated in accordance with criteria set out in the Preferential Procurement Policy Framework Act (Act No: 5 of 2000) and the Preferential Procurement Regulations 2011, published in terms of Government Gazette No 34350, JCT's approved Supply Chain Management (SCM) Policy and also in terms of the criteria set out in the Construction Industry Development Board (Act No 38 of 2000).

In terms of Regulation 6 (1) read with Regulation 6(2) of the MSCMR issued in terms of the Local Government MFMA 56 of 2003, the Board of Directors of the Municipal entity must maintain an oversight role over the implementation of its SCM Policy. This report has been compiled in compliance thereto.

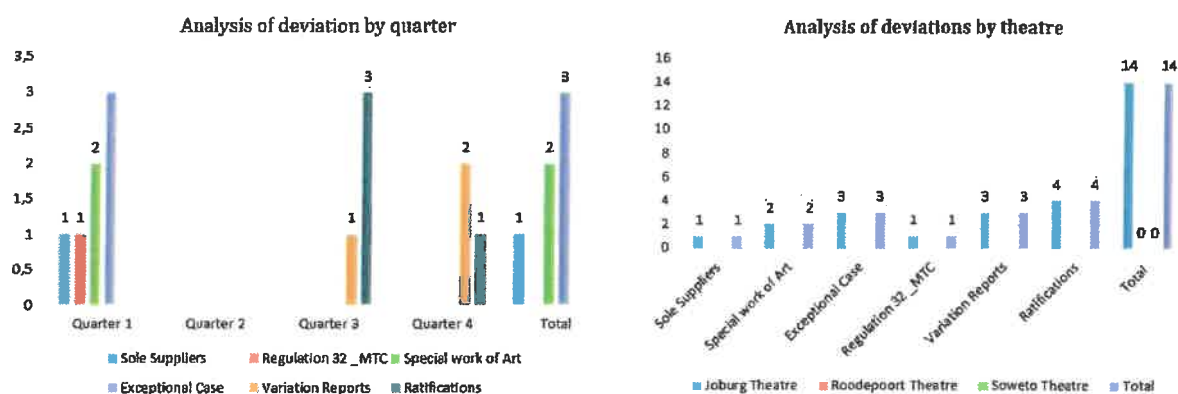
All bids approved by the CEO are in accordance with the approved budget provisions.

### **PROCUREMENT FROM RELATED PARTIES**

During the period under review, there were no payments processed on procurement from related parties.

### **Deviations report**

Joburg City Theatres approved a total of 6 deviations, 1 regulation 32, 4 ratifications and 3 variations during the 4<sup>th</sup> quarter ending June 2022. All the deviations raised were classified as Special work of Art, Exceptional case, sole supplier, emergency and ratification where it is impractical to follow a procurement process. The deviations includes goods and services relating to Renewal of licenses, in-house productions, marketing partners or barter arrangements, repairs and maintenance and Sole Suppliers.



Category	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Sole Suppliers	1				1
Special work of Art	2				2
Exceptional Case	3				3
Regulation 32_MTC	1				1
Variation Reports			1	2	3
Ratifications			3	1	4
<b>Total</b>	<b>7</b>	<b>0</b>	<b>4</b>	<b>3</b>	<b>14</b>

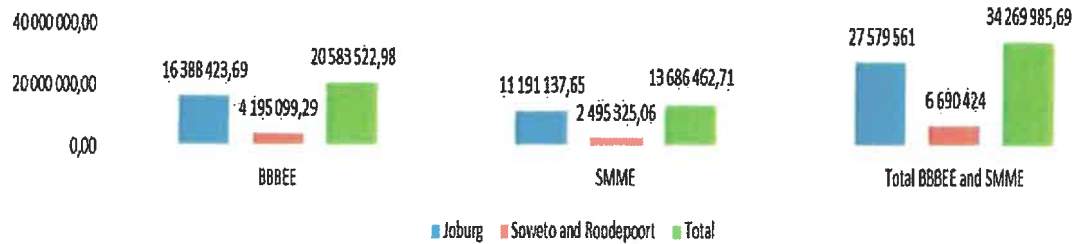
Category	Joburg Theatre	Roodapoort Theatre	Soweto Theatre	Total
Sole Suppliers	1			1
Special work of Art	2			2
Exceptional Case	3			3
Regulation 32_MTC	1			1
Variation Reports	3			3
Ratifications	4			4
<b>Total</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>14</b>

### Tenders and RFQs awarded and the contribution to BBBEE AND SMMEs

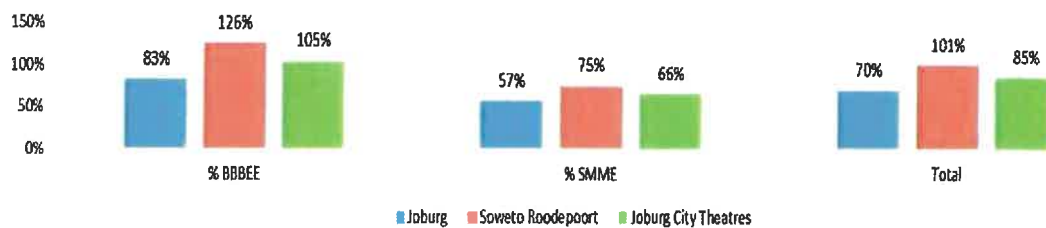
Joburg City Theatres awarded RFQs amounting to R1 421 405.68 and tenders amounting to R1 908 646.76 were awarded, during the quarter under review. The expenditure to both BBBEE and SMME has increased exponentially. Both Joburg theatre and its other sister theatres do primarily spend on BBBEE and SMME. The average spend for Joburg City Theatres on -BBBEE is 104% which is 30% better than the scorecard target while spend on SMMEs averages at 66% and this is 36% above the scorecard target of 30%. Joburg City Theatres have supported 189 companies during the 4<sup>th</sup> quarter of 2021/2022 financial year. This achievement has been consistent throughout the years and maintenance of phenomenon is critical for the advancement of the objectives of South African Constitution, Preferential Procurement Framework Policy Act, MFMA, BBBEE codes.

This ultimately translates into the economic transformation of citizens of the city of Johannesburg. This contributes towards job creation and the reduction of poverty as one of the imperatives and priorities of the city of Johannesburg

### Analysis of BBBEE and SMME SPEND '000



### Analysis of BBBEE and SMME SPEND BY PERCENTAGE



Theatres	% BBBEE	% SMME	Total
Joburg	83%	57%	70%
Soweto Roodepoort	126%	75%	101%
Joburg City Theatres	104%	66%	85%

### Spent Report

The percentage of BBBEE and SMME companies respectively, supported during the period 01 July 2021 - 30 June 2022 are as follow:

JOBURG THEATRE					
TOTAL SPEND	BBBEE Contributors	Non Compliant Contributors	SMME Contributions	Women Contribution	Youth Contribution
75 713 319,38	57 283 009,28	18 430 310,10	38 207 956,65	11 654 796,21	10 128 240,12
	75,66%	32,17%	50,46%	15,39%	13,38%
220 Suppliers					
ROODEPOORT & SOWETO THEATRE & ZOO					
TOTAL SPEND	BBBEE Contributors	Non Compliant Contributors	SMME Contributions	Women Contribution	Youth Contribution
10 522 075,81	13 094 271,40	(2 572 195,59)	7 497 507,98	7 497 507,98	3 166 639,41
	124,45%	-19,64%	71,26%	71,26%	30,10%
102 Suppliers					
JOBURG CITY THEATRES (CONSOLIDATED)					
TOTAL SPEND	BBBEE Contributors	Non Compliant Contributors	SMME Contributions	Women Contribution	Youth Contribution
86 235 395,19	70 377 280,68	15 858 114,51	45 705 464,63	19 152 304,19	13 294 879,53
	81,61%	22,53%	53,00%	22,21%	15,42%
254 Suppliers					

### Irregular Expenditure

There were no instances of irregular expenditure incurred during the quarter under review.

### Fruitless and wasteful expenditure

No incidents incurred for the quarter under review

### Section 7: Pending Litigations and Possible Liabilities

There were no new litigation claims that arose during the quarter under review.

Regarding the Bosch family matter, JCT through its lawyers appointed by the City's insurance, will be engaging the Bosch family's attorney on the possibility of referring the litigation to mediation. At the same time, JCT's lawyers will continue with finalising its investigation into the merits and quantum of the claim. Monthly meetings have been introduced with the attorneys to ensure a speedy and conclusive resolution of the matter, in light of the time that has elapsed since the cause of action arose

### Section 8: Insurance Claims against/to MOE/Department

There were no incidence of insurance claims reported during the quarter under review.

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

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

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	13 771 996.68	74% is sitting under current ,3% is sitting under 30 days on the debtors age analysis ,6% on 60 days,0% is sitting 90daysand 17% is sitting in over 120 days	100% of this balance is for COJ department and COJ entities The amount relates to catering services provide to COJ,Arts and Culture collaborative program, capex and customer deposit
Gauteng eGovernment	7 560.01	100% is sitting in over 120days	The amount relates to catering services

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

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	1 128 330.97	18% is sitting under current and 92% is sitting under 30 days on the creditor's age analysis.	The amount relates to insourcing, fibre connection, insurance and rental

## CHAPTER SIX: *INTERNAL & EXTERNAL AUDIT FINDINGS*



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

*Auditing to build public confidence*

### KEY ACHIEVEMENTS

- **100% resolution of 2020/21 external audit findings**

## **Section 1: Progress on Internal Audit Plan**

### **Purpose**

The purpose of this report is to communicate to the Joburg City Theatres Audit and Risk Committee the activities and outcomes of internal audits conducted as per the approved audit coverage plan for 2021/2022 financial year.

### **Executive Summary**

The mandate of the City's Internal Audit Services is to provide an independent and objective assurance on the adequacy, effectiveness and efficiency of the systems of internal controls that have been designed and implemented by management to ensure that the associated inherent risks are mitigated to acceptable levels, thereby enabling the achievement of the entity's strategic objectives. Internal Audit is responsible for the performance of risk based internal audit projects as approved by the Joburg City Theatres Audit and Risk Committee.

The internal audit function carries out its functions as required in terms of the Municipal Finance Management Act, the Municipal Systems Act for the audit of performance information as well as the approved Internal Audit Charter. By performing its functions effectively and reporting to the Joburg City Theatres Audit and Risk Committee, the Internal Audit Function enables the Committee to exercise its legislative mandate of independent oversight and advisories to the Board.

The scope of internal audit work to which this report relates, is the year ending 30 June 2022.

### **Coverage Plan for 2021/2022 Financial Year**

The audits were conducted as part of the 2021/2022 Audit Coverage Plan presented to and approved by Executive Management and the Audit and Risk Committee. The timing of the audits was concurred with Management. Findings raised are discussed with management and action plans provided by management are included in the final reports.

The progress status schedule below indicates the status of the audits on the coverage plan for the 2021/2022 financial year.



No.	AUDIT AREA	STATUS
1	<b>FINANCE</b> <ul style="list-style-type: none"> <li>• Revenue Management</li> <li>• Petty Cash</li> <li>• Accounts Payable</li> <li>• Accounts Receivable</li> <li>• Asset Management</li> <li>• Supply Chain Management</li> <li>• Quality Assurance on Annual Financial Statement including compliance with related legislation</li> </ul>	Completed Completed Completed Completed Completed Rolled-over Completed
2.	<b>HUMAN RESOURCES</b> <ul style="list-style-type: none"> <li>• Human Capital</li> <li>• Leave Management</li> <li>• Payroll Management</li> </ul>	Completed Completed Rolled-over
3	<b>PERFORMANCE INFORMATION</b> <ul style="list-style-type: none"> <li>• Quarterly</li> </ul>	Quarterly
4.	<b>MARKETING</b> <ul style="list-style-type: none"> <li>• Marketing</li> </ul>	Quarterly
5.	<b>EXTERNAL ENVIRONMENT</b> <ul style="list-style-type: none"> <li>• Youth Development</li> </ul>	Quarterly
6.	<b>MAINTENANCE</b> <ul style="list-style-type: none"> <li>• Security</li> <li>• Health and Safety</li> <li>• Repairs and Maintenance</li> </ul>	Completed Completed Completed
7.	<b>INFORMATION TECHNOLOGY</b> <ul style="list-style-type: none"> <li>• General Controls review</li> <li>• Application Controls review</li> </ul>	Completed Completed
8.	<b>CODE OF CONDUCT</b> Compliance to the Code of Conduct	Not started

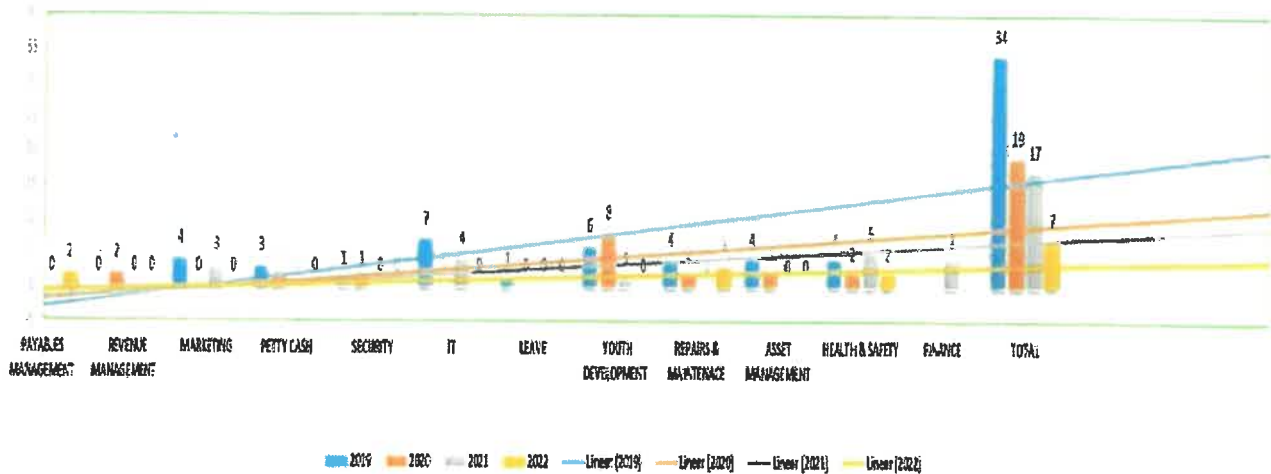
No. AUDIT AREA		STATUS
1	<b>FINANCE</b> <ul style="list-style-type: none"> <li>• Revenue Management</li> <li>• Petty Cash</li> <li>• Accounts Payable</li> <li>• Accounts Receivable</li> <li>• Asset Management</li> <li>• Supply Chain Management</li> <li>• Quality Assurance on Annual Financial Statement including compliance with related legislation</li> </ul>	Q4 Execution Stage Q3 Completed Q4 Completed Q3 Completed Q4 Execution Stage Q4 Execution Stage Q1 Completed
2.	<b>HUMAN RESOURCES</b> <ul style="list-style-type: none"> <li>• Human Capital</li> <li>• Leave Management</li> <li>• Payroll Management</li> </ul>	Q3 Completed Q3 Completed Q3 Completed
3	<b>PERFORMANCE INFORMATION</b> <ul style="list-style-type: none"> <li>• Quarterly</li> </ul>	Quarterly Completed
4.	<b>MARKETING</b> <ul style="list-style-type: none"> <li>• Marketing</li> </ul>	Q3 Completed
5.	<b>EXTERNAL ENVIRONMENT</b> <ul style="list-style-type: none"> <li>• Youth Development</li> </ul>	Q3 Completed
6.	<b>MAINTENANCE</b> <ul style="list-style-type: none"> <li>• Security</li> <li>• Health and Safety</li> <li>• Repairs and Maintenance</li> </ul>	Q3 Completed Q3 Completed Q3 Completed
7.	<b>INFORMATION TECHNOLOGY</b> <ul style="list-style-type: none"> <li>• General Controls review</li> <li>• Application Controls review</li> </ul>	Q4 Reporting Stage Q4 Reporting Stage
8.	<b>CODE OF CONDUCT</b> <ul style="list-style-type: none"> <li>Compliance to the Code of Conduct</li> </ul>	Q4 Completed

