



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

trading as
Joburg City Theatres

theatre for a world class african city
the JOBURG THEATRE
complex



2014/15 Integrated Report

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

**OBURG THEATRE
(SOC)LIMITED**
**TRADING AS
JOBURG CITY THEATRES**

COMPANY INFORMATION:

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

Vision

Joburg City Theatres - enriching the souls of the citizens of Johannesburg by presenting world class entertainment in an accessible environment; and be a world class centre of excellence that seeks new ways of being relevant- by presenting diverse programmes that address all communities through music, theatre, poetry, dance and other performing arts disciplines".

Mission

- *To maintain Joburg Theatre's position as the country's live entertainment venue of choice: leasing its stages to tenants for the very best of world-class theatre sourced both locally and overseas; and facilitating in-house productions and co-productions when viable.*
- *To operate in a World Class African City as an internationally recognised and globally competitive venue for touring theatrical productions.*
- *To facilitate the skills development of South African performers, musicians, writers, directors, designers and technicians in order to create commercially viable and globally exploitable stage productions.*
- *To support and encourage vibrant, economically inclusive and multi-cultural arts and culture activities focused on youth development.*
- *To maintain an accessible facility for all communities, providing the best of service standards and an attitude of safety and sincerity.*

TABLE OF CONTENTS

STRUCTURE OF THE REPORT

CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE	5
Section 1: Corporate Profile and Overview of the entity	8
Section 2: Strategic Objectives	9
Section 3: Salient Features	11
Section 4: High-level organisational structure	14
Section 5: Foreword by Member of the Mayoral Committee	15
Section 6: Chairperson's Foreword	16
Section 7: Managing Director's Report	17
Section 8: Chief Financial Officer's Report	18
Section 9: Company Secretary's Certification	19
Section 10: Statement of Responsibility	19
CHAPTER TWO: GOVERNANCE	20
Section 1: Corporate Governance Statement	21
Section 2: Board of Directors	23
Section 3: Board Committees	27
Section 4: Director's Remuneration	30
Section 5: Company Secretarial Function	32
Section 6: Risk Management and Internal controls	32
Section 7: Internal Audit Function	33
Section 8: Corporate Ethics and Organisational Integrity	33
Section 9: Sustainability Report	34
Section 10: Anticorruption and fraud	37
Section 11: ICT Governance	37
Section 12: Supply Chain Management and Black Economic Empowerment	38
CHAPTER THREE: SERVICE DELIVERY PERFORMANCE	40
Section 1: Core Business	41
Section 2: Day to day Operations	41
Section 3: Highlights and Achievements	42
Section 4: Financial Performance	44
Section 5: Capital Projects	45
Section 6: Performance against IDP and City Scorecard	45
Section 7: Assessment of Arrears on municipal taxes and service charges	49
Section 8: Statement on amounts owed by Government Departments and public entities	50
Section 9: Recommendations and Plans for the next financial year.	50
CHAPTER FOUR: HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT	51
Section 1: Human Resource Management	52
Section 2: Employment Equity	54
Section 3: Skills Development and Training	54
Section 4: Performance Management	55
Section 5: Employee wellness	55
Section 6: Employee benefits	57
CHAPTER FIVE: FINANCIAL PERFORMANCE	58
Section 1: Directors Responsibility And Approval	61
Section 2: Audit Committee Report	62
Section 3: Report Of The Auditor-General Of South Africa	63
Section 4: Directors Report	66
Section 5: Statement of Financial Position and Notes	71
Section 6: Statement of Financial Performance and Notes	72
Section 7: Statement of Changes in Net Assets	73
Section 8: Spending against capital budget	
Section 9: Cash Flow Statement	74
Section 10: Statement Of Comparison Of Budget To Actual & Adjusted Budget	75
Section 11: Accounting Policies	78
Section 12: Notes To The Annual Financial Statements	94
Section 13: Report in irregular, fruitless and wasteful expenditure and legal process	115

CHAPTER SIX: AUDITOR-GENERAL FINDINGS	117
Section 1: History of Auditor-General Findings	118
Section 2: Historical Audit Findings and Remedial Action	118
Section 3: Commitment by the Board of Directors	118
Section 4: Mitigation strategies on the assessment of the Integrated Reporting and MFMA Circular 63	124