## Section 2: Progress on Resolution of Internal Audit Findings

Group Risk Assurance Services (GRAS) raised 29 audit findings in the 2021/22 financial year. The entity has resolved 25 findings raised in the 2021/22 financial year including 1 finding coming from previous year. The entity has implemented auditors recommendations to ensure that findings do not re-occur

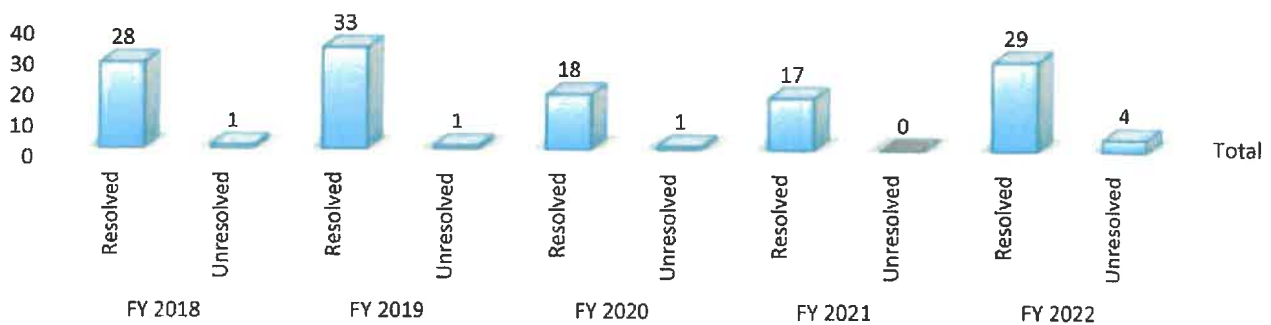
Assurance Provider	Open Findings On 01 July 2021	Findings Raised During 2021/22	Total Findings (Open + 2020/21)	Resolved By Management	% Resolved
Group Risk Assurance Services (GRAS)	1	29	30	25	83%

ANALYSIS OF INTERNAL AUDIT FINDINGS 2021/22



The graph below depicts number of findings for the previous five years

Resolution of Internal Audit Findings



### Action plans for internal audit findings

ACTION PLAN FOR INTERNAL AUDIT FINDINGS 2021/22				
Finding	Department	Description	Status	Managements' comment
1	Information Technology	No Standard Operating Procedures and System manual for Sage 300.	Unresolved.	Management will ensure that the manual for Sage 300 is purchased by the end of first quarter
2	Information Technology	User Access management procedure for Sage 300 not in place	Unresolved.	a documented user access management procedure that defines the procedures in place for granting, modifying, removing, and reviewing user access privileges to the sage 300 system/application will be developed.
3	Information Technology	Inadequate configuration password settings for Sage 300.	Unresolved	Management will make the recommended changes to configure password settings on Sage 300 .
4	Information Technology	Inadequacies Surrounding User rights/permissions.	Unresolved	Management will implement the recommended changes and improvements suggested by the auditor.

### Section 3: Progress on Resolution of External Audit Findings

#### History of Auditor General Findings

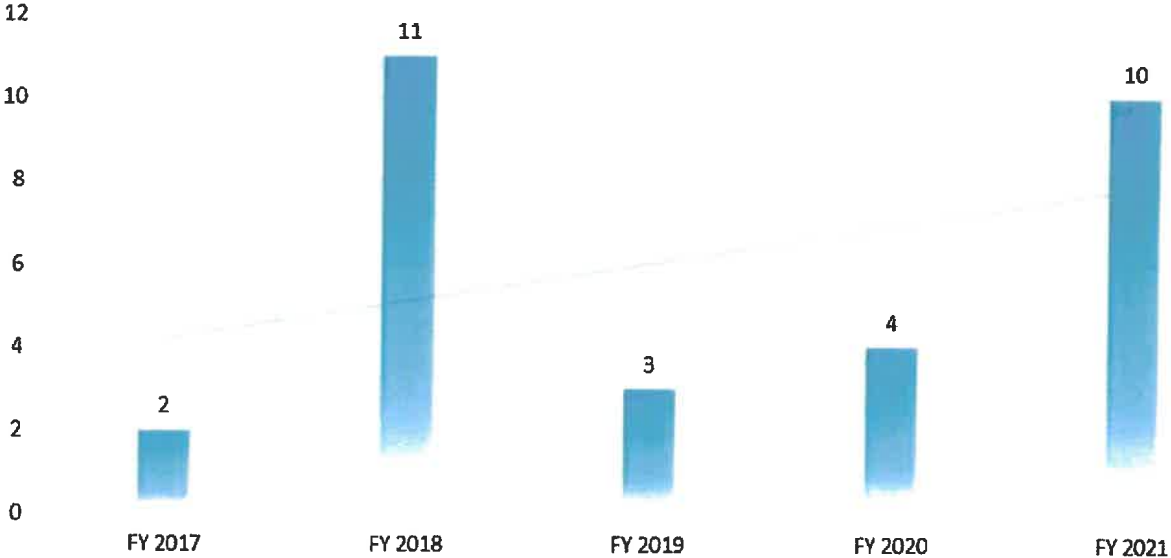
The constitution S188 (1) (b) states that the functions of the Auditor General includes the auditing and reporting on the accounts, financial statements and financial statement and management statement of all municipalities. MSA section 45 states that the results of performance measurement must be audited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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Financial Audit Opinion	Clean	Clean	Clean	Clean	Clean	Unqualified Audit	Unqualified Audit with material findings
Performance Audit Opinion	Clean	Clean	Clean	Clean	Clean	Material Adjustment to the Annual Report	Material adjustment to the annual report

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

The graph below depicts the number of findings for the previous five years.

# Ag Findings



**Progress on resolution of external audit findings.**

Auditor General (SA) raised 10 audit findings in the 2020/21 financial year. The entity has resolved all findings raised in the previous year and has implemented preventative controls to ensure that findings do not re-occur.

Description	Open Findings on 01 July 2020	Findings raised during 2020/21	Findings raised during 2020/21	Total Findings (Open + 2020/21)	Resolved by management	Resolved as per IA verifications	% Resolved Management	% Resolved Internal Auditors
<b>Auditor General Findings</b>	0	10	10	10	10	10	100%	100%

ACTION PLANS FOR EXTERNAL AUDIT FINDINGS 2020/21										
AGSA Findings Ref	Finding heading	Audit Review Area	Cluster	Dept.	Person Responsible	Finding Rating	Management Action Plan	Status	Implementation Date	Repeat Finding (Number of Years)
1.	SCM- Local content threshold not specified in the bid specification	Finance	HSD	JCT	CFO Solomon Mphakathi	Matters Affecting Audit Opinion	JCT have now implemented local content on all tenders and RFQs documents in line with Regulation 8(2).	Resolved	30 November 2021	Similar Non-Compliance reported prior year

2.	Non-Compliance with section 95(d) of MFMA – Prevention of irregular, fruitless and wasteful expenditure.	Finance	HSD	JCT	CFO Solomon Mphakathi	Matters Affecting Audit Opinion	Management have reported the irregular expenditure to the Council and have disclosed it in annual Financial statements.	Resolved	30 November 2021	New
3.	SCM - Deviation	Finance	HSD	JCT	CFO Solomon Mphakathi	Matters Affecting Audit opinion	No actions required	Resolved	Immediately	New
4.	SCM- Quotation process not followed/Incomplete Deviations register	Finance	HSD	JCT	CFO Solomon Mphakathi	Other important matters	No action required as management were compliant to regulation 36 of the SCM regulation	Resolved	09 November 2021	New
5.	SCM- Spouse, Child or parent of a person in the service of the state	Finance	HSD	JCT	CFO Solomon Mphakathi	Other Important matters	Management has disclosed the expenditure in the annual Financial statements	Resolved	30 November 2021	new
6.	SCM-Guidelines of PPPF not applied and this resulted in incorrect award	Finance	HSD	JCT	CFO Solomon Mphakathi	Other Important matters	Management monitors the Implementation of 2017 point systems in all procurement processes where possible	Resolved	30 November 2021	New
7.	SCM-Errors with PPPF points calculations	Finance	HSD	JCT	CFO Solomon Mphakathi	Other Important matters	Management monitors the implementation of 2017 point systems in all procurement processes where applicable	Resolved	30 November 2021	New

8.	SCM-Awards made to persons in service of the state	Finance	HSD	JCT	CFO Solomon Mphakathi	Other Important matters	Management monitors the implementation of 2017 point systems in all procurement processes where applicable	08 November 2021	4
9.	Expenditure on City AON contract deemed to be irregular	Finance	HSD	JCT	CFO Solomon Mphakathi	Other Important matters	Management has disclosed all amounts paid to AON contract as irregular expenditure in the Financial Statements for the current	Immediately	New
10.	Difference on related parties	Finance	HSD	JCT	CFO Solomon Mphakathi	Misstatement in Financial statements	The entity reviewed the schedules and Financial Statements to ensure that there is always alignment.	Immediately	New



## **Particulars of any corrective action taken to or to be taken in response to Auditor General's Report**

Actions and sponesd are captured in the table above

### **Section 121(4)(g) Recommendations of the audit committee**

During the year under review the audit and risk committee has in line with section 166 of the MFMA and King IV reviewed and recommended the following to the board of directors;

- The internal audit plan for the 2021/22 financial year
- The annual financial statements of the entity
- Risk and compliance plans and related quarterly reports
- Combined assurance plan and the related quarterly reports
- Recommendation on the audit fees for auditor general
- Internal audit reports on the status of internal controls within JCT.

### **Section 4: Overall State of Internal Controls**













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

In line with best practice and Municipal Management Finance Act (MFMA) requirements, Group Risk and Assurance Services (GRAS) compiled a risk-based audit coverage plan for the Joburg City Theatres which was approved by the Audit and Risk Committee on July 2021. This audit coverage plan has taken into consideration areas that are perceived to be of high risk as per the risk registers for the three theatres and areas identified by management. The timelines indicated on the plan were discussed and agreed with management.

Internal Audit provided assurance on high risks identified during risk assessments by prioritising these areas during annual planning. Some of the medium and low risk areas were also audited where possible. The system of internal control was reasonably adequate and effective, for the quarter under review.

**Section 5: Dashboard Report – Drivers of Internal Control to Achieve Clean Administration**

<b>AUDITEE NAME:</b>		Joburg City Theatres SOC LTD			<b>ASSESSMENT PERFORMED ON:</b>		30 June 2022	
<b>ASSESSMENT PERIOD COVERED:</b> (Tick as appropriate)	<b>PFMA</b>	Apr – Jun 21	Jul – Sep 21	Oct – Dec 21	Jan – Mar 22	Apr 21 – Mar 22		
	<b>MFMA</b>	Jul – Sep 21	Oct – Dec 21	Jan – Mar 22	Apr – Jun 22	Jul 21 – Jun 22		
<b>No.</b>	<b>DRIVERS</b>	<p><b>Improved</b> </p> <p><b>Unchanged</b> </p> <p><b>Regressed</b> </p> <p>Required controls that are able to prevent, or detect and correct misstatements / control deviations / instances of non-compliance in a timely manner, are currently in place; care is required to maintain the situation for changes in conditions</p> <p>Progress in the implementation of controls that are able to prevent, or detect and correct, misstatements / control deviations / instances of non-compliance in a timely manner is noted, but improvement is still required</p> <p>Required controls that are able to prevent, or detect and correct, misstatements / control deviations / instances of non-compliance in a timely manner, are not in place; intervention is required to design and implement appropriate controls</p> <p><b>Good</b> </p> <p><b>In progress</b> </p> <p><b>Intervention required</b> </p>				<b>ASSESSMENT</b>		
						<b>Financial</b>	<b>Performance</b>	<b>Compliance</b>
<b>LEADERSHIP</b>								
	<b>Movement from previous assessment:</b>							
1.a	Provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the entity							
1.b	Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls							
1.c	Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored							
1.d	Establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities							
1.e	Develop and monitor the implementation of action plans to address internal control deficiencies							
1.f	Establish an IT governance framework that supports and enables the business, delivers value and improves performance							
<b>FINANCIAL AND PERFORMANCE MANAGEMENT</b>								
	<b>Movement from previous assessment:</b>							
2.a	Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting							
2.b	Implement controls over daily and monthly processing and reconciling of transactions							
2.c	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information							
2.d	Review and monitor compliance with applicable legislation							
2.e	Design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information							
<b>GOVERNANCE</b>								
	<b>Movement from previous assessment:</b>							
3.a	Implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored							

<b>AUDITEE NAME:</b>		Joburg City Theatres SOC LTD			<b>ASSESSMENT PERFORMED ON:</b>		30 Junè 2022		
<b>ASSESSMENT PERIOD COVERED:</b> (Tick as appropriate)		<b>PFMA</b>	Apr – Jun 21	Jul – Sep 21	Oct – Dec 21	Ja – Mar 22	Apr 21 – Mar 22		
		<b>MFMA</b>	Jul – Sep 21	Oct – Dec 21	Jan – Mar 22	Apr – Jun 22	Jul 21 – Jun 22		
<b>No.</b>	<b>DRIVERS</b>					<b>ASSESSMENT</b>			
	<p> <b>Improved</b></p> <p> <b>Unchanged</b></p> <p> <b>Regressed</b></p>	<p>Required controls that are able to prevent, or detect and correct misstatements / control deviations / instances of non-compliance in a timely manner, are currently in place; care is required to maintain the situation for changes in conditions</p> <p>Progress in the implementation of controls that are able to prevent, or detect and correct, misstatements / control deviations / instances of non-compliance in a timely manner is noted, but improvement is still required</p> <p>Required controls that are able to prevent, or detect and correct, misstatements / control deviations / instances of non-compliance in a timely manner, are not in place; intervention is required to design and implement appropriate controls</p>				<p><b>Good</b> </p> <p><b>In progress</b> </p> <p><b>Intervention required</b> </p>	<b>Financial</b>	<b>Performance</b>	<b>Compliance</b>
<b>3.b</b>	Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively								
<b>3.c</b>	Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of								

<b>AUDITEE NAME:</b>	Joburg City Theatres SOC LTD			<b>ASSESSMENT PERFORMED ON:</b>			30 June 2022
<b>ASSESSMENT PERIOD COVERED:</b> (Tick as appropriate)	<b>PFMA</b>	Apr – Jun 21	Jul – Sep 21	Oct – Dec 21	Jan – Mar 22	Apr 21 – Mar 22	
	<b>MFMA</b>	Jul – Sep 21	Oct – Dec 21	Jan – Mar 22	Apr – Jun 22	Jul 22 – Jun 22	

No.	DRIVERS	COMMITMENTS
1.a	Provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the entity	Maintain the performance-through-out
1.b	Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls	Maintain the performance-through-out
1.c	Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored	Maintain the performance through-out
1.d	Establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities	Maintain the performance through-out
1.e	Develop and monitor the implementation of action plans to address internal control deficiencies	Maintain the performance-through-out
1.f	Establish an IT governance framework that supports and enables the business, delivers value and improves performance	Maintain the performance-through-out
<b>FINANCIAL AND PERFORMANCE MANAGEMENT</b>		
2.a	Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Maintain the performance-through-out
2.b	Implement controls over daily and monthly processing and reconciling of transactions	Maintain the performance-through-out
2.c	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Maintain the performance-through-out
2.d	Review and monitor compliance with applicable legislation	Auditor General identified products designated for local production, which were not classified as such by management. This resulted into an irregular expenditure
2.e	Design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information	Maintain the performance-through-out
<b>GOVERNANCE</b>		
3.a	Implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored	Maintain the performance through-out
3.b	Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively	Maintain the performance through-out

3.c	Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment including financial and performance reporting and compliance with legislation.	Maintain the performance through-out
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As at 30 June 2022 internal audit provided assurance on high risks identified during risk assessments by prioritising these areas during annual planning. Some of the medium and low risk areas were also audited where possible. The system of internal control was reasonably adequate and effective, for the year under review.

**Commitment by the Board of Directors**

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



\_\_\_\_\_

**Board Chairperson**

As submitted to the Auditor General on 30 November 2022.

# APPENDICES AND ANNEXURES

## Section 1: Report of the Auditor General

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

#### Report on the audit of the financial statements

#### Opinion

1. I have audited the financial statements of the Joburg Theatre SOC Limited set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Joburg Theatre SOC Limited as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 71 of 2008 (Companies Act).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key audit matters

6. Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the current period. I have determined that there are no key audit matters to communicate in this auditor's report.

### **Emphasis of matter**

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

#### **Uncertainty relating to the future outcome of exceptional litigation**

8. With reference to note 38 to the financial statements, the municipal entity is the defendant in various lawsuits. The municipal entity is opposing the claims. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

### **Other matter**

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

#### **Unaudited disclosure note**

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

### **Responsibilities of the accounting officer for the financial statements**

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

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

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

**Introduction and scope**

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
16. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipal entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the municipal entity's annual performance report for the year ended 30 June 2022:

Strategic objectives	Pages in the annual performance report
Strategic objective 2: high quality performing arts and entertainment experiences and facilities	x – x

18. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
19. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic objectives:
- Strategic objective 2: high quality performing arts and entertainment experiences and facilities

**Other matters**

20. I draw attention to the matters below.



### Achievement of planned targets

21. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year. The municipal entity achieved 100% of the planned targets for the year in the selected strategic objective 2: high quality performing arts and entertainment experiences and facilities.

### Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of strategic objective 2: high quality performing arts and entertainment experiences and facilities. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

23. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipal entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
24. The material findings on compliance with specific matters in key legislation are as follows:

#### Strategic planning and performance management

25. The annual performance objectives and indicators were not established by agreement with the parent municipality, as required by section 93B(a) of the Municipal Systems Act 32 of 2000.

#### Expenditure management

26. Reasonable steps were not taken to prevent irregular expenditure amounting to R5 593 849, as disclosed in note 35 to the annual financial statements, in contravention of section 95(d) of the MFMA. Majority of the disclosed irregular expenditure was caused by non-compliance with preferential procurement regulation 6(8).

## Other Information

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the financial statements, the auditor's report and those selected strategic objectives presented in the annual performance report that have been specifically reported in this auditor's report.

28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
32. The accounting officer did not ensure that there was compliance with legislation to prevent the recurrence of irregular expenditure and that the municipal entity operated under an updated and approved service delivery agreement.
33. Senior management did not adequately implement action plans designed to prevent the recurring non-compliance with legislation.

#### Other reports

34. I draw attention to the following engagements conducted by Group Forensic and Investigative Services (GFIS) which had, or could have, an impact on the matters reported in the municipal entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

35. GFIS is investigating an allegation of fraud in relation to a pension fund payout that was not made by the municipal entity, reported in 2021-22. The outcome of the investigation is expected by 14 December 2022.

*Auditor-General*

Johannesburg

30 November 2022



AUDITOR GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure : Auditor Generals responsibility for the Audit**

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

### **Financial statements**

2. **In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:**
  - **identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control**
  - **obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control**
  - **evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting officer**
  - **conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Joburg Theatre (SOC) Limited to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern**
  - **evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation**

### **Communication with those charged with governance**

3. **I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.**

4. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# **JOBURG THEATRE**

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



**Joburg Theatre (SOC) Limited  
Annual Financial statements  
for the year ended 30 June 2022  
Auditor General of South Africa  
Registered Auditors**

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### General Information

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<b>Nature of business and principal activities</b>	Entertainment and Hospitality
<b>Accounting Officers</b>	<p>Ms. Ashley Hayden</p> <p>Mr. Junior Ramovha Retired on 15 February 2022</p> <p>Mr. Desmond Ndzipho Retired on 23 November 2021</p> <p>Mr. Rabone Moripe Retired on 15 February 2022</p> <p>Mr. Mabutho Sithole Retired on 15 February 2022</p> <p>Ms. Dineo Sitole (Majavu)</p> <p>Mr. Thembinkosi Masina Retired on 15 February 2022</p> <p>Mr. Mande Ndema Retired on 15 February 2022</p> <p>Ms. Moipone Qhomane Retired on 15 February 2022</p> <p>Mr. Bonga Kwenyama Retired on 15 February 2022</p> <p>Ms. Sebenzile Mkondo Retired on 15 February 2022</p> <p>Ms. Nomveliso Mpongo Retired on 15 February 2022</p> <p>Mr. Johannes Collen Weapond Retired on 15 February 2022</p> <p>Mr. Zane Meas (Chairperson) Appointed on 15 February 2022</p> <p>Mr. Sean Krausch Appointed on 15 February 2022</p> <p>Ms. Ntmeteng Malope Appointed on 15 February 2022</p> <p>Mr. Jabu Goodman Hlongwane Appointed on 15 February 2022</p> <p>Mr. Jabu Love Mathebula Appointed on 15 February 2022</p> <p>Ms. Xoliswa Nduneni-Ngema (CEO)</p> <p>Mr. Solomon Mphakathi CA(SA) (CFO)</p>
<b>Registered office</b>	163 Civic Boulevard Braamfontein Johannesburg 2017
<b>Business address</b>	163 Civic Boulevard Braamfontein Johannesburg 2017
<b>Postal address</b>	PO BOX 31900 Braamfontein Johannesburg 2017
<b>Controlling entity</b>	The City of Johannesburg Metropolitan Municipality Incorporated in South Africa
<b>Bankers</b>	Nedbank Limited
<b>Auditors</b>	Auditor General of South Africa Registered Auditors
<b>Secretary</b>	Philipa Maduka
<b>Company Registration</b>	2000/013032/07

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### **Index**

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

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## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

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#### **Abbreviations and Definitions**

<b>AGM</b>	<b>Annual General Meeting</b>
<b>ARC</b>	<b>Audit and Risk Committee</b>
<b>ASB</b>	<b>Accounting Standards Board</b>
<b>BOARD</b>	<b>Board of Directors</b>
<b>CAPEX</b>	<b>Capital Expenditure</b>
<b>CEO</b>	<b>Chief Executive Officer</b>
<b>CFO</b>	<b>Chief Financial Officer</b>
<b>CJMM</b>	<b>City of Johannesburg Metropolitan Municipality</b>
<b>COID</b>	<b>Compensation for Occupational Injuries and Diseases</b>
<b>COJ</b>	<b>City of Johannesburg</b>
<b>COVID-19</b>	<b>Corona Virus</b>
<b>EPWP</b>	<b>Expanded Public Works Programme</b>
<b>GRAP</b>	<b>Generally Recognised Accounting Practice</b>
<b>IAC</b>	<b>Independent Audit Committee</b>
<b>IAS</b>	<b>International Accounting Standards</b>
<b>IPSAS</b>	<b>International Public Sector Accounting Standards</b>
<b>JCT</b>	<b>Joburg City Theatres</b>
<b>JT</b>	<b>Joburg Theatre</b>
<b>KING IV</b>	<b>Principals of Corporate Governance</b>
<b>ME's</b>	<b>Municipal Entities</b>
<b>MEC</b>	<b>Member of Executive Council</b>
<b>MFMA</b>	<b>Municipal Finance Management Act</b>
<b>NED</b>	<b>Non-Executive Director</b>
<b>OHASA</b>	<b>Oral Hygienist Association of South Africa</b>
<b>PAYE</b>	<b>Pay As You Earn</b>
<b>PSIRA</b>	<b>Private Security Industry Regulatory Authority</b>
<b>RT</b>	<b>Rodeport Theatre</b>
<b>SAMWU</b>	<b>South African Municipal Workers Union</b>
<b>SDL</b>	<b>Skills Development Levy</b>
<b>ST</b>	<b>Soweto Theatre</b>

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

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STC	Secondary Tax on Companies
UIF	Unemployment Insurance Fund

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Directors' Responsibilities and Approval

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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 accounting officers to ensure that the annual financial statements fairly present the state of affairs of the municipality 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 Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

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

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the municipality 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 municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality 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 municipality's budget for the financial year 2022/23 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 15 to 21, which have been prepared on the going concern basis were approved by the Audit and Risk Committee.

  
Xoliswa Ndumbe-Ragema  
Chief Executive Officer

  
Mr. Zane Moss (Chairperson)  
Board of Directors

## Joburg Theatre (SOC) Limited

(Registration number 2000/D13032/07)

Annual Financial Statements for the year ended 30 June 2022

### Audit and Risk Committee Report

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The Audit and Risk Committee Chairperson, acting on behalf of the committee, is pleased to present the committee's report on the annual financial statements for the year ended 30 June 2022 as per Companies Act 71 of 2008 Sec 94 Paragraph 2 and King IV Paragraph 51.

#### Audit and Risk Committee members and attendance

Name of Member	Number of Meetings Attended	
Ms Chrystal Cape (Independent Audit Committee Member) CA(SA)	5	Retired on 15 February 2022
Ms. Nompumeleko Hlatwayo (Independent Audit Committee Member)	5	Retired on 15 February 2022
Mr. Frank Moliwa Masibi (Independent Audit Committee Member)	4	Retired on 15 February 2022
Ms. Ashley Hayden (Non-Executive Director)(Chairperson)	6	
Mr. Rabone Moripe (Non Executive Director)	5	Retired on 15 February 2022
Mr. Manda Nderma	5	Retired on 15 February 2022
Mr. J.C. Weapond	5	Retired on 15 February 2022
Mr. Sean Kreusch	1	Appointed on 15 February 2022
Mr. Mnikelo Moses Mazwane (Independent Audit Committee Member)	1	Appointed on 15 February 2022
Mr. Dylan Tshilhavhahani (Independent Audit Committee Member)	1	Appointed on 15 February 2022
Mr. Krishen Sukdev(Independent Audit Committee Member)	1	Appointed on 15 February 2022

#### Audit and Risk Committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 168(2)(a) of the MFMA. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

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

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

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### **Audit and Risk Committee Report**

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#### **The effectiveness of internal control**

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

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

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

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

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

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

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

#### **Internal audit**

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

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

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

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

## Joburg Theatre (SOC) Limited

(Registration number 2030/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Audit and Risk Committee Report

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#### Audit and Risk Committee Report

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

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

#### External audit

Joburg Theatre (SOC) Ltd's external auditor is Auditor General of South Africa. Fees paid to the auditor are detailed in note 29 of Joburg Theatre (SOC) Ltd's annual financial statements.

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

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

#### Chief Financial Officer's expertise and experience

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

#### Finance function expertise, resources and experience

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

#### Annual Financial Statements

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



Ms. Ashley Haylen  
Chairperson of the Audit and Risk Committee

Date: 30.11.22

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### **Director's Report**

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The accounting officers submit their report for the year ended 30 June 2022.