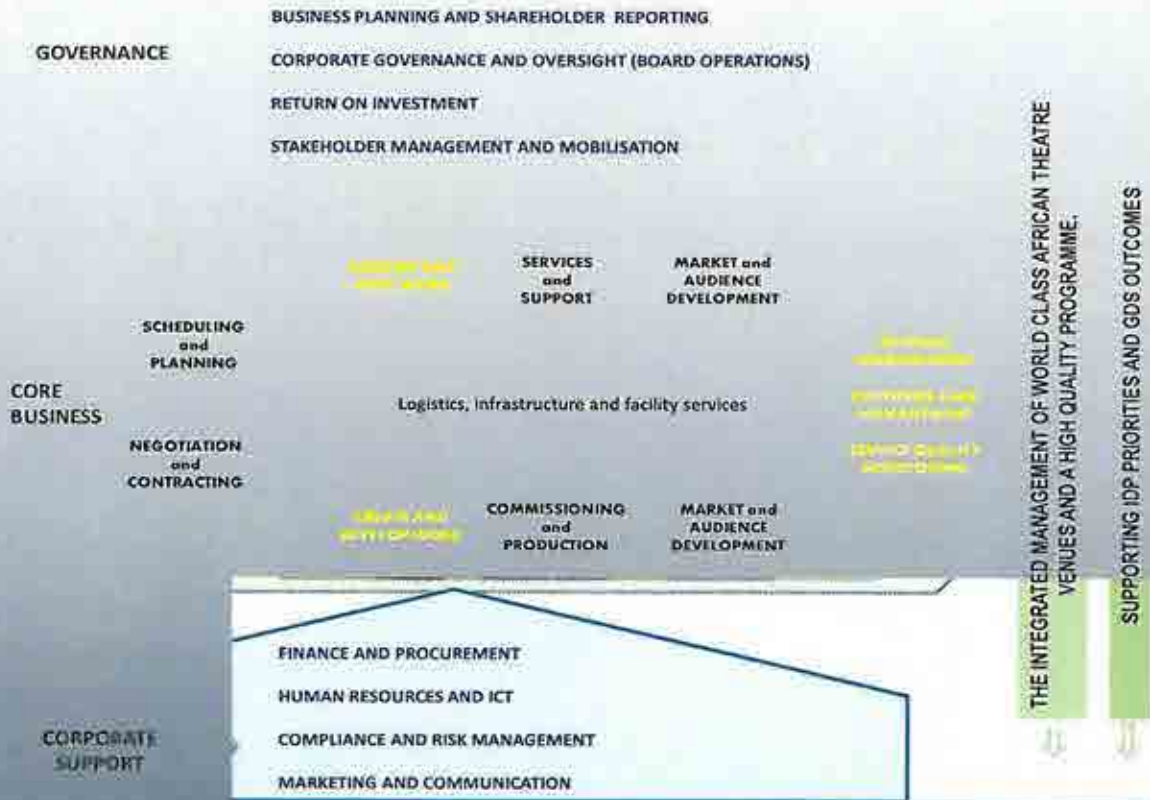


CHAPTER ONE

LEADERSHIP & CORPORATE PROFILE



JOBURG | SOWETO | ROODEPOORT



Joburg City Theatres (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 enough relevant information to take an informed view on the quality of leadership's strategic thinking, execution of strategy and utilisation of operating platforms, financial resources and risk capacity. The approach is fundamentally designed to present substance over form.

This annual report covers JCT's governance, financial, social responsibility, and broader economic and overall sustainability performance information for the financial period 01 July 2014 to 30 June 2015. The report provides a perspective of past and current performance, while pointing out of future prospects and strategies with a comprehensive summary that includes operations at Joburg Theatre, Roodepoort Theatre and Soweto Theatre.

The report also covers:

- Constitutional Information
- Financial Information
- Sustainability report
- Operations reports

Scope of report

The Annual report for 1 July 2014 to 30 June 2015 is in an integrated financial, social and economic report. The entity aligns itself local and international sustainability best reporting practices including the:

- Municipal Finance Management Act (MFMA)
- Public Finance Management Act (PFMA)
- Generally Recognised Accounting Principles (GRAP)
- Section 46(1) on the Municipal Systems Act (MSA)
- King III Code on Corporate Governance (KING III)
- Discussion papers issued by the South African Integrated Reporting Committee and the International Integrated Reporting Council (IIRC)
- International Financial Reporting Standards (IFRS)
- GRI Framework
- Millennium Development Goals
- Joburg 2040 Growth and Development Strategy (GDS)
- 2012/16 Integrated Development Plan (IDP)

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

Materiality

The main areas covered in this report in terms of both current and future issues are based on what our stakeholders have said to us that they need to know, our business focus areas, priorities and the actively managed risks we face

The entity has applied the principle of materiality in pertinent content and disclosure. A matter is material if it is of such relevance and importance that it could substantially influence an assessment of the report and the entity's ability to create value in the short, medium and long term. The following internal and external criteria were used to identify material issues.

Internal Criteria	External Criteria
City of Johannesburg Growth and Development strategy (Joburg 2040 criteria and objectives)	Critical opportunities and challenges the Entity is geared to respond to.
National and Provincial outcomes of Government	Changes in the socio-economic developmental agenda and priorities of National and Provincial Government
Enterprise Risk Management Process; including key risks impacting Entity's strategic and operational objectives and the associated mitigating activities	Factors which may impact the Entity's reputation, thereby influencing its ability to promote sustainable growth
Stakeholder expectations and feedback - from the shareholder, residents, theatre patrons, business community, Non-Governmental Organisations (NGOs), National and Provincial Government, National Arts Council, theatre practitioners, other theatre, designated targeted groups	The provisions of various frameworks including Municipal Finance Management Act (MFMA), Public Finance Management Act (PFMA), Section 46(1) of the Municipal Systems Act (MSA), King III Code on Corporate Governance (KING III), International Financial Reporting Standards (IFRS), Millennium Development Goals (MDG) Goals
The Entity's mission, vision and values	
The Entity's governance framework and policy commitments	

Assurance:

The Entity's Annual report for the 2014/15 financial year was assessed and rated to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

Integrated Reporting Framework	MFMA: Circular 63 Annual reporting requirements
Ethical Leadership and Corporate Citizenship	Member of the Mayoral Committee's Foreword Statement and Executive Summary Report
Boards and Directors : <ul style="list-style-type: none"> - Board Independence; - Board reporting ; - Boards performance; - Board Committees; - Director's remuneration; 	Governance <ul style="list-style-type: none"> - Governance structures; - Intergovernmental relations ; - Public Accountability Participation; - Supply Chain Management, By laws, oversight committees; - Risk management; - Anti-corruption and fraud; - Disclosure of financial interests; - Councilors and committee
Audit Committees <ul style="list-style-type: none"> - Finance Competence - Audit Committee performance; 	Service delivery
The Governance of Risk	Organizational Development performance
Compliance with Laws, Codes , Rules and Standards	Financial Performance
Internal Audit <ul style="list-style-type: none"> - Internal Audit Function, - Internal Controls 	Appendices, Annual Financial Statements
Governing Stakeholders Relationships	
Integrated Reporting Disclosure <ul style="list-style-type: none"> - Financial Disclosure, - Sustainability Disclosure; 	
Integrated Reporting Philosophy	

The mitigation strategies on the assessment and outcomes of the Entity's 2014/15 annual report in terms of the Integrated Reporting and MFMA Circular 63 has been included as part of this report (refer to Section 4 of Chapter 6 – Auditor General's findings)

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

Section 1: Corporate Profile / Overview of the entity

Joburg Theatre (SOC) Ltd, trading as Joburg City Theatres (JCT), is an independent municipal entity wholly owned by the City of Joburg ("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 world class 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 of Joburg City Theatres, 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.

Joburg Theatre 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.

In 2011 the COJ embarked on a high level Institutional Review in order to enhance efficiencies, cost effectiveness and sustainable service delivery. On 25 August 2011, Council approved the report on the high-level institutional review of the City of Johannesburg with recommendations for proposed adjustments to the high level institutional design of the City (*"Report on High Level Institutional Review - Version 2, 18 August 2011"*).

Among the proposals of the Institutional Review was a recommendation that the three theatres be integrated as a single organisation under one governance arrangement, but the Review argued that the three theatres might continue to operate as effectively unique business units, retaining their current brand in the market, and maintaining their current proportional focus and arrangements. A number of opportunities for economies of scale exist in the structure of executive and corporate services, legal services and financial services, among others, in such an integrated arrangement.

In adopting the Review recommendations, 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 to institutionalise the operation of the newly established Soweto Theatre under the same structure. The integrated theatre management company – now called **Joburg City Theatres (JCT)** – is mandated to render the functions and services that, until 31 December 2012, were rendered by the three theatres.

The Board of the integrated "Joburg City Theatres" (JCT) is the Accounting Authority in terms of the Municipal Finance Management Act (MFMA). The Board provides strategic direction, leadership and oversight so as to enhance shareholder value and ensure Joburg City Theatres' long-term sustainability, development and growth. In fulfilling its responsibilities, the Board is supported by the Chief Executive Officer and the executive 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 (IDP), City's priorities and the Growth and Development Strategy (GDS) 2040 outcomes.

The entity has annual turnover of approximately R107 million and a staff complement of 146 permanent / fixed term employees and 108 temporary employees.

Section 2: Strategic Objectives

JCT forms part of the city's Human and Social Development Cluster, integrating the work of the city departments and entities that take the strategic and practical lead on the city's constitutional mandate to promote the social development and upliftment of its residents. Though the cluster contributes to all four strategic outcomes as set out by the 2040 GDS, it is primarily organised around **outcome 1: improved quality of life and development driven resilience for all**.

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

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

The company's strategic objectives include:

- Increase earned revenue;
- Operate as internationally recognised centres of excellence – promote JCT as a flagship social asset through entertainment and arts programmes, thereby making a vital contribution to the quality of life of diverse audiences;
- Increase accessibility to different communities ensuring that more Joburg residence benefit from the unique cultural experience;
- Accelerated youth development leading to greater social cohesion;
- Support the future of Joburg Ballet in training young dancers from historically disadvantaged communities through workshops and subsidised learner programmes.

These strategic objectives are in line with the Human and Social Development cluster plans being: sustainable safety nets; supporting an informal economy; enabling access; providing opportunities for displaced persons; creating opportunities for lifelong learning; managing inclusive and inspiring social spaces; empowering citizens and supporting healthier lifestyles.

Within outcome 1 of Joburg 2040 is the output of a city characterised by social inclusivity and enhanced social cohesion. The city can achieve this partly through the strategic management of public spaces – such as the three city theatres - to increase positive social contact and combat social problems.

JCT serves towards a greater and more visible social cohesion of the citizens of Joburg who visit city theatres. An eagerness and ability to participate as one theatre management company creates increased accessibility through the location of three theatres. If the citizens of Joburg can recognise and identify with the concept of three theatres serving *all communities* through the varied artistic policies offered within each separately identifiable unit and continuous youth development programmes, it will become a driver towards customer centricity, social inclusion, social cohesion and improved resident experience. Such customer centricity will ultimately bring about a philosophy of transformation within Joburg's theatre audiences.

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

Joburg City Theatres upheld its **vision** statement: *"To provide the integrated management of world class African theatre venues and a high quality entertaining, innovative and inclusive programme which serves the diverse communities of the City of Joburg."*

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:

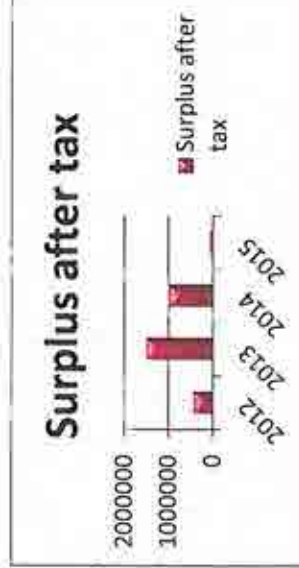
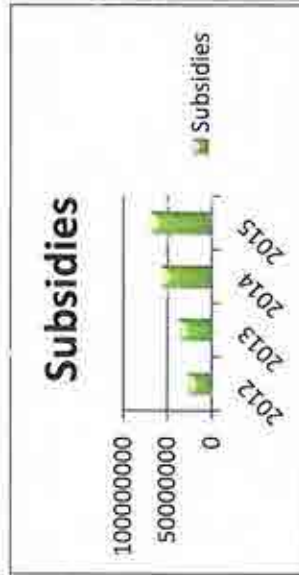
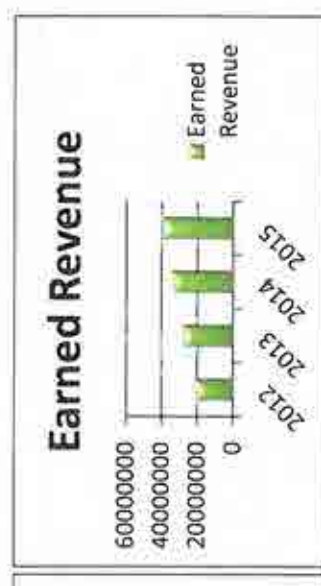
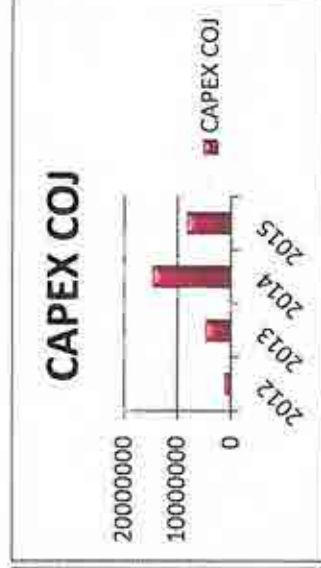
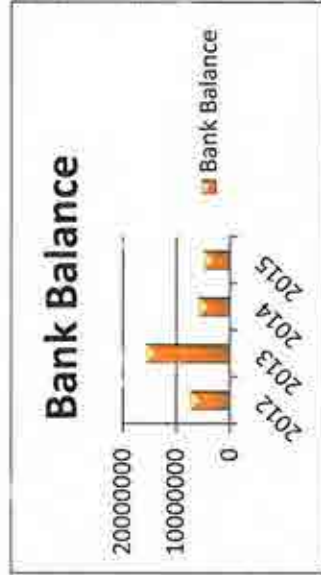
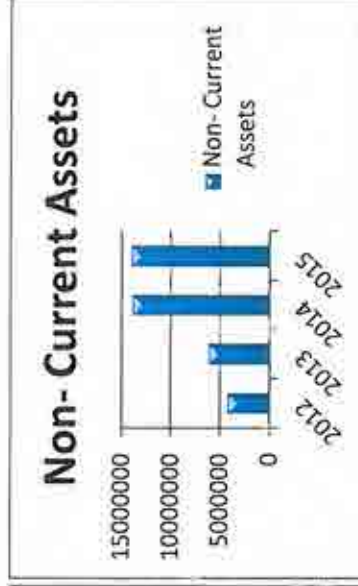
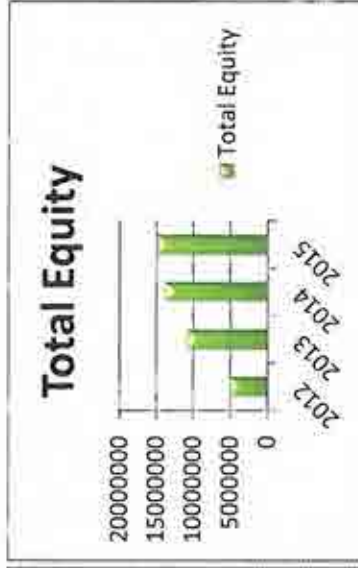
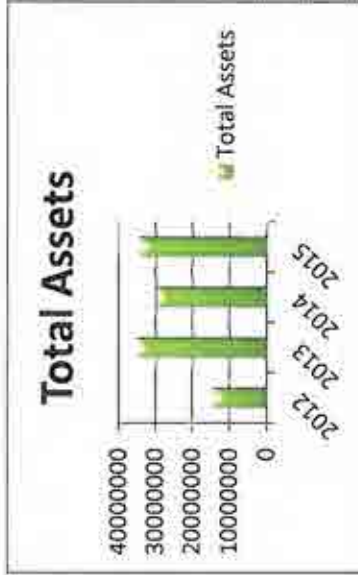
We are committed to