#### **1. Incorporation**

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

#### **2. Review of activities**

##### **Main business and operations**

The entity operates under four business units: Joburg Theatre, Soweto Theatre, Roodepoort Theatre and hospitality and catering. The primary business of Joburg City Theatres is to present and host productions from internally developed to externally produced shows. Hospitality and catering as a secondary business has grown substantially over the last 7 (Seven) years. Joburg Theatre (SOC) Ltd trading as JCT is a wholly owned subsidiary (ME- Municipal Entity) of the City of Johannesburg Metropolitan Municipality.

Net surplus of the municipality was R 10 851 549 (2021: surplus R 4 845 019), after taxation of R 3,695,908 (2021: R1,324,068 -).

#### **3. Going concern**

We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus of R 21 408 789 and that the municipality's total assets exceed its liabilities by R 23 192 848.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The entity is substantially funded by subsidy from the shareholder and in the 2022/23 financial year. JCT also generates revenue from its operations including interest on investments.

The Board of Directors of Joburg Theatre has considered the budgets and forecasts for the 2022/23 financial year approved by Council of the City of Johannesburg, and has satisfied itself that these were sufficient for the continued existence of operations of the entity at least in the foreseeable future, and therefore has concluded that the use of a going concern basis in its preparation of financial statements was appropriate.

The entity occupies the buildings it operates based on lease agreement from Joburg Property Company as the landlord of the City of Johannesburg Properties. The contractual period of Joburg Theatre's lease agreement on the use of the building has been extended for 20 years which commenced on the 17 September 2020. The agreement for Soweto Theatre has been extended to include the management and use of the newly revamped Amphitheatre. The lease rental of R1 per annum payable to the landlord. The right of use of the building for Soweto Theatre is 20 years with a commencement date of 21 October 2020. The contractual period of Roodepoort Theatre's lease agreement on the right of use of the building is 20 years.

#### **4. Subsequent events**

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

#### **5. Accounting policies**

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury. The accounting policies used by JCT are detailed from page 21 to page 41.

#### **6. Share capital / contributed capital**

There were no changes in the authorised or issued share capital of the municipality during the year under review.

## Joburg Theatre (SOC) Limited

(Registration number 2000/D13032/07)

Annual Financial Statements for the year ended 30 June 2022

### Director's Report

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#### 7. Borrowing limitations

In terms of section 108(1) of the MFMA JCT may borrow money, but only in accordance with the entity's multi-year business plan referred to in section 87 (5)(d), and the provision of chapter 6 of the MFMA to the extent that those provisions can be applied to JCT. (2) In applying chapter 6 to JCT, a reference in that chapter to a municipality, a municipal council or an accounting officer must be read as referring to JCT, the board of directors of JCT or the accounting officer of JCT, respectively.

#### 8. Distributions to owners

Joburg City Theatres as a Municipal Entity does not declare dividends.

#### 9.

The accounting officers of the municipality during the year under review are as follows:

Name	Nationality	Changes
Ms. Ashley Hayden	South African	
Mr. Junior Ramovha	South African	Retired on 15 February 2022
Mr. Desmond Ndzipho	South African	Retired on 23 November 2021
Mr. Rabone Moripe	South African	Retired on 15 February 2022
Mr. Mbulho Sibole	South African	Retired on 15 February 2022
Ms. Diano Silole (Majovu)	South African	
Mr. Thembinkosi Masina	South African	Retired on 15 February 2022
Mr. Mande Ndema	South African	Retired on 15 February 2022
Ms. Mopone Qhomahe	South African	Retired on 15 February 2022
Mr. Bonga Kwenyama	South African	Retired on 15 February 2022
Ms. Sebanzile Mkondo	South African	Retired on 15 February 2022
Ms. Nomveliso Mpengo	South African	Retired on 15 February 2022
Mr. Johannes Collen Weapond	South African	Retired on 15 February 2022
Mr. Zane Meas (Chairperson)	South African	Appointed on 15 February 2022
Mr. Sean Kreusch	South African	Appointed on 15 February 2022
Ms. Dumelang Malope	South African	Appointed on 15 February 2022
Mr. Jabu Goodman Hlongwane	South African	Appointed on 15 February 2022
Mr. Jabu Love Mathebula	South African	Appointed on 15 February 2022
Ms. Koliswa Nduneni-Ngema (CEO)	South African	
Mr. Solomon Mphahathit CA(SA) (CFO)	South African	

#### 10. Secretary

The secretary of the municipality is Philipa Maduka.

#### 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)

Annual Financial Statements for the year ended 30 June 2022

### **Director's Report**

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#### **11. Corporate governance**

##### **General**

All references to the Companies Act in these annual financial statements refer to the Companies Act 71 of 2008, as amended by the Companies amendment Act 3 of 2011, unless otherwise indicated. The board is committed to business integrity, transparency and professionalism in all its activities as guided by the King IV code on Corporate Governance. As part of this commitment, the board supports the highest standards of corporate governance and the ongoing development of best practice.

##### **Board of Directors**

###### **The Board:**

- retains full control over the municipality, 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 municipality;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors as defined in the King IV Code; and
  - two executive directors.

Non-Executive Directors have access to all members of management of the entity.

##### **Chairperson and Chief Executive Officer**

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

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

##### **Remuneration**

The remuneration of the executive directors of the entity; the Chief Executive Officer and the Chief Financial Officer, is determined by the Board of directors in consultation with the parent municipality (CJMM).

## Joburg Theatre (SOC) Limited

(Registration number 2000/D13032/07)

Annual Financial Statements for the year ended 30 June 2022

### Director's Report

---

#### Non-Executive Director's Meetings

The Board of Directors were scheduled to meet at least 9 times per annum and in the current financial year the Board met on 9 occasions.

Name	Board Meeting	Audit and Risk committee meeting	Remunerations, Social & Ethics Committee meeting	Other	Chairperson's Meetings
Total number of meetings held	9	6	4	13	1
Ms Ashley Hayden	8	6	0	8	-
Mr Junior Ramovha	7	-	3	-	-
Mr Desmond Ndzipho	3	-	1	-	-
Mr Rabone Moripe	7	5	-	-	-
Mr Mabutho Sithole	7	-	3	-	-
Ms Dineo Sitole	9	-	3	1	-
Mr Theminkosi Masina	7	-	2	-	-
Ms Bonga Kwenyama	7	-	2	-	-
Ms Nomveliso Mpongo	7	-	3	-	-
Ms Sebenzile Mkondo	7	-	3	-	-
Ms Moipone Chomane	7	-	3	1	-
Mr Mande Ndema	7	5	-	-	-
Mr Johannes Collen Weapond	7	5	-	-	-
Mr Zane Maes (Chairperson)	2	-	-	-	1
Mr Sean Kreusch	2	1	-	-	-
Ms Itumeleng Malope	2	-	1	-	-
Mr Jabu Hlogwane	2	-	1	-	-
Mr Jabu Love Mafhebula	2	-	1	-	-
Ms Xoliswa Nduheni-Ngema (CEO)	9	5	4	-	-
Mr Solomon Mphahathi CA(SA) (CFO)	8	4	4	-	-

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### **Director's Report**

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#### **Audit and Risk Committee**

For the current financial year the members of the Audit and Risk Committee are Ms.Ashley Hayden, (IAC Member-Chairperson), Mr. Mnikelo Moses Mazwane (IAC Member), Mr. Dylan Tshithavhalani (IAC Member),Mr. Krishen Sukdev(IAC member),Mr Sean Kreusch(IAC Member) - all appointed on 15 February 2022.Ms. Chrystal Cape(IAC member) , Mr. Frank Mlisi (IAC member) and Ms. Nompumalelo Hlatswayo(IAC member) - all retired on 15 February 2022 .

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 11 February 2021 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, which is the entity's previous internal auditors. This is in compliance with the Municipal Finance Management Act, 56 of 2003.

#### **12. Controlling entity**

The municipality's controlling body is The City of Johannesburg Metropolitan Municipality incorporated in South Africa.

#### **13. Bankers**

Nedbank Limited

#### **14. Auditors**

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

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### **Company Secretary's Certification**

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#### **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 56 of 2003, I certify that to the best of my knowledge and belief, the company has lodged and/or filed, for the financial year under review, all such returns and notices as are required and that all such returns and notices are true, correct and up to date.



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**Philipa Maduka**  
Company Secretary

## Joburg Theatre (SOC) Limited

(Registration number 2000/D13032/07)

Annual Financial Statements for the year ended 30 June 2022

### Statement of Financial Position as at 30 June 2022

Figures in Rand	Note(s)	2022	2021
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	5 014 302	2 152 488
Receivables from exchange transactions	3	16 524 543	36 658 932
VAT receivable	4	3 358 420	2 036 376
Cash and cash equivalents	5	17 476 917	10 038 804
		<b>42 376 182</b>	<b>50 886 600</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	12 971 575	13 160 897
Intangible assets	7	333 950	308 058
Heritage assets	8	1 602 700	1 602 700
		<b>14 908 225</b>	<b>15 071 655</b>
<b>Total Assets</b>		<b>57 284 407</b>	<b>65 958 255</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	25 352 875	48 569 383
Provisions	10	3 717 707	3 753 502
		<b>29 070 582</b>	<b>52 322 885</b>
<b>Non-Current Liabilities</b>			
Deferred tax	11	5 020 977	1 324 069
<b>Total Liabilities</b>		<b>34 091 559</b>	<b>53 646 954</b>
<b>Net Assets</b>		<b>23 192 848</b>	<b>12 311 301</b>
<b>Share capital / contributed capital</b>			
Reserves	32	10	10
Investment from Shareholder		1 784 049	1 784 049
Accumulated surplus		21 408 789	10 527 242
<b>Total Net Assets</b>		<b>23 192 848</b>	<b>12 311 301</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Ticketing Services	12	499 583	101 561
Hospitality and Catering Services	12	54 040 931	22 947 848
Rental of facilities and equipment	12	4 644 966	1 668 678
Arts Alive	12	8 611 747	8 209 271
Sponsorship	12	478 261	-
In-house ticket sales	12	5 380 057	796 268
Other income	13	8 243 624	5 952 277
Interest received - investment	14	4 015 408	3 132 768
<b>Total revenue from exchange transactions</b>		<b>85 914 577</b>	<b>43 008 671</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Subsidy	15	166 152 000	163 454 000
<b>Total revenue</b>	12	<b>252 066 577</b>	<b>206 462 671</b>
<b>Expenditure</b>			
Employee related costs	16	(104 879 510)	(95 089 417)
Depreciation and amortisation	17	(1 807 333)	(1 899 679)
Debt Impairment	18	-	(1 918 904)
Transfers and Subsidies	19	(22 884 193)	(21 512 000)
General Expenses	20	(107 917 084)	(79 870 584)
<b>Total expenditure</b>		<b>(237 488 120)</b>	<b>(200 290 584)</b>
<b>Surplus before taxation</b>		<b>14 578 457</b>	<b>6 172 087</b>
Taxation	21	(3 696 906)	(1 324 068)
<b>Surplus for the year</b>		<b>10 881 549</b>	<b>4 848 019</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Investment from Shareholder	Accumulated surplus	Total net assets
<b>Balance at 01 July 2020</b>	<b>10</b>	<b>1 784 049</b>	<b>5 679 223</b>	<b>7 463 282</b>
Changes in net assets				
Surplus for the year	-	-	4 848 019	4 848 019
<b>Total changes</b>	<b>-</b>	<b>-</b>	<b>4 848 019</b>	<b>4 848 019</b>
<b>Balance at 01 July 2021</b>	<b>10</b>	<b>1 784 049</b>	<b>10 527 240</b>	<b>12 311 299</b>
Changes in net assets				
Surplus for the year	-	-	10 881 549	10 881 549
<b>Total changes</b>	<b>-</b>	<b>-</b>	<b>10 881 549</b>	<b>10 881 549</b>
<b>Balance at 30 June 2022</b>	<b>10</b>	<b>1 784 049</b>	<b>21 408 789</b>	<b>23 192 848</b>
Note(s)		32		

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		100 791 531	10 531 455
Grants		188 152 000	183 454 000
Interest income		4 015 408	3 132 768
		<u>270 958 939</u>	<u>177 118 223</u>
<b>Payments</b>			
Employee costs		(104 189 164)	(94 479 292)
Suppliers		(157 684 536)	(80 520 121)
		<u>(261 873 700)</u>	<u>(174 999 413)</u>
<b>Net cash flows from operating activities</b>	<b>22</b>	<b><u>9 085 239</u></b>	<b><u>2 118 810</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(1 457 532)	(915 890)
Purchase of other intangible assets	7	(187 594)	-
		<u>(1 645 126)</u>	<u>(915 890)</u>
<b>Net cash flows from investing activities</b>		<b><u>(1 645 126)</u></b>	<b><u>(915 890)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>7 440 113</u></b>	<b><u>1 203 120</u></b>
Cash and cash equivalents at the beginning of the year		10 038 804	8 835 684
<b>Cash and cash equivalents at the end of the year</b>	<b>5</b>	<b><u>17 478 917</u></b>	<b><u>10 038 804</u></b>



## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### 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
<b>Figures in Rand</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Ticketing services	1 144 296	-	1 144 296	499 583	(644 713)	1
Catering services	32 802 801	-	32 802 801	54 040 931	21 238 130	3
Rental of facilities and equipment	4 527 640	-	4 527 640	4 644 966	117 326	
Arts Alive Revenue	-	-	-	8 811 747	8 811 747	
Sponsorship	-	-	-	478 261	478 261	
In-house ticket sales	8 572 937	-	8 572 937	5 380 057	(3 192 880)	1
Other income	2 518 326	(1 508 581)	1 009 745	8 243 624	7 233 879	4
Interest received - investment	2 121 000	1 508 581	3 629 581	4 015 406	385 827	2
<b>Total revenue from exchange transactions</b>	<b>51 687 000</b>	<b>-</b>	<b>51 687 000</b>	<b>85 914 577</b>	<b>34 227 577</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Subsidy	166 152 000	-	166 152 000	166 152 000	-	
<b>Total revenue</b>	<b>217 839 000</b>	<b>-</b>	<b>217 839 000</b>	<b>252 066 577</b>	<b>34 227 577</b>	
<b>Expenditure</b>						
Employee cost	(102 727 000)	-	(102 727 000)	(104 879 510)	(2 162 510)	
Depreciation and amortisation	(2 476 404)	-	(2 476 404)	(1 807 333)	669 071	
Transfers and Subsidies	(22 437 016)	-	(22 437 016)	(22 884 193)	(447 177)	
General Expenses	(90 198 580)	-	(90 198 580)	(107 917 094)	(17 718 504)	5
<b>Total expenditure</b>	<b>(217 839 000)</b>	<b>-</b>	<b>(217 839 000)</b>	<b>(237 488 120)</b>	<b>(19 649 120)</b>	
<b>Surplus before taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14 578 457</b>	<b>14 578 457</b>	
Taxation	-	-	-	3 696 908	3 696 908	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 881 549</b>	<b>10 881 549</b>	

## Joburg Theatre (SOC) Limited

(Registration number 2000/D13032/07)

Annual Financial Statements for the year ended 30 June 2022

**Explanation of major variances between budget and actual**

1. Ticketing Services(-56%), In-house Stage Productions(-37%) - the line items stated shows a negative variances. The shortfall is attributable to the fact that JCT has not been fully operating due to regulations imposed by the government to curb the spread of Covid-19 which has since been scrapped on the 23th of June, the last quarter of the financial year. This has been a challenging for the Theatre as covid-19 had a significant impact on the operations of the entity.