- *Social cohesion, diversity and inclusivity.*
- *Financial viability and resilience,*
- *Accountability and good governance.*
- *Education, training and skills development for our artists and employees.*
- *Provide audience development and education programmes for the benefit of our diverse communities.*
- *The emancipation of the African voice through theatre activity, education and entertainment.*
- *Working in partnership with others to maximise the impact of our vision.*
-

Section 3: Salient Features

- **Financial:**
 - 11% total revenue increase year on year
 - 14% earned revenue increase year on year
 - Solvency ratio 1:1.3 (2014: 1:1.3)
 - Liquidity ratio 1:1.7 (2014: 1:1.8)
 - Net asset value maintained at R13 931 957
 - Cash in the bank has slightly decreased year on year however this decrease cannot be a cause for any concern as the subsidy will be invoiced and received in the beginning of the new financial year.
 - **Joburg City Theatres** was allocated R8 300 000.00 CAPEX funds by its shareholder, the City of Joburg, for BUILDING RENOVATIONS AND UPGRADES, STAGE EQUIPMENTS UPGRADES and INFORMATION TECHNOLOGY in the financial year 2014/15. JCT has spent 100% of the allocated budget.

ECONOMIC	Unit	2015	2014	2013	2012
Total assets	R	33,598,458	30,616,035	34,862,136	14,369,513
Total equity	R	13,931,957	13,877,231	10,766,333	4,972,831
Non-current assets		13,532,648	14,797,806	6,125,079	4,222,615
Bank balance	R	4,875,363	5,920,299	15,697,613	7,457,748
Capital expenditure - COJ	R	8,381,433	14,696,880	4,800,000	1,200,000
Earned revenue	R	38,912,161	33,953,154	27,730,778	20,964,049
Subsidies	R	68,823,000	56,504,000	36,790,998	26,818,000
Surplus after tax	R	54,726	2,571,511	1,498,790	433,794



- **Non-Financial:**

In line with its mandate JCT continued to educate, celebrate, produce and receive productions of creativity, innovation and diversity. The single management of the three theatres has proven to be efficient by optimizing resources and performance.

The company has achieved targets of 13 KPIs out 16 KPIs (81.3%) set for the financial year. Targets which are not achieved on the Financial Sustainability and Resilience will be addressed in the new financial year as targets were stretched.

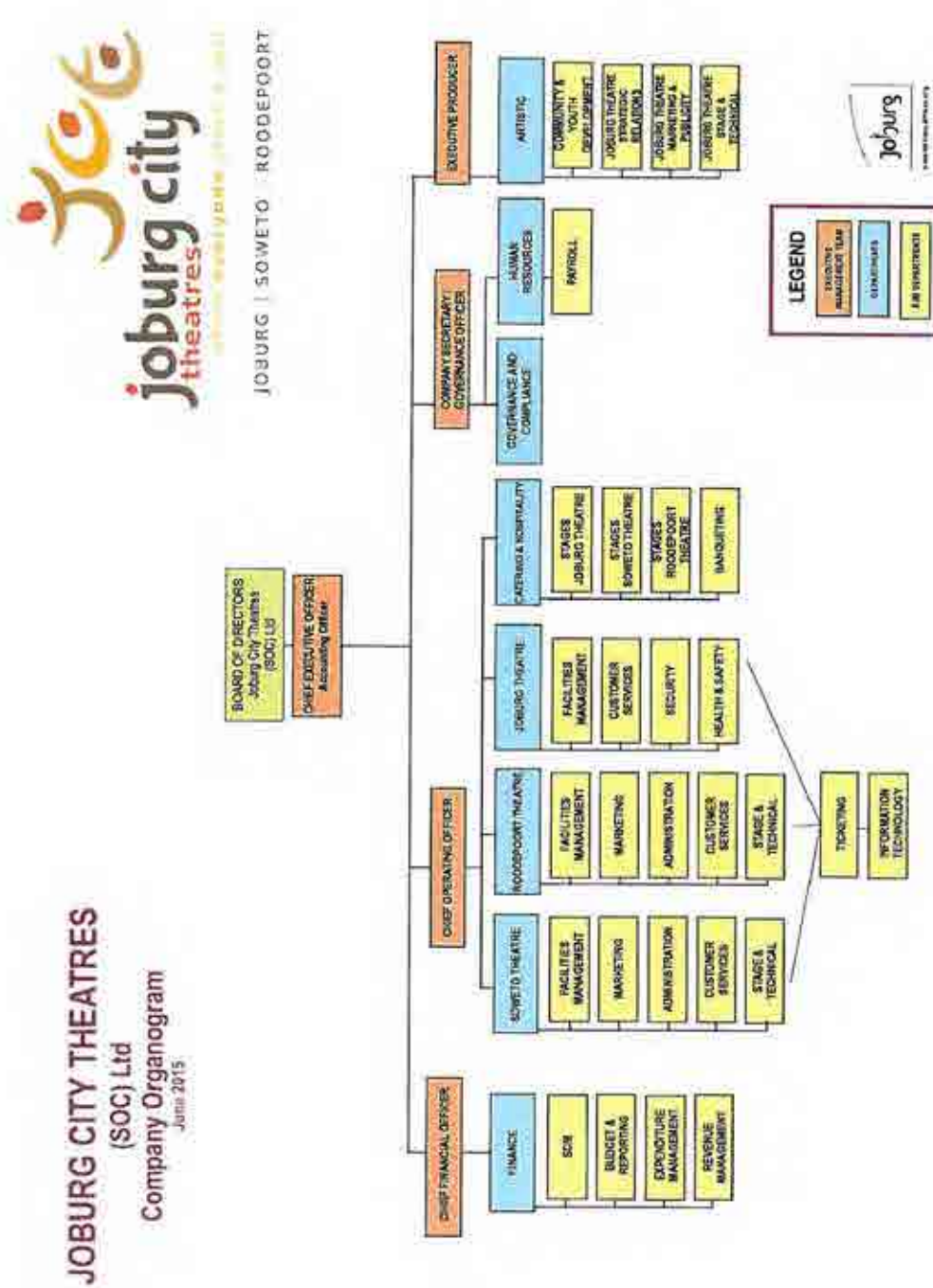
Key results:

- Forty-two (42) entrepreneurial programmes were supported, above the target set of 40.
- Fifteen (15) partnerships were created with stakeholders, above a target set of 15
- Procurement spend on SMMEs against total procurement expenditure was 47%, well above the target of 30%.
- 105 youths were trained in theatre business management against a target set of 100.
- 127 youths were trained in music tuition against a target of 250. The programme started with 326 students however the number for the new intake in February 2015 was reduced to 127 to focus on dedicated students who will carry on to write exams. This will create a more streamlined curriculum across the disciplines and to engage the tutors in the UNISA syllabus and exams; to increase visibility of the program and to begin building a foundation for a potential Soweto Theatre Youth Orchestra.

ENVIRONMENTAL AND SOCIAL					
	Unit	2015	2014	2013	2012
Employees		146	125	120	85
Employment equity	%	87	86	88	84
Gender equity	%	31	29	38	25
Training cost	R	190,794.79	61,787	55,136	50,203
Broad-Based Black economic empowerment	%	93	90	84	63
Corporate social investment	R	1,464,190	1,493,633	445,830	90,833
Electricity, gas and water consumption	R	8,135,159	6,925,608	7,395,295	7,219,640

Section 4: High-level organisational structure

The business model and structuring of the JCT sees the company managed by Executive Management (EXCO) lead by the Chief Executive Officer, who is also the Accounting Officer. During the period under review the Executive Producer and Company Secretary/Governance Officer positions have been vacant and thus acting resources were appointed and reported directly to the Chief Executive Officer. Plans are afoot to fill these positions in the 2015-16 financial year.



Section 5: Foreword by Member of the Mayoral Committee



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

The mandate of JCT is to educate, celebrate, produce and receive productions of creativity, innovation and diversity. The strategic focus is to align with the Flagship Programme of the Human and Social Development Cluster: *A safe, secure and resilient City that protects, serves, builds and empowers communities*. This optimally contributes to the objectives of the cluster by empowering citizens, with a strong emphasis placed on youth development and engaging in partnerships.

The core business of Joburg City Theatres is *"to enrich the souls of the citizens of Johannesburg by presenting world class entertainment in an accessible environment; and be a world class centre of excellence that seeks new ways of being relevant- by presenting diverse programmes that address all communities through music, theatre, poetry, dance and other performing arts disciplines"*.

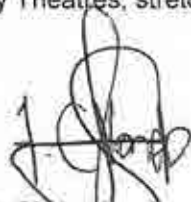
Joburg City Theatres is committed to social cohesion, diversity and inclusivity. The arts can be used in all aspects of life, for many personal or public outcomes. A community or society is cohesive to the extent that the inequalities, exclusions and disparities based on ethnicity, gender, class, nationality,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

The shareholder has positively responded to the company's request to fill a strategic position of the Chief Financial Officer. The incumbent was appointed to report to the office in January 2015 and will ensure that the company's system of financial management and internal control is carried out diligently.

It is satisfying to note that, during these pressured times in the office, the theatre itself continued to break records with the success of its annual family pantomime production – this year the tale of Peter Pan – bringing much valued profits to the theatre in order to meet our financial targets and balance our books.

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

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



Cllr Chris Vondo
Member of the Mayoral Committee
Community Development

Section 6: Chairperson's Foreword

Insert Chairperson's photo



During the year under review, the entity has been able to strengthen its position with various stakeholders. Our ability to meet the expectations of a broad and multicultural customer base often required innovative and continuous inventive approaches when interacting and executing our activities. We cemented our performance by ensuring that all the objectives in our corporate scorecard were met and exceeded our expectations.

The entity always factored its mandate and the aspirations of the Shareholder into the strategic plans. Operations were very effective in implementing the key deliverables defined in the strategic plan and our detailed Expanded Public Works Programme and its timeous implementation helped to fast track those issues that embrace the national agenda. The momentum set in the previous financial year increased during this period and resulted in us, once again, delivering on those programmes that served as the mayoral priorities.

The favourable financial position we have achieved will strengthen our position going forward. In spite of the portfolio growth and disproportionate funding in relation to the portfolio of services, we have been able to cement our position through increased productivity and efficiencies. All departments comprising marketing, operations, human resources, internal audit, risk management and finance, continued to perform at a high standard collectively.

The company has achieved targets of 13 KPIs out of 16 KPIs (81.3%) set for the financial year. Targets which are not achieved on the Financial Sustainability and Resilience will be addressed in the new financial year as targets were stretched.

I would also like to thank all my fellow Board Members for their guidance and hard work. We bid farewell to members who have made a tangible contribution to the entity: Mr. Welcome Msomi, Ms. Sury Pillay, Mr. Bheki Zungu and Dr. Ali Monadjem. I will also like to welcome our new board members: Mr. Monna Mokoena, Bishop Eugene Sinclair and Mr. Siphon Sithole, they bring a fresh perspective and new insights to the board.

Mr. Solomon Mphakathi has been appointed Chief Financial Officer of the company from January 1st 2015. Solomon has an extensive track record in Finance, Audit and Governance, his core competencies include: Strategic and business planning, development of the company's performance management system, budget management, and financial reporting project financial management – for capital expenditure projects. When he was responsible for governance, he had to follow up on all AG audit queries and recommend improved processes and procedures. On behalf of the Board, I would like to welcome him and look forward to many more years of stimulating, engaging and challenging financial management and maintenance of internal control policies and procedures.