2. Interest received from investments - shows favourable variance of 11%. Short term investments are sufficient enough to earn interest in excess of the budgeted amount despite the economic challenges.

3. Catering Services shows a favourable variance of 66%. This much higher than anticipated Revenue on Hospitality and Catering was due to a number of service level agreements (SLA) signed and executed, most notably an SLA framework order with COJ's community development.

4. Other Income shows a favourable variance of 716%, this is due to number of ACH programmes from COJ.

5. General expenditure is above the budget by 15% which is attributable to the cost of sales and hiring expenses, which are linked to the favourable revenue variance of 66%. Hospitality and catering during the year entered into a few high value SLA agreements with the City of Johannesburg that led to an increase on the revenue and cost of sales above the budgeted amounts. Management is hopeful that it will maintain the collaborations and partnership with the City of Johannesburg to ensure that the entity generates more revenue in the long run.

## Joburg Theatre (SOC) Limited

(Registration Number 2000/01392/07)

Annual Financial Statements for the year ended 30 June 2022

### Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.l.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.l.o. MFMA)	Virement (i.l.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2022</b>											
<b>Financial Performance</b>											
Investment revenue	2 121 000	1 508 581	3 629 581	-	-	3 629 581	4 015 408		385 827	111 %	189 %
Transfers recognised – operational	186 512 000	-	186 512 000	-	-	186 512 000	166 512 000		-	100 %	100 %
Other own revenue	49 206 000	(1 508 581)	47 697 419	-	-	47 697 419	81 539 169		33 841 750	171 %	166 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>217 839 000</b>	<b>-</b>	<b>217 839 000</b>	<b>-</b>	<b>-</b>	<b>217 839 000</b>	<b>252 066 577</b>		<b>34 227 577</b>	<b>116 %</b>	<b>116 %</b>
Employee costs	(102 727 000)	-	(102 727 000)	-	-	(102 727 000)	(104 878 510)		(2 152 510)	102 %	102 %
Depreciation and asset impairment	(2 476 404)	-	(2 476 404)	-	-	(2 476 404)	(1 807 333)		669 071	73 %	73 %
Transfers and grants	(22 437 016)	-	(22 437 016)	-	-	(22 437 016)	(22 894 193)		(447 177)	102 %	102 %
Other expenditure	(90 198 580)	-	(90 198 580)	-	-	(90 198 580)	(107 917 084)		(17 718 504)	120 %	120 %
<b>Total expenditure</b>	<b>(217 839 000)</b>	<b>-</b>	<b>(217 839 000)</b>	<b>-</b>	<b>-</b>	<b>(217 839 000)</b>	<b>(237 488 120)</b>		<b>(19 649 120)</b>	<b>109 %</b>	<b>109 %</b>
Taxation	-	-	-	-	-	-	3 686 908		3 686 908		
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10 881 549</b>		<b>10 881 549</b>		

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/D13032/07)

Annual Financial Statements for the year ended 30 June 2022

### **Accounting Policies**

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#### **1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

##### **1.1 Going concern assumption**

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

##### **1.2 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

##### **Other**

Management is not aware of any significant risks that will cause material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### **Accounting by principals and agent**

The inventories makes assessments on whether it is the principal or agent in principal-agent relationships. There were no significant judgements applied.

##### **Impairment of statutory receivables**

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the inventories considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

## **Accounting Policies**

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### **1.2 Significant judgements and sources of estimation uncertainty (continued)**

#### **Accounting for adjustments to revenue**

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the 2022, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the inventories, and the inventories could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the municipality, but the municipality could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

#### **Accounting for adjustments to revenue that correct an error or prior period error**

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity:

- (a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula in charge the revenue; and/or
- (b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relates to that period are corrected before the municipality are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

#### **Accounting for adjustments to revenue as a change in an accounting estimate**

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipality, the municipality accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

### **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 recognized as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.3 Property, plant and equipment (continued)

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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	12-15 years
Motor vehicles	Straight line	10-15 years
IT equipment	Straight line	10-13 years
Leasehold improvements	Straight line	5-15 years
Stage equipment	Straight line	15-20 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

## Joburg Theatre (SOC) Limited

(Registration number: 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.3 Property, plant and equipment (continued)

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 municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6).

#### 1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Accounting Policies

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#### 1.4 Intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

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Item	Depreciation method	Average useful life
Computer software, other	Straight line	5-8

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The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 7).

#### 1.5 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

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 municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Average useful life of Heritage assets is Indefinite

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 8)

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).



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#### 1.5 Heritage assets (continued)

##### Recognition

The municipality 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 municipality, 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 municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

The heritage assets held by JCT are artworks and other paintings of value to the entity.

#### 1.6 Financial instruments

##### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as financial assets at cost.

For financial instruments which are not at fair value, transaction costs are included in the initial measurement of the instrument.

##### Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

##### Receivables from exchange transactions

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#### 1.6 Financial Instruments (continued)

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.

The Financial Instruments held by JCT are Trade receivables, Trade payables and Cash and Cash equipments.

#### 1.7 Statutory receivables

##### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

##### Recognition

The municipality recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

##### Subsequent measurement

The municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);

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#### 1.7 Inventories (continued)

- impairment losses; and
- amounts derecognised.

#### Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

#### Impairment losses

The municipality assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipality considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

#### Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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#### **1.8 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.

The deferred tax asset in the current year is as a result of donated assets, for which there were no allowances claimed resulting in deferred tax asset which was immediately impaired.

##### **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, in 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.

#### **1.9 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.

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#### **1.9 Leases (continued)**

There were no finance leases recorded for JCT in the year under review.

##### **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.

The operating leases relate to cash vault machines and digital printing machines.

#### **1.10 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 municipality 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 municipality.

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.

Inventories include consumable stores and trading stock for food and beverages operation.

#### **1.11 Impairment of cash-generating assets**

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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#### 1.11 Impairment of 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 amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality, or
- the number of production or similar units expected to be obtained from the asset by the municipality.

#### Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality 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 municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

There were no impairment of cash generating assets from JCT for the year under review.

#### Reversal of impairment loss

The municipality 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.

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

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.

#### 1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

#### Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality 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 municipality estimates the recoverable service amount of the asset.

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#### **1.12 Impairment of non-cash-generating assets (continued)**

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

##### **Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality 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.

There were no impairment of non-generating assets for JCT in the year under review.

##### **Reversal of an impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

##### **Redesignation**

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

#### **1.13 Share capital / contributed capital**

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

Net assets instruments issued by the company are classified according to the substance of the contractual arrangements entered into. Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.



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#### **1.14 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.

#### **1.15 Provisions and contingencies**

Provisions are recognised when:

- the municipality 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 municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Provisions for JCT includes performance bonuses and Covid..

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

The provision as at end of the period under review is the performance bonuses.

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#### 1.15 Provisions and contingencies (continued)

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

The municipality 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 municipality 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 municipality considers that an outflow of economic resources is probable, a municipality 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.

Contingent liabilities include pending litigations brought by Sarah Elizabeth Bosch (amount - R 9,020,000) for alleged negligence by JT.

#### 1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of goods

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#### 1.16 Revenue from exchange transactions (continued)

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipal municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipal municipality 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 municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of goods for JCT includes banqueting sales, bar sales and restaurant sales.

#### 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 municipality;
- 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.

Revenue from rendering services include in house productions, ticket sales and rental of facilities.

#### 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 municipality, 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.

Interest revenue include the interest on fixed deposits and call accounts with the bankers.

#### 1.17 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

## Joburg Theatre (SOC) Limited

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#### 1.17 Revenue from non-exchange transactions (continued)

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 municipality,
- 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 municipality 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.

Revenue from non-exchange transactions represent the subsidy allocation from the City of Johannesburg amounting to R 166,152,000.

##### 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 municipality;
- 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.

#### 1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

#### 1.19 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.20 Comparative figures

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

#### 1.21 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 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.

JCT had no unauthorised expenditure in the year under review.

## Joburg Theatre (SOC) Limited

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#### 1.22 Fruitless and wasteful expenditure

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

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.

Fruitless and wasteful expenditure relate to the interest and penalty levied by SARS on understatement of revenue to chaghe in accounting policy error made in the income tax return.

#### 1.23 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1988 (Act No. 86 of 1988), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

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.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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.

Irregular expenditure relates to the Avis contract for vehicle fleet that was declared invalid by the Auditor General.

#### 1.24 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance, and
- for which separate financial information is available.

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### **Accounting Policies**

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#### **1.24 Segment information (continued)**

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

#### **1.25 Budget information**

Municipalities 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 municipalities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/06/01 to 2022/06/30 while the approved opex budget covers

2021/22 financial year and indicatives for the two outer years.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

#### **1.26 Related parties**

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

Related parties are detailed on note 24 together with their transactions and balances.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

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### Accounting Policies

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#### 1.27 Service concession arrangements: Entity as grantor

##### Identification

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the service concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
  - the operator constructs, develops, or acquires from a third party; or
  - is an existing asset of the operator; or
- is provided by the grantor which:
  - is an existing asset of the grantor; or
  - is an upgrade to an existing asset of the grantor.

##### Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.
- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

##### Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement, is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

In terms of the policy on Revenue from exchange transactions, the exchange consideration is recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset), receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangement for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.

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### **Accounting Policies**

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#### **1.28 GRAP Standards Approved and Not Yet Effective**

GRAP 25	Employee Benefits
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments



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### **Accounting Policies**

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#### **1.29 GRAP Standards Approved and Effective**

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rate
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
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 20	Related Party Disclosures
GRAP 21	Impairment of Non Cash Generating Assets
GRAP 23	Revenue from Non Exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits (Revised Standard)
GRAP 26	Impairment of Cash Generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures

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### **Accounting Policies**

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#### **1.29 GRAP Standards Approved and Effective (continued)**

GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets (Revised Standard)
GRAP 104	Financial Instruments (Revised Standard)
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principal and Agent
GRAP 110	Living and Non-living Resources

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### Notes to the Annual Financial Statements

Figures in Rand	30 June 2022	30 June 2021
<b>2. Inventories</b>		
Work in progress	3 857 951	882 096
Consumable stores	331 800	457 393
Trading Stock - Food and Beverage	1 024 551	812 999
	<b>5 914 302</b>	<b>2 152 488</b>
<b>Work in progress</b>		
Opening Balance	882 096	408 581
Prior year WIP transferred	(882 096)	(408 581)
Current year WIP	2 152 397	882 096
	<b>2 152 397</b>	<b>882 096</b>
<b>Consumables</b>		
Opening Balance	457 393	294 344
Stock Movement for the year	(125 593)	163 049
	<b>331 800</b>	<b>457 393</b>
<b>Trading Stock - Food and Beverages</b>		
Opening Balance	812 999	598 412
Stock Movement for the year	211 552	214 587
	<b>1 024 551</b>	<b>812 999</b>

Joburg City Theatres operates as both receiving and production house. The expenditure on show productions prior to maturity is treated as Work in Progress (WIP) for example, Pantoland, 80th Anniversary, Don Giovanni etc.

Consumables stores contain amongst others, cleaning materials, grocery items, lightings, tapes, paints, and stationery. These items are consumed by the company in the daily business operations. The amount consumed is recognised as expense when the consumables are requisitioned from the stores. Inventories held for consumption at no charge are measured at the lower of cost and current replacement cost and are fairly valued.

Trading Stock - Food and Beverages contains amongst others, bar, restaurant, and hospitality stock. Trading stock is measured at the lower of cost and current replacement cost and are fairly valued.

### 3. Receivables from exchange transactions

Trade debtors	604 849	700 172
Accrued Income	5 934	1 894
Related Party Debtors	15 913 760	35 958 766
	<b>16 524 543</b>	<b>36 658 932</b>

#### Trade and other receivables

Trade Debtors- represents rent receivable for use of facilities (hospitality and theatre rentals).

Related party debtors - represents the amounts owed to Joburg City Theatres by the City of Johannesburg and Municipal Owned Entities. Included in the related party receivables is other hospitality, rental, capex and catering services rendered to COJ and its MOE's. Joburg City Theatres does not charge interest on related party debtors.

Debtors are measured at fair value.

#### Fair value of trade and other receivables

## Joburg Theatre (SOC) Limited

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>3. Receivables from exchange transactions (continued)</b>		
<b>Receivables From Exchange Transactions by Class</b>		
<b>Fair value of trade and other receivables</b>		
Hospitality and Catering	11 658 627	4 505 066
City of Johannesburg - CAT&X	3 350 069	29 066 623
City of Johannesburg - Entities	905 081	1 11 795
Other	610 786	2 975 448
	<b>16 524 543</b>	<b>36 658 932</b>
<b>Debtors Age Analysis</b>		
90 Days +	1 119 969	1 453 487
60 Days	2 548	344 086
30 Days	174 115	570 187
Current	15 227 911	34 291 192
	<b>16 524 543</b>	<b>36 658 932</b>

Accounts receivable in 90+ days relate to City of Johannesburg's customer deposit and a collection of other small account receivables. The entity believes that these amounts are still collectable and should circumstances change they will be considered for impairment in accordance with company policy.

#### 4. VAT Receivable - Non - Exchange Transactions (Statutory Receivables)

VAT	3 358 420	2 036 376
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The increase in VAT Receivables is a result in number of supplier's invoices raised.