With constant guidance and vigilance, the Board of Directors, through its audit committee, dedicated itself to ensuring that all the issues that were raised by the auditor general in last year's audit were rectified. Processes were put in place to ensure that the entity's internal controls were above board in order to maintain the clean audit opinion.

On behalf of the Board, as the chairperson I signed the Shareholder Compact Agreement in May 14th 2015 in which the Board committed itself to delivering the highest possible standards of service.

We look forward to continued discussions, debates and identifying strategy for Joburg City Theatres going forward in order to provide a strong and secure theatre base in Joburg that constantly evolves and transforms in order to serve all Joburg citizens.

A handwritten signature in blue ink, appearing to be 'M. Serote', written over a faint grid background.

Dr. Mongane Wally Serote
Board Chairperson

Section 7: Chief Executive Officer's Report



The achievements captured in this report are aligned to the strategic priorities of the City of Johannesburg which drives the strategic direction of the company ensuring that these priorities are implemented, targets reached, impact and outcomes realized. The strategic priorities of the City of Johannesburg are outlined in the Joburg 2040 Strategy and in the Integrated Development Plan.

The JCT Board, Management and team acknowledges that Joburg City Theatres' success is crucial to the advancement of the City of Johannesburg.

JCT remains unique in managing three theatres in 3 different locations, serving different constituencies of the City of Joburg. Each theatre is a leader in its own locality. We have managed to present great productions from our usual musicals to themed concerts, ballets and special events that were highlights in the country's calendar. From Africa Day celebrations, Democracy week to our pantomime, to Geneva Ballet, the very best of local and international talent has appeared on our stages including Riaad Moosa, the Chinese Liaoning Ballet, Lira, Ringo and Lloyd Cele brought the legendary Marvin Gaye to life.

The Youth Development programmes have also increased in quality and impact. Our partnership with Wits University and the Duma Ndlovu Academy in training our Youths to be well rounded artists and to understand the business of the arts are major training initiative. We have youth groups from Orange Farm, Diepsloot, Kagiso and other parts of Joburg attending classes. The Soweto Theatre music tuition programme is also a critical programme, making sure that we train our youth in music and to create our orchestra for future years. Roodepoort Theatre remains a cornerstone venue for our youth development programmes, by making the venue available to various producers and for presenting in-house productions and Festivals relevant to the communities.

Joburg City Theatres support and contribute towards SMME support by ensuring that there is a sound and consistent supply chain management processes that support preferential procurement, green procurement and enhance the contribution of JCT to enterprise development, cultivating relationships with local suppliers.

This helps create an entrepreneurial society, which helps build communities in the long run. We have also positioned JCT to achieve superior customer outcomes and care, this helps with repeat business and confidence in our productions, services plus venues.

We have managed to achieve our objectives in a volatile economic climate, both locally and globally. With budgets tightening all around and the City's focus on delivering basic services especially in deprived communities, I'd particularly like to thank the City of Joburg for its ongoing support, all sponsors for their support in kind. Without your understanding, the love and affection for the work we do, our goals to bring live theatre performances to citizens of Joburg would be all that much more difficult to attain.

A handwritten signature in black ink, appearing to read 'Xoliswa Nduneni-Ngema'.

Xoliswa Nduneni-Ngema
Chief Executive Officer

Section 8: Chief Financial Officer's Report



Joburg City Theatres has successfully completed yet another challenging year in its many years of existence. Many financial achievements have been scored in the year under review. Chief among these achievements was an attainment of a clean audit report and challenge that remains with team is a daunting task of maintaining this important milestone in the context of the Broader City of Johannesburg. On the revenue side the entity has achieved an enormous 11% total revenue increase year on year while earned revenue improved by 14% year on year. Notable significant earned revenue increases were on rentals of facilities at 67%, and Catering services at 388%.


These achievements underpin the very strategic objectives of the organisation as articulated in its 2014/2015 business plan relating to financial resilience and sustainability, good governance and improving access to and accessibility to poorer communities. Notwithstanding the major achievement scored during the year there were key challenges faced by the organisation in relation to the achievement of financial targets. The entity achieved 91% of its revenue target. The main challenges were on the in house productions where the target was missed by 22% mainly because the show attendances were lower than expected. This phenomenon also impacted the catering services resulting in a shortfall of 20%.

It should also be said that the targets in relation to historic performance were quite stretched. Because of the shortfall on revenue management instituted prudent financial measures to curb expenditure in line with section 100 of the MFMA. These measures resulted in a 9% saving on total operating expenditure. The year on year movement on total expenditure increased by 12% in line with increases on revenue year on year. The company continued maintaining the healthy balance sheet with both the solvency and liquidity ratios at acceptable levels.

The solvency ratio was 1:1.3 in the 2014/2015 financial year compared to a 1:1.3 in the prior year while the liquidity ratio was 1:1.7 in the current year compared to 1:1.8 in the prior year. The company maintained the net asset value at R13 931 957. The company continued to collect its debtors on time and the remaining debtors are mainly related party debtors from the shareholder which are highly recoverable. Cash in the bank has slightly decreased year on year however this decrease cannot be a cause for any concern as the subsidy will be invoiced and received in the following month of July 2015.

The following is a summary of the past 3 financial years:

Statement of financial position	2015	2014	2013
Current Assets	20,065,810	15,818,229	30,319,584
Non-current assets	13,532,648	14,797,806	6,125,079
Total assets	33,598,458	30,616,035	36,444,663
Current liabilities	15,658,230	12,333,430	19,159,178
Non-current liabilities	4,008,271	4,405,374	4,936,568
Total liabilities	19,666,501	16,738,804	24,095,746
Net assets	13,931,957	13,877,231	12,348,917
Statement of financial performance	2015	2014	2013
Total revenue	107,749,687	97,158,522	64,521,776
Total expenditure	107,674,563	96,178,323	63,049,789
Trading surplus/deficit	54,726	2,571,511	1,058,300
Cash flow statement	2015	2014	2013
Cash from operating activities	-474,734	-8,744,939	8,887,684
Cash from investing activities	-81,433	-701,880	-575,205
Cash from financing activities	-488,769	-330,496	0
Cash and cash equivalents at the end of the year	4,875,363	5,920,298	15,770,227


Solomon Mphakathi
 Chief Financial Officer

Section 9: Company Secretary's Certification

In terms of Section 88 92) (e) of the Companies Act. 71 of 2008 9as amended), I certify that, to the best of my knowledge and belief, the company has lodged and/ or filed, for the financial year ended 30 June 2015, all such returns and notices as required and that all such returns and notices are true, correct and up to date.