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	76 768	56 599
Bank balances	17 402 149	9 982 205
	<b>17 478 917</b>	<b>10 038 804</b>
Current assets	17 478 917	10 038 804
Current liabilities	-	-
	<b>17 478 917</b>	<b>10 038 804</b>

Cash and cash equivalents comprise of cash on hand, current accounts and deposits on call accounts that are already convertible into known amounts of cash. The effective interest rates of the cash equivalents investment as at end of the period were between 3.75% and 5.3%.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
Nedbank - current account- Joburg Theatre	3 959 636	670 252	514 755	3 959 636	670 252	514 755
Nedbank - current account- Roodepoort and Soweto	92 142	53 494	271 795	92 142	53 494	271 795
Nedbank -current account- Ticketing	124 900	68 901	41 746	124 900	68 901	41 746
Nedbank - current account- Hospitality and Catering	296 171	123 374	306 483	296 171	123 374	306 483
Nedbank call account-Joburg Theatre	10 080 505	8 625 186	1 459 759	10 080 505	8 625 186	1 459 759
Nedbank -current account-Zoo	28 536	102 140	43 640	28 536	102 140	43 640
Nedbank -current account-Metre	25 470	80 407	89 180	25 470	80 407	89 180
Nedbank -call account- Roodepoort and Soweto	59 117	210 240	2 286 760	59 117	210 240	2 286 760
Nedbank -call account- Ticketing	2 091 906	26 884	3 754 264	2 091 906	26 884	3 754 264
Nedbank - call account- Hospitality and Catering	643 766	21 327	7 806	643 766	21 327	7 806
<b>Subtotal</b>	<b>17 402 149</b>	<b>9 982 205</b>	<b>8 776 188</b>	<b>17 402 149</b>	<b>9 982 205</b>	<b>8 776 188</b>
Cash on hand	76 768	56 599	59 496	76 768	56 599	59 496
<b>Total</b>	<b>17 478 917</b>	<b>10 038 804</b>	<b>8 835 684</b>	<b>17 478 917</b>	<b>10 038 804</b>	<b>8 835 684</b>

## Joburg Theatre (SOC) Limited

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### Notes to the Annual Financial Statements

Figures in Rand

#### 6. Property, plant and equipment

	2022		2021	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Cost / Valuation	Accumulated depreciation and accumulated impairment
Leasehold property	4 671 122	(2 300 830)	4 070 105	(1 886 807)
Furniture and fixtures	3 694 361	(1 786 866)	3 707 352	(1 537 151)
Motor vehicles	152 536	(51 641)	152 536	(39 908)
IT equipment	4 289 743	(1 838 953)	3 630 017	(1 563 851)
Stage equipment	11 616 252	(5 482 349)	11 828 505	(5 200 901)
<b>Total</b>	<b>24 424 014</b>	<b>(11 452 439)</b>	<b>23 389 515</b>	<b>(10 228 618)</b>

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	2 183 288	601 018	-	(414 024)	2 370 282
Furniture and fixtures	2 170 201	65 710	(377)	(339 839)	1 895 685
Motor vehicles	112 628	-	-	(11 733)	100 895
IT equipment	2 066 166	711 804	(230)	(326 950)	2 450 790
Stage equipment	6 628 604	79 000	(617)	(553 054)	6 153 903
<b>Total</b>	<b>13 160 887</b>	<b>1 457 532</b>	<b>(1 224)</b>	<b>(1 645 630)</b>	<b>12 971 575</b>

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### Notes to the Annual Financial Statements

Figures in Rand

#### 6. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold property	2 864 573	-	-	(681 275)	2 183 298
Furniture and fixtures	2 309 447	115 373	(8 251)	(246 368)	2 170 201
Motor vehicles	215 376	-	(61 208)	(41 539)	112 628
IT equipment	1 564 260	800 317	(30 538)	(267 873)	2 066 186
Stage equipment	7 301 412	-	(163 611)	(508 997)	6 628 604
	<b>14 255 068</b>	<b>915 690</b>	<b>(263 609)</b>	<b>(1 746 052)</b>	<b>13 160 897</b>

During the current year the entity conducted physical verification exercise of assets and the assets below were identified for write off.

##### Assets Written Off 2022

	Cost	Accumulated Depreciation	Total
Furniture and Fixtures	78 701	(78 324)	377
Computer Equipment	52 078	(51 848)	230
Stage Equipment	292 253	(291 636)	617
	<b>423 032</b>	<b>(421 808)</b>	<b>1 224</b>

##### Assets Written Off 2021

	Cost	Accumulated Depreciation	Total
Furniture and Fixtures	1 396 587	(1 388 336)	8 251
Motor Vehicle	523 424	(462 215)	61 209
Computer Equipment	260 495	(229 957)	30 538
Stage Equipment	3 013 384	(2 648 543)	163 611
	<b>5 193 890</b>	<b>(4 930 051)</b>	<b>263 839</b>

## Joburg Theatre (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 6. Property, plant and equipment (continued)

##### Maintenance of property, plant and equipment

##### Maintenance of property, plant and equipment by condition - 2022

	Preventative Maintenance		Corrective Maintenance		Total
	Interval Based	Total	Planned	Total	
Furniture and fixtures	-	-	55 558	55 558	55 558
Motor vehicles	-	-	29 044	29 044	29 044
IT equipment	-	-	23 787	23 787	23 787
Stage Equipment	208 178	208 178	-	-	208 178
	<b>208 178</b>	<b>208 178</b>	<b>108 389</b>	<b>108 389</b>	<b>317 567</b>

##### Maintenance of property, plant and equipment by condition - 2021

	Preventative Maintenance		Corrective Maintenance		Total
	Interval Based	Total	Planned	Total	
Furniture and fixtures	-	-	45 272	45 272	45 272
Motor vehicles	-	-	10 428	10 428	10 428
IT equipment	-	-	20 811	20 811	20 811
Stage Equipment	268 412	268 412	-	-	268 412
	<b>268 412</b>	<b>268 412</b>	<b>76 511</b>	<b>76 511</b>	<b>342 923</b>

Buildings are capitalised by the City of Johannesburg.



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### Notes to the Annual Financial Statements

Figures in Rand 2022      2021

#### 7. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 028 112	(694 162)	333 950	853 474	(545 416)	308 058

#### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	308 058	187 594	(161 702)	333 950

#### Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software, other	461 684	(153 626)	308 058

#### 8. Heritage assets

	2022			2021		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Artwork and Historical Assets	1 602 700	-	1 602 700	1 602 700	-	1 602 700

#### Reconciliation of heritage assets 2022

	Opening balance	Total
Artwork and Historical Assets	1 602 700	1 602 700

#### Reconciliation of heritage assets 2021

	Opening balance	Total
Artwork and Historical Assets	1 602 700	1 602 700

#### Additional information

Heritage assets includes artwork valued R957 000 and historical assets valued at R645 700. Deemed cost was determined using fair value. A class of heritage assets is carried at its cost less any accumulated impairment losses. The assessment has been performed to test whether any impairment indicators have been triggered and there was no indication of impairment during the current financial year.

## Joburg Theatre (SOC) Limited

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>9. Payables from exchange transactions</b>		
Trade payables	9 392 305	7 383 259
Deferred Income	2 240 439	5 586 770
Accrued Leave	4 693 019	3 957 099
Sundry creditors	6 123 572	23 308 575
Accrued 13th Cheque	835 767	845 546
Year end accruals	13 941	1 386 171
Related Party	2 053 832	8 121 963
	<b>25 352 875</b>	<b>48 589 383</b>

Trade payables consists of trade creditors due to the suppliers/service providers.

Deferred income represents deposits for rental of facilities and ticket sales for future shows

Related party consist of OHASA ,insourcing, utilities and rentals due to Joburg City Parks and Zoo and City Power

Sundry creditors is made up of third party balances i.e. PAYE, SDL, UIF, Pension Fund, Medical Aid,Samwu, Psira and CAPEX.

Year end accruals consist of utilities, insourcing and others.

## Joburg Theatre (SOC) Limited

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### Notes to the Annual Financial Statements

Figures in Rand 2022 2021

#### 10. Provisions

##### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus	3 753 502	3 717 707	(3 753 502)	3 717 707

##### Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus	3 452 257	3 995 151	(3 693 906)	3 753 502

The bonus provision relates to the performance bonuses that the entity expects to pay the qualifying employees. The amount is based on the performance of the financial year under review which is still to be determined. The provision is management's best estimate of the entity's liability at reporting date.

#### 11. Deferred tax

##### Deferred tax liability

Property, plant and equipment	1 994 699	1 865 426
Allowance for future expenditure section 24c	5 140 103	3 918 583
Accounting work in progress not constituting Trading Stock for tax purposes	987 647	-
<b>Total deferred tax liability</b>	<b>8 122 449</b>	<b>5 784 009</b>

##### Deferred tax asset

Provisions	(2 496 553)	(2 933 015)
Deferred income	(604 919)	(1 526 926)
Deferred tax balance from temporary differences other than unused tax losses	(3 101 472)	(4 459 941)
<b>Total deferred tax asset</b>	<b>(3 101 472)</b>	<b>(4 459 941)</b>

Deferred tax liability	8 122 449	5 784 009
Deferred tax asset	(3 101 472)	(4 459 941)
<b>Total net deferred tax liability</b>	<b>5 020 977</b>	<b>1 324 068</b>

## Joburg Theatre (SOC) Limited

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>12. Revenue</b>		
Ticketing services	499 583	101 561
Hospitality and Catering services	54 040 931	22 947 848
Rental of facilities and equipment	4 844 966	1 868 678
Arts Alive	8 611 747	8 209 271
Sponsorship	478 261	-
In-house ticket sales	5 380 057	796 268
Other income	8 243 624	5 952 277
Interest received - investment	4 015 408	3 132 768
Subsidy	166 152 000	163 454 000
	<b>252 066 577</b>	<b>206 462 671</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Ticketing services	499 583	101 561
Hospitality and Catering services	54 040 931	22 947 848
Rental of facilities and equipment	4 844 966	1 868 678
Arts Alive	8 611 747	8 209 271
Sponsorship	478 261	-
In-house ticket sales	5 380 057	796 268
Other income	8 243 624	5 952 277
Interest received - investment	4 015 408	3 132 768
	<b>85 914 577</b>	<b>43 008 671</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
Transfer revenue		
Subsidy from City of Joburg	166 152 000	163 454 000
<b>13. Other income</b>		
Other income	8 243 624	5 952 277
Other income includes, amongst others, Insurance Claims, Ballet Mats and Backline Hire & SETA Reimbursements.		
<b>14. Interest received - investment</b>		
Interest revenue		
Bank	4 015 408	3 132 768
Interest income is calculated using the effective interest rate between 3% to 5.3%		
The table below shows the interest received from two bank accounts :		
Bank	2022	2021
Nedbank Limited	4 015 408	3 132 768
<b>15. Subsidy</b>		
Operating Grants and Subsidies		
Joburg Theatre	129 165 359	131 856 080
Rodepoort Theatre	12 735 607	10 879 902
Soweto Theatre	24 251 034	20 717 417
	<b>166 152 000</b>	<b>163 453 399</b>

## Joburg Theatre (SOC) Limited

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>15. Subsidy (continued)</b>		
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.		
<b>16. Employee related costs</b>		
Salaries and Wages	103 179 510	93 399 417
Employee costs included in other expenses	1 700 000	1 690 000
	<b>104 879 510</b>	<b>95 089 417</b>
<b>Employee Costs Breakdown</b>		
Net Salary	59 049 549	53 103 741
PAYE	15 563 003	13 252 521
SDL	851 144	699 379
UIF	918 590	893 034
Medical Aid	5 829 065	5 611 980
Pension Contribution	14 494 816	13 998 014
Third Parties	565 806	370 823
Accruals & Provisions	5 289 214	5 136 524
COJ Staff Accounts, CFO 13th Cheque, Gym & Year End Contributions	618 323	333 401
	<b>103 179 510</b>	<b>93 399 417</b>
<b>Committee Fees Breakdown</b>		
Fees	1 700 000	1 676 500
<b>Chief Executive Officer</b>		
Annual Remuneration	2 443 289	2 360 666
Performance Bonus	306 867	311 052
Contributions to UIF, SDL, Medical Aid and Pension Funds	27 996	25 262
Leave Encashment, Acting, Call & Data Allowance	186 933	25 200
	<b>2 965 105</b>	<b>2 722 200</b>
<b>Chief Operating Officer</b>		
Annual Remuneration	1 464 893	1 415 356
Discretionary Bonuses	198 150	111 008
Contributions to UIF, SDL, Medical Aid and Pension Funds	415 639	401 683
Leave Encashment, Acting, Call & Data Allowance	77 596	67 243
	<b>2 156 278</b>	<b>1 995 290</b>

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>16. Employee related costs (continued)</b>		
<b>Chief Financial Officer</b>		
Annual Remuneration	1 894 813	2 240 642
Performance bonus	305 667	229 232
Contributions to UIF, SDL, Medical Aid and Pension Funds	21 932	25 704
Leave Encashment, Acting, Cell & Data Allowance	93 220	269 269
	<b>2 115 632</b>	<b>2 764 847</b>
<b>Company Secretary</b>		
Annual Remuneration	1 075 638	1 215 392
Performance Bonuses	158 001	148 706
Contributions to UIF, SDL, Medical Aid and Pension Funds	259 345	13 877
Leave Encashment, Acting, Cell & Data Allowance	67 991	61 090
	<b>1 560 975</b>	<b>1 439 065</b>
<b>17. Depreciation and amortisation</b>		
Property, plant and equipment	1 607 333	1 899 679
<b>18. Debt impairment</b>		
Bad debts written off	-	1 918 904
Debt impairment comprises of:		
Department of Arts and Culture	-	1 600 000
Other	-	318 904
	-	<b>1 918 904</b>
<b>19. GRANTS AND SUBSIDIES PAID</b>		
Other subsidies		
Grants Paid	22 884 193	21 512 000
Subsidies comprises of:		
Joburg Ballet	11 343 962	10 590 000
Johannesburg Philharmonic Orchestra	11 540 231	10 922 000
	<b>22 884 193</b>	<b>21 512 000</b>