Section 10: 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 on **page 57 - 116** were prepared in accordance with the statements of Generally Recognised Accounting Practice (GRAP) and include amounts based on judgement and estimates made by the management.

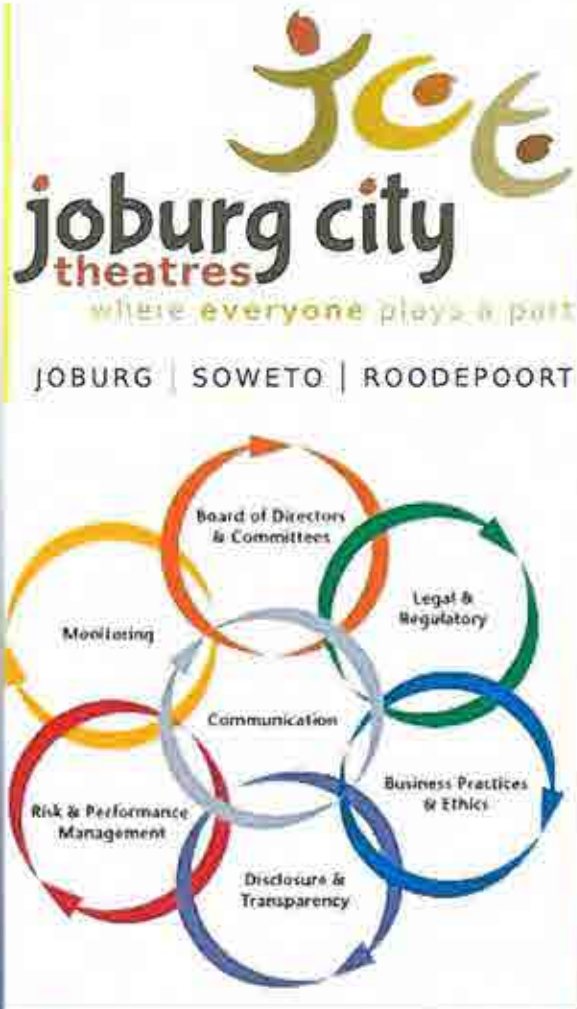
The directors are responsible for the preparation of the other information in the annual report and are responsible for both its accuracy and its consistency with the annual financial statements. The going concern basis has been adopted in preparing the financial statements. The directors believe that 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 on **page 66** paragraph 3.

The Auditor-General, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the Board, has audited the annual financial statements. The directors believe that all representations made to the Auditor-General during their audit are valid and appropriate. The Auditor-General's report is presented on **page 63**. The annual financial statements were approved by the Board of Directors on **December 2nd 2015** and signed on its behalf by Dr Mongane Wally Serote.



Music Tutorial Programme participants performing at the festival

CHAPTER TWO GOVERNANCE



KEY ACHIEVEMENTS

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

Section 1: Corporate Governance Statement

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 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 III

The entity applies the governance principles contained in King III 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 III 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. Monitoring the entity's compliance with King III Code on Corporate Governance forms part of the Shareholder mandate of the audit committee. 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 III Report for Corporate Governance for South Africa 2009 (King III). The Company steadfastly consolidated its position in respect of adherence to the King III report on Corporate Governance. The entity practices are, in most material instances, in line with the principles set out in the King III 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 (MSA) and the Municipal Finance Management Act (MFMA). 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 Municipal Finance Management Act.

For JCT good governance means the competent management of the City 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 strive to fully entrench these principles in our day-to-day operations.

Group's Governance Framework

COJ has 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 (MEs) 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 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 City and the MEs. It aims to provide consistency between COJ departments and MEs 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 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.

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 III.

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 Generally Recognised Accounting Practice (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 (GRAS) and Sub-Committees, to provide a reasonable assurance against material misstatement and loss and of the maintenance of proper accounting records and reliable financial information. The Board is also responsible for ensuring the adequate prevention and detection of fraud and irregularities and the safeguarding of the company assets. The company has an independent whistle blowing facility hotline which provides all stakeholders with a mechanism for the reporting of irregularities. The internal control system is evaluated by the Audit and Risk Committee (ARC) and GRAS in accordance with the annually approved audit coverage plan.

Section 2: Board of Directors

The entity has a unitary board, which consist of executives and non-executives directors. The Board is chaired by the non-executive director, Dr Mongane Wally Serote. The board meets regularly, at least quarterly and retain full control over the company. The Board remains accountable to the City of Johannesburg Metropolitan Municipality, the sole member and its stakeholders, the citizens of Johannesburg. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity' relationship with the City of Johannesburg. The Board provides Monthly, Quarterly, Bi-Annually and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA.

Non-executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board. The roles of Chairperson and Managing Director are separate, with responsibilities divided between them. The Chairperson has no executive functions. Members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Company Rules and Procedures, statutory regulations and best corporate practices.

The Board or any of its members may, in appropriate circumstances and at the expense of the company, obtain the advice of independent professionals. An annual director and peer review is undertaken, as well as a Board evaluation.

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

Board of Directors



DR MONGANE WALLY SEROTE
Chairperson



MS XOLISWA NDUNENI-NGEMA
Chief Executive Officer (CEO)



MR SOLOMON MPHAKATHI
Chief Financial Officer (CFO)



MR ISHMAEL MKHABELA
Non-Executive Director



MR MAVUSO SHABALALA
Non-Executive Director



MS LORRAINE MALEBO
Non-Executive Director



MR MABUTHO KID SITHOLE
Non-Executive Director



MS TODD TWALA
Non-Executive Director



MR SIPHO SITHOLE
Non-Executive Director



BISHOP EUGENE SINCLAIR
Non-Executive Director



MR MONNA MOKOENA
Non-Executive Director

BOARD OF DIRECTORS' PROFILES

DR MONGANE WALLY SEROTE (CHAIRPERSON)

Mongane Wally Serote was born in Sophiatown, north of Johannesburg, in 1944. He attended school in Alexandra. The political conditions of the time led him to develop an interest in the Black Consciousness (BC) philosophy and the anti-apartheid struggles of the day. Upon leaving school, Serote began working as a journalist. More widely known as "Wally", Serote is generally regarded as one of South Africa's pre-eminent poets and writers. He is renowned as one of the Soweto poets who embodied the literary revival of black voices in the 1970s. Serote's poems projected a stark and realistic picture of the apartheid regime. His resistance to the unjust regime extended outside of poetry through active involvement in political resistance by joining the African National Congress (ANC).