## Joburg Theatre (SOC) Limited

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>20. General expenses</b>		
Auditors remuneration	722 282	994 153
Bank charges	496 216	194 371
Cleaning	597 854	584 902
Computer expenses	296 567	374 544
Consulting and professional fees	259 182	258 064
Consumables	3 936 048	3 107 087
Community Development	2 896 710	1 619 335
Entertainment	353 699	106 970
Building signage, framing and printing	3 684 133	2 785 360
Insurance	604 751	714 954
Employee Uniforms	472 390	129 639
IT expenses	616 461	777 674
Marketing and show contributions	9 596 447	4 459 734
Ticketing	53 640	-
Motor vehicle expenses	3 626 090	2 498 066
Licences	188 706	159 307
Productions	20 452 043	21 650 193
Printing and Stationery	622 701	391 962
Subscriptions and membership fees	135 342	411 665
Business travel	231 969	113 584
Electricity	11 829 847	9 667 506
Gas	230 613	250 749
Sewerage and waste disposal	772 438	1 546 683
Employee Wellness & Training	115 974	148 239
Arts Alive and Special Projects	7 513 497	7 719 062
Write offs	1 223	263 808
Accommodation	125 861	54 206
Other hospitality and catering expenses	19 564 017	9 663 303
Repairs and Maintenance	4 790 785	2 970 264
Cost of Sales	12 919 598	6 255 198
	<b>107 917 084</b>	<b>79 876 584</b>
<b>21. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Deferred</b>		
Movement in temporary differences	3 696 908	1 324 068
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting surplus and tax expense.		
Accounting surplus	14 578 457	6 172 087
Tax at the applicable tax rate of 28% (2021: 28%)	4 081 968	1 728 184
Tax effect of adjustments on taxable income		
Charitable donations made	-	(404 116)
Leasehold improvement	55 226	-
Overprovision prior year on deferred tax	(254 324)	-
Impact that deferred tax is raised at 27% and not 28%	(185 962)	-
	<b>3 696 908</b>	<b>1 324 068</b>

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>22. Cash generated from operations</b>		
Surplus	10 881 549	4 848 019
Adjustments for:		
Depreciation and amortisation	1 807 333	1 899 679
Debt impairment	-	1 918 904
Movements in provisions	(35 795)	301 245
Loss on sale of assets	1 224	283 808
Changes in working capital:		
Inventories	(2 861 814)	(851 151)
Receivables from exchange transactions	20 134 387	(30 125 969)
Tax	3 696 908	1 324 068
Payables from exchange transactions	(23 216 509)	21 758 685
VAT	(1 322 044)	781 522
	<b>9 085 239</b>	<b>2 118 810</b>
<b>23. Auditors' remuneration</b>		
Current year audit fees	722 282	994 153
Amount paid - Current Year	(722 282)	(994 153)
Closing balance	-	-



## Joburg Theatre (SOC) Limited

(Registration number 2000/D13032/07)

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### Notes to the Annual Financial Statements

Figures in Rand 2022 2021

#### 24. Related parties

##### Relationships

100% Controlling entity	The City of Johannesburg Metropolitan Municipality
100% owned by COJ	Joburg City Theatres (SOC) Ltd
100% owned by COJ	City Power Johannesburg (SOC) Ltd
100% owned by COJ	Johannesburg Water (SOC) Ltd
100% owned by COJ	City of Johannesburg Property Company (SOC) Ltd
100% owned by COJ	Johannesburg City Parks NPC and Zoo
100% owned by COJ	Johannesburg Development Agency (SOC) Ltd
100% owned by COJ	Johannesburg Metropolitan Bus Services (SOC) Ltd
100% owned by COJ	Johannesburg Roads Agency (SOC) Ltd
100% owned by COJ	Johannesburg Social Housing Company (SOC) Ltd
100% owned by COJ	Pikūtp Johannesburg (SOC) Ltd
100% owned by COJ	Joburg Market (SOC) Ltd

##### Related party balances

##### Amounts included in Trade receivable (Trade Payable) regarding related parties

City of Johannesburg Metropolitan Municipality	15 008 686	35 073 485
Johannesburg City Parks NPC and Zoo	4 946	10 652
City Power Johannesburg (SOC) Ltd	12 811	771 485
Johannesburg Road Agency	15 276	48 605
Johannesburg Development Agency	-	7 378
Johannesburg Metropolitan Bus Services	38 127	45 160
Johannesburg Water	188 221	-
Johannesburg Fresh Produce Market	645 693	-
	<b>15 913 760</b>	<b>35 956 765</b>

The Entity does not charge intercompanies any interest.

##### Commitments with related parties

City of Johannesburg Metropolitan Municipality	1 236 003	6 054 291
Johannesburg City Parks NPC and Zoo	57 987	28 452
Metropolitan Trading Company	74 495	39 210
	<b>1 368 485</b>	<b>6 121 953</b>

Amounts in trade and other payables regarding related parties from City of Johannesburg Metropolitan Municipality comprises of OHASA services, Insourcing and utilities.

##### Spouse of a person in the service of the state

Molokwa ET Trading	685 354	-
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## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>24. Related parties (continued)</b>		
<b>Related party transactions</b>		
<b>Sales to related parties</b>		
City of Johannesburg Metropolitan Municipality	225 198 886	198 303 193
Johannesburg Water	261 503	115 488
Metropolitan Trading Company	-	42 805
Johannesburg City Parks NPC and Zoo	39 320	7 040
Johannesburg Development Agency (SOC) Ltd	-	10 308
City Power Johannesburg (SOC) Ltd	36 430	51 529
Johannesburg Roads Agency (SOC) Ltd	39 288	116 818
Johannesburg Metropolitan Bus Service Ltd	399 184	225 274
Johannesburg Fresh Produce Market (SOC) Ltd	153 585	36 511
	<b>226 128 196</b>	<b>198 908 762</b>
<b>Rent paid to (received from) related parties</b>		
Johannesburg City Parks NPC and Zoo	900 256	145 601
	<b>900 256</b>	<b>145 601</b>
<b>Purchases from Related Parties</b>		
City of Johannesburg Metropolitan Municipality	-	11 513 290
Pikitup Johannesburg (SOC) Ltd	158 713	146 362
City Power Johannesburg (SOC) Ltd	8 877 746	8 827 807
Johannesburg Water (SOC) Ltd	527 347	1 218 962
City of Johannesburg Property Company (SOC) Ltd	1	1
Metropolitan Trading Company	409 152	612 588
	<b>10 970 959</b>	<b>22 319 008</b>
Buildings are leased from City of Johannesburg Property Company (Pty) Ltd at R1 and all lease and user agreements are in place.		
<b>Spouse of a person in the service of the state</b>		
Mothokwa ET Trading	4 776 749	537 916
Electrosonic SA (Pty) Ltd	4 476	9 550
<b>25. PAYE AND UIF</b>		
<b>PAYE</b>		
Opening Balance	880 846	828 174
Current year payroll and deductions	15 563 003	13 454 134
Amount paid	(14 462 993)	(12 573 288)
Amount paid-previous year	(880 846)	(828 174)
Closing balance (included in sundry creditors)	<b>1 100 010</b>	<b>890 846</b>
<b>UIF</b>		
Opening Balance	67 740	62 413
Current year payroll and deductions	918 590	834 454
Amount paid	(828 200)	(786 714)
Amount paid-previous year	(67 740)	(62 413)
Closing balance (included in sundry creditors)	<b>90 390</b>	<b>67 740</b>

## Joburg Theatre (SOC) Limited

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### Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>25. PENSION and MEDICAL AID DEDUCTIONS</b>		
Opening Balance	1 595 560	1 548 123
Current year payroll and deductions	20 323 881	19 809 894
Amount paid-current year	(18 662 425)	(18 014 434)
Amount paid-current year	(1 595 560)	(1 548 123)
<b>Closing balance (included in sundry creditors)</b>	<b>1 661 456</b>	<b>1 595 560</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

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### Notes to the Annual Financial Statements

Figures in Rand 2022 2021

#### 27. Accounting Officers' emoluments

##### Non-Executive

##### 2022

	Accounting Officers' fees	Committees fees	Other fees	Total
Ms. Ashley Hayden	84 000	96 000	22 000	202 000
Mr. Johannes Cohen Weapond	12 000	6 000	-	18 000
Ms. Bonga Kweyama	72 000	14 000	-	86 000
Ms. Nomveliso Mpongo	72 000	20 000	-	92 000
Mr. Rabone Moripe	72 000	34 000	-	106 000
Ms. Sebenzile Mkhonto	72 000	20 000	-	92 000
Mr. Thembinkosi Masina	72 000	14 000	-	86 000
Ms. Moipone Qhomane	84 000	20 000	16 000	120 000
Mr. Desmond Ndzipho	48 000	-	8 000	56 000
Mr. Tom Mofokeng	-	-	-	-
Mr. Junior Ramovha	72 000	22 000	-	94 000
Mr. Mabutho Sithole	72 000	22 000	-	94 000
Mr. Vetnami Linda	-	-	-	-
Mr. Mbuso Majozi	-	-	-	-
Ms. Thandiwe Gladys Shezi	-	-	-	-
Ms. Dineo Sitole (Majavu)	96 000	24 000	22 000	142 000
Mr. Dingane Khesoue	-	-	-	-
Mr. Mande Ndema	72 000	32 000	-	104 000
Mr. Zane Meas (Chairperson)	32 000	-	18 000	50 000
Mr. Humaleng Malope	24 000	8 000	12 000	44 000
Mr. Jabu Love Mathebula	24 000	10 000	12 000	46 000
Mr. Jabu Goodman Hlongwane	24 000	10 000	12 000	46 000
Mr. Sean Krausch	24 000	8 000	12 000	44 000
	-	-	-	-
	<b>1 028 000</b>	<b>360 000</b>	<b>134 000</b>	<b>1 522 000</b>

##### 2021

	Accounting Officers' fees	Committees fees	Chairperson's Meetings	Other fees	Total
Ms. Ashley Hayden	96 000	42 000	-	-	138 000
Mr. Junior Ramovha	96 000	24 000	-	-	120 000
Ms. Nomveliso Mpongo	48 000	6 000	-	-	54 000
Ms. Sebenzile Mkhonto	48 000	6 000	-	-	54 000
Mr. Thembinkosi Masina	48 000	6 000	-	-	54 000
Ms. Moipone Qhomane	48 000	6 000	-	-	54 000
Mr. Mbuso Majozi	24 000	12 000	-	-	36 000
Mr. Johannes Weapond	48 000	12 000	-	-	60 000
Mr. Vetnami Linda	48 000	18 000	-	-	66 000
Ms. Thandiwe Gladys Shezi	48 000	18 000	-	-	66 000
Ms. Dineo Sitole (Majavu)	96 000	32 000	-	26 000	156 000
Mr. Dingane Khesoue	48 000	12 000	-	-	60 000
Mr. Mande Ndema	48 000	12 000	-	-	60 000
Ms. Bonga Kweyama	48 000	6 000	-	-	54 000
Ms. Desmond Ndzipho (Chairperson)	128 000	-	8 000	50 000	186 000
Mr. Rabone Moripe	96 000	42 000	-	-	138 000
Mr. Tom Mofokeng	36 000	18 000	-	-	54 000
Mr. Mabutho Sithole	72 000	18 000	-	-	90 000
	<b>1 124 000</b>	<b>290 000</b>	<b>8 000</b>	<b>76 000</b>	<b>1 500 000</b>

## Joburg Theatre (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

2022

2021

#### 28. Risk management

##### Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the municipality consists of cash and cash equivalents disclosed in note 5, and equity as disclosed in the statement of financial position.

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, and to sustain future development of the business. The Board reviews the capital structure on a quarterly basis. As part of the review, the Board considers the cost of capital and the risk associated with each class of capital.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

##### Net Assets

##### Share Capital

##### Investment from Shareholder

	10	10
	1 784 049	1 784 049
	<b>1 784 059</b>	<b>1 784 059</b>

##### Financial risk management

The Company does not trade in financial instruments, but in the ordinary course of business operations, the company is exposed to a variety of financial risks arising from the use of financial instruments. These include:

- Market risk (comprising interest rate risk and foreign currency risk);
- Liquidity risk;
- Credit risk; and
- Capital risk.

The Audit & Risk Committee is responsible for the establishment and oversight of a risk management framework which is applicable to the company. This framework is formally documented, and stipulates the responsibilities and processes for monitoring and managing the risk to which the company is exposed.

The company measures and monitors treasury related risks (i.e. liquidity, foreign exchange, interest rate, covenants, counterparty, etc) affecting it and reports on these risks to Audit and Risk Committee on a periodic basis. The Audit and Risk Committee provides the Company guidance with respect to managing these risks. However, the Company's management is empowered, within the relevant approvals frameworks, to make decisions regarding how to manage these risks, as well as taking ownership for the implementation of any related action. The Audit and Risk Committee reports to the Board of Directors of Joburg City Theatres on risk management strategies.

##### Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its obligations as they become due. The entity manages liquidity and risk by effectively managing its working capital, capital expenditure and cash flows. The entity finances its operations through a mixture of retained income, bank funding and financing from COJ. The municipality manages liquidity risk through forecasting and monitoring cash flow requirements on a monthly basis.

##### Trade and other Payables

##### Trade and other payables

	25 352 875	48 569 383
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## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

	2022	2021
<b>28. Risk management (continued)</b>		
<b>Interest rate risk</b>		
The entity's interest rate risk arises from interest on the cash and cash equivalents. Exposure to interest rate risk is monitored on a continuous and proactive basis. As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.		
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalent	17 478 917	10 038 804
<b>Credit risk</b>		
Credit risk, or the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations, is managed by monitoring procedures in line with the accounts receivable and collection policy of Joburg City Theatres. Credit risk primarily arises from receivables, prepayments and cash and cash equivalents. The entity's maximum exposure to credit risk is represented by the carrying values of these financial assets.		
<b>Trade and other receivables</b>		
Trade and other receivables	16 524 543	36 658 923
VAT Receivable	3 358 420	2 036 378
	<b>19 882 963</b>	<b>38 695 299</b>
<b>Foreign exchange risk</b>		
The entity's transactions are predominantly entered into in rands. However, the entity's operations utilise various foreign currencies in respect of expenses incurred. Consequently the entity is exposed to exchange rate fluctuations that have an impact on cash flows. These operations are exposed to foreign currency risk in connection with future commercial transactions, recognised assets and liabilities and net investments in other currencies other than rand.		
Transactions are at spot rate and therefore no foreign gain/loss.		
<b>29. Going concern</b>		
We draw attention to the fact that at 30 June 2022, the municipality had an accumulated surplus (deficit) of R 21 408 789 and that the municipality's total assets exceed its liabilities by R 23 192 048.		
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.		
<b>30. Cost of sales</b>		
<b>Sale of goods</b>		
Cost of goods sold	12 919 598	6 255 198
<b>31. Operating lease</b>		
<b>Operating Lease Commitments</b>		
Up to 1 year	611 979	1 591 617
2- 5 years	7 842	58 535
	<b>619 821</b>	<b>1 650 152</b>
Joburg Theatre (SOC) Ltd leases consist of cash vaults machines from Nedbank Limited, digital copier machines from Konica Minolta and Atrient for the Leasing of Motor Vehicles.		

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### Notes to the Annual Financial Statements

	2022	2021
<b>32. Share capital / contributed capital</b>		
<b>Authorised</b>		
10 Ordinary Shares of R1 each	10	10
<b>Reconciliation of number of shares issued:</b>		
Reported as at 01 July 2021	10	10
<b>Issued</b>		
Ordinary	10	10
<b>33. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2022</b>		
<b>Financial assets</b>		
	At fair value	Total
Trade and other receivables from exchange transactions	16 524 543	16 524 543
Cash and cash equivalents	17 478 917	17 478 917
VAT Receivables	3 358 420	3 358 420
	<b>37 361 880</b>	<b>37 361 880</b>
<b>Financial liabilities</b>		
	At fair value	Total
Trade and other payables from exchange transactions	26 362 876	26 362 876
<b>Residual interest</b>		
	At cost	Total
Share capital / contributed capital	1 784 049	1 784 049
<b>2021</b>		
<b>Financial assets</b>		
	At fair value	Total
Trade and other receivables from exchange transactions	36 658 932	36 658 932
Cash and cash equivalents	10 038 804	10 038 804
VAT Receivables	2 036 376	2 036 376
	<b>48 734 112</b>	<b>48 734 112</b>
<b>Financial liabilities</b>		
	At fair value	Total
Trade and other payables from exchange transactions	48 569 383	48 569 383

## Joburg Theatre (SOC) Limited

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### Notes to the Annual Financial Statements

	2022	2021
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#### Financial instruments disclosure (continued)

##### Residual interest

	At cost	Total
Share capital / contributed capital	1 784 049	1 784 049

#### 34. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the directors and includes a note to the financial statements.

The goods and services listed were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented, approved by the CEO and reported to the board of directors for noting.

##### Special Work of Art

The following deviations were due to acquisition of special works of art or historical objects where specifications are difficult to compile as per regulation 36 (1) (ii) of the supply chain management regulations.

Name of Special Work Art	
In-house stage Productions	17 437 775
Contributions to marketing partners/arrangements for productions	1 847 850
Acquisition of Artists for arts alive festival	8 640 523
	<b>27 926 148</b>

##### Sole Suppliers

The following deviations were due to the services or products available from the sole suppliers as per regulation 36 (1) of the supply chain management regulation.

Name of Service Provider	Amount
Slojo	57 765
DWR Distributors	243 274
Frozen Drinks	232 599
The Flavor Lab	146 897
Electronic SA (Pty) Ltd	4 476
	<b>684 811</b>



## Joburg Theatre (SOC) Limited

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	2022	2021
<b>35. Irregular expenditure</b>		
Opening balance as previously reported	4 153 691	1 997 113
<b>Opening balance as restated</b>	<b>4 153 691</b>	<b>1 997 113</b>
Add: Irregular Expenditure - current	5 593 849	3 620 417
Less: Amount written off - current	(3 281 959)	(1 463 839)
<b>Closing balance</b>	<b>6 465 581</b>	<b>4 153 691</b>
<b>Details of Irregular Expenditure -Current year</b>		
Avis	44 571	232 658
Local Content	-	3 387 759
DWR Distribution	3 980 440	-
Assessment Zone	1 588 838	-
	<b>5 593 849</b>	<b>3 620 417</b>

The City of Johannesburg resolved that the contract for the provision of fleet services be centralised at Group level, entities were therefore directed to use centralised fleet contract that the City of Johannesburg had secured with Avis Fleet Services, an SLA was entered into between entities and City of Johannesburg. The contract has been declared irregular at Group level due to non-compliance with section 116 of MFMA. The entity incurred expenditure on this contract and is therefore required to disclose irregular expenditure.

The current year movement relates to Avis Fleet contract, appointment of DWR Distribution and Assessment Zone (1st Aid training).

- Avis Fleet contract, the City of Johannesburg resolved that the contract for the provision of fleet services be centralised at group level. Entities were therefore directed to use the centralised fleet contract that the city had secured with Avis Fleet services. An SLA was entered into between the entities and city of Johannesburg. The contract for the leased vehicles was declared irregular in the 2017/18 financial year at group level due to non-compliance with sec 116 of the MFMA and the vehicles leased by JCT is still ongoing until advised by the City of Johannesburg. The expenditure incurred on this contract for the year under review is R44,571.

During the 2020/21 audit year, Auditor General noted that the appointment of DWR distribution was awarded based on the 2011 preferential procurement regulations instead of 2017 regulations and that a different service provider could have been awarded because points calculations differs between the two regulations. Nothing was disclosed in the 2020/21 financial year as there was no expenditure incurred then. However in the current year, an amount of R3,980,440 was incurred.

- The expense of R1,588,838 was also incurred during the current year for training of employees on 1st aid. Transactions of the 1st Aid training (level 1 to level 3) happened in trivial parts and a procurement process of request for quotations was followed. However when management reviewed these transactions, SCM regulation 12 should have been applied as follows: "when determining transactions value, a requirement for goods, works or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction". Based on this requirement, a compellive bidding process should have been followed in procuring the 1st aid training. Management has resolved that all transactions which in aggregate amounts to R1,588,838 for the 1st Aid training be classified as irregular expenditure.

On the 31 August 2022, An amount of R3,281,959 irregular expenditure relating to 2020/21 Financial Year was approved by the council for write off.

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### Notes to the Annual Financial Statements

Figures in Rand				2022	2021
<b>36. Segment information</b>					
<b>Segment surplus or deficit, assets and liabilities</b>					
<b>2022</b>					
	JHB	RCT	SWT	Total	
<b>Revenue</b>					
Revenue from non-exchange transactions	129 155 359	12 735 607	24 251 034	166 152 000	
Revenue from exchange transactions	78 116 906	2 420 270	1 361 993	81 899 169	
Interest revenue	4 015 408	-	-	4 015 408	
<b>Total segment revenue</b>	<b>211 287 673</b>	<b>15 155 877</b>	<b>25 613 027</b>	<b>252 066 577</b>	
<b>Entity's revenue</b>				<b>252 066 577</b>	
<b>Expenditure</b>					
Salaries and wages	87 285 926	7 656 448	9 935 136	104 879 510	
Depreciation	1 220 466	586 867	-	1 807 333	
Transfers and Subsidies	22 884 193	-	-	22 884 193	
General Expenses	98 021 503	6 474 722	7 117 767	111 613 992	
<b>Total segment expenditure</b>	<b>209 412 888</b>	<b>14 720 037</b>	<b>17 052 903</b>	<b>241 185 028</b>	
<b>Total segmental surplus/(deficit)</b>				<b>10 881 549</b>	
<b>Assets</b>					
Current Assets	42 296 165	-	-	42 296 165	
Non Current Assets	8 523 789	1 357 365	5 330 819	15 211 973	
<b>Total segment assets</b>	<b>50 819 954</b>	<b>1 357 365</b>	<b>5 330 819</b>	<b>57 508 138</b>	
<b>Total assets as per Statement of financial Position</b>				<b>57 508 138</b>	
<b>Liabilities</b>					
Current liabilities	28 990 565	-	-	28 990 565	
Non current liabilities	5 071 369	-	-	5 071 369	
<b>Total segment liabilities</b>	<b>34 061 934</b>	<b>-</b>	<b>-</b>	<b>34 061 934</b>	
<b>Total liabilities as per Statement of financial Position</b>				<b>34 061 934</b>	

Our revenue streams come from several different sources like hospitality and catering services, producing shows and renting shows, there is not much in terms of rental activities due to lockdown restrictions imposed by government to curb the spread of the corona virus. For most theatres, operating at a heavily reduced capacity makes productions financially unviable, the shows resuming their runs at auditoriums aren't opening to make a profit but to provide opportunities to the workforce and bring audiences back into the Theatre, boosting the local economy. The strong performance on the Hospitality and Catering services is attributable to the partnerships with the City of Johannesburg that the entity has undertaken to run their programmes, events and other activities

## Joburg Theatre (SOC) Limited

(Registration number 2006/0713032/07)  
Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 36. Segment information (continued)

2021

	JHB	RCT	SWT	Total
Revenue				
Revenue from non-exchange transactions	131 885 875	10 878 903	20 717 417	163 483 195
Revenue from exchange transactions	37 980 258	1 162 611	713 838	38 836 707
Interest revenue	3 132 768	-	-	3 132 768
<b>Total segment revenue</b>	<b>172 988 901</b>	<b>12 042 514</b>	<b>21 431 255</b>	<b>206 462 670</b>
Entity's revenue				<b>206 462 670</b>
Expenditure				
Salaries and wages	78 808 121	6 570 320	8 610 876	95 089 417
Depreciation	1 110 034	231 294	558 351	1 899 679
Debt impairment	1 918 904	-	-	1 918 904
Transfers and subsidies	21 512 000	-	-	21 512 000
General expenses	68 606 627	4 282 020	5 771 937	79 670 584
<b>Total segment expenditure</b>	<b>173 255 686</b>	<b>11 083 634</b>	<b>15 941 284</b>	<b>200 280 584</b>
<b>Total segmental surplus/(deficit)</b>				<b>6 172 086</b>
Assets				
Current assets	50 886 600	-	-	50 886 600
Non-current assets	8 441 392	912 182	5 718 101	15 071 655
<b>Total segment assets</b>	<b>59 327 992</b>	<b>912 182</b>	<b>5 718 101</b>	<b>65 958 255</b>
<b>Total assets as per Statement of financial Position</b>				<b>65 958 255</b>
Liabilities				
Current liabilities	52 322 885	-	-	52 322 885
Non-current liabilities	1 324 068	-	-	1 324 068
<b>Total segment liabilities</b>	<b>53 646 953</b>	-	-	<b>53 646 953</b>

**Joburg Theatre (SOC) Limited**

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**Notes to the Annual Financial Statements**

Figures in Rand

	JHB	RCT	SWT	Total
<b>36. Segment information (continued)</b>				
<b>Total liabilities as per Statement of financial position</b>				<b>53 846 953</b>

## Joburg Theatre (SOC) Limited

(Registration number 2009/013032/07)

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Figures in Rand

#### 37. Commitments

##### Commitments in respect of capital expenditure:

Authorised and contracted for		
• Property, plant and equipment	3 810 346	30 700 860
<b>Total capital commitments</b>	<b>3 810 346</b>	<b>30 700 860</b>
Already contracted for but not provided for	3 810 346	30 700 860

##### Authorised operational expenditure

Already contracted for but not provided for		
• Consultant and other contracted services	247 534	1 047 558
• Cash Vaults	138 278	93 187
• Fleet	557 784	2 015 219
	<b>943 596</b>	<b>3 155 964</b>
<b>Total operational commitments</b>	<b>943 596</b>	<b>3 155 964</b>
Already contracted for but not provided for	943 596	3 155 964

##### Total commitments

Total commitments		
Authorised capital expenditure	3 810 346	30 700 860
Authorised operational expenditure	943 596	3 155 964
	<b>4 753 942</b>	<b>33 856 824</b>

This committed expenditure relates to operational and capital expenditure. These commitments will be funded by the subsidy, available bank facilities, retained surpluses, existing cash resources and funds internally generated.

#### 38. Contingencies

##### Litigation and Claims

During 2018, Joburg Theatre was served with summons for an alleged breach of contract regarding the Soweto Jazz Festival. The Plaintiff in the matter sought an amount of R24 505 130 in damages based on the alleged breach of contract. The order to dismiss the claim was granted by court therefore the matter is no longer a contingent liability.

A public liability claim of R9,020,000, from the lawyers of Sarah Elizabeth Bosch after she fell in to the orchestra pit. Bosch's attorneys claim that the incident was caused due to negligence by Joburg Theatre. JCT's lawyers are exploring with the plaintiff's attorneys the possibility of referring the litigation to mediation, while at the same time JCT's lawyers are under instruction to complete and finalise its investigation into the merits and quantum of the claim.

The amounts have not been provided for as this is considered as a potential obligation that may be incurred depending on the outcome of a future event.

#### 39. Subsequent Events

On the 31 August 2022, an amount of R3,281,959 irregular expenditure relating to 2020/21 Financial Year was approved by the council for write off. This event resulted into an adjusting post balance sheet event to the Annual Financial Statements. And the Irregular Expenditure Note was adjusted accordingly.

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(Registration number 2008/013032/07)

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Figures in Rand

#### 40. Fruitless and wasteful expenditure

##### Reconciliation of fruitless and wasteful expenditure

Opening balance	-	48 859
Approved by Council or condoned		(48 859)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-
	-	-

An amount of R48 859 relates to the interest on underpayment of the provisional tax. The entity lodged dispute for the amount to be reversed as the difference on provision was caused by the change in accounting policy in prior year, however it was unsuccessful and the amount was written off as per board of director's approval.

#### 41. COVID-19

##### Covid-19 expenditure incurred

Expenditure incurred	-	231 189
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##### Debtors written off

Debtors written off	-	1 918 904
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## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

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Figures in Rand	2022	2021
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#### 42. Principal Agent Arrangement

##### Arrangement

JCT has an agreement with Webtickets to sell tickets for shows. JCT is the principal and Webtickets is an agent in the arrangement. Through this arrangement Webtickets uses its distribution platform via Pick N Pay. All sales through Pick N Pay are deposited directly to Webtickets who in turn deducts the ticketing fee and pay the amount due to JCT. The table below provides the transactions that relates to the arrangement:

##### Revenue:

Ticketing Income	1 059 586	407 383
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##### Expenditure:

Ticketing Fee	52 021	92 509
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There are no assets, resources and liabilities of the entity that are under the custodianship of Webtickets and that there were no resources remitted during the period under review.

In the event of termination caused by service provider's insolvency and bankruptcy, there shall be no compensation to the service provider, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to JCT.