In 1969, Serote was arrested and detained without trial in accordance with the regime's Terrorism Act. During his entire incarceration, he was kept in solitary confinement.

In 1973, after having published his first anthology of poems called *Yakhal'nkomo* the year before, Serote won the Ingrid Jonker Poetry Prize. The following year, he was granted a Fulbright Scholarship and travelled to Columbia University to complete a master's degree in Fine Arts. His poems, particularly those from his first two anthologies, have been lauded as pivotal to the rise of the BC movement in South Africa.

After Serote returned from his studies in the United States of America in 1979, he chose to go into self-imposed exile in Botswana. Once in that country, Serote continued his resistance against apartheid, largely through the work he did by joining the Medu Arts Ensemble. In 1986, Serote relocated to London where he began working for the ANC's Department of Arts and Culture. Serote eventually returned to South Africa in 1990, shortly after the ANC was unbanned. In 1994, he served as a chairperson of the Parliamentary Select Committee for Arts and Culture.

Mongane Wally Serote spent his lifetime expressing the injustices and harsh realities of life for black people under apartheid. He was an active member of the Liberation Army, Umkhonto We Sizwe. His work has inspired, and continues to inspire generations of youth throughout South Africa, Africa and the world. He has been awarded several National and International awards, including the Noma Award for Publishing in Africa (1993); the Pablo Neruda award from the Chilean government (2004) and the Order of Ikhamanga in Silver (South Africa). His contribution to the South African literary arena has been invaluable. His thought-provoking poetry not only expressed the effects that oppression had on South Africans, but it also stands as a timeless body of work that marks an important period in South Africa's history.

MR ISHMAEL MKHABELA

shmael holds a BA Degree (University of the North/Limpopo) and Management Advancement Programme (Wits Business School). He is a freelance professional community organiser, conflict and disputes resolution practitioner, social entrepreneur and activist, development and scenarios-based strategic conversations facilitator. He serves and has served and chaired numerous company boards and trusts.

MR MAVUSO SHABALALA

Mavuso Shabalala has 18 years operational and strategic level experience as a Human Resource Practitioner, which was obtained mainly in the Financial Services and Public Sector, including Liberty Life and Stanbic Africa, and the International NGO sector, for Oxfam Great Britain and Oxfam International. He has consulted for the City of Tshwane Metropolitan Municipality, Rustenburg Local Municipal Municipality and the City of Joburg and Special Investigating Unit, which has provided him an appreciation of some of the challenges faced by public sector entities. He has served for over 5 years on the Board of Directors of the City of Joburg's Roodepoort City Theatre, where he also served as Chairperson of Board Committee on Human Resources and was a member of the Audit Committee.

MS LORRAINE MALEBO

Lorraine Malebo worked for the Namibian Solidarity Committee which was as established by the then UDF. She later joined government as the Municipal Manager for a District municipality; Deputy Director for Department of Public Works as a Programme Manager for Community Based Projects managing 3 provinces Limpopo, Mpumalanga and Free State; and Assistant Director Implementing Rapid Land Programme for the Gauteng Dept of Development Planning and Housing. She is currently contracted with the Gauteng Department of Community Safety, implementing a turnaround strategy for the Gauteng Traffic Training College, Pretoria.

MR MABUTHO KID SITHOLE

Mabutho has over 30 years experience in all forms of public speaking and performing arts. He is aptly described as a man for all seasons. He has a long history of stage acting and is a well-known stand-up comedian. Mabutho has played roles in various television films, series, talk shows and educational programmes, as well as various local and international films. He is President of the Creative Workers Union of South Africa.

MS TODD TWALA

Todd is a well-known South African actor, singer, dancer, producer and choreographer. Her career in musical theatre, both in her home country and abroad, spans nearly 3 decades. She has run dance workshops in disadvantaged communities and townships since 1996. Todd is currently the director and organiser of a school for professional dancing and singing training.

MR SIPHO SITHOLE

Sipho Sithole is an award winning producer and former Deputy Managing Director of Gallo Music Group. He is the founder of a leading independent record label, production house and artist management company 'Native Rhythms Productions'. His work has been showcased widely on South African television.

Sipho is credited with coining the now most popular genre in South Africa, 'Afro- soul', after his successful signing and producing of artists such as singer songwriters who later dominated the Afro-Soul scene in the country and is considered to be the first music executive to mainstream hip hop in South Africa.

The most sought after producer and speaker at music markets locally and abroad, Siphso has participated and presented papers in music markets in South America, Indian Ocean Islands, West Africa, Porto Musical (Brazil), IOMMA (Reunion Islands), Atlantic Music Expo (Cape Verde), Moshito (South Africa) and was requested by the Dept. of Arts and Culture to present a paper in Lost Angeles at the Film and Music Conference, and by the NAC to facilitate a music market discussion at SA-French Season in Paris, as well as an invitation by WOMEX to present a paper on African Music markets under the banner of Africa Music Forum, which he is a founding member.

Siphso is currently Group Chief Strategy Officer at the Passenger Rail Agency of South Africa (PRASA). He chairs Moshito Board. He holds a BSc and MSc degrees from USA and England, respectively. Siphso is a final year PhD Candidate at the University of Witwatersrand.

BISHOP EUGENE SINCLAIRE

Eugene is the owner of Life Image Funeral and Memorial Services CC a Funeral undertaking company since 2008. He is an ordained Bishop who is involved in Christian leadership for the past 19 years with various ministries. He was ordained at the age of 18 as a minister of the gospel. He is currently serving in the Gauteng Provincial Faith-Based sector under the leadership of MEC Nandi Mayathula-Khoza and is also the Deputy Secretary of the Faith-Based Organization within the Joburg region under MMC Nonceba Molwele. His faith gives him strength and purpose to be an inspiring motivational speaker, connector, mentor, and life coach. He believes that he has been created to be the very best he can be and pursues his personal greatness with conviction. He possesses high ego strengths which develops his self-worth continuously. He motivates others with his contagious enthusiasm.

Eugene has 17 years employment experience which progressed from Sales Correspondent, Financial Advisor, Office Administrator and Bereavement and marriage counselor.

He has extensive knowledge and experience in the financial and administrative field with excellent interpersonal, leadership, communication skills and computer skills. He has been working at an executive level for the past 12 years and has developed a strong understanding of the corporate etiquette and discretion required to function successfully at this level.

MR MONNA MOKOENA

Trained at the Everard Read Gallery for three years, is an art adviser to the JSE and has done work for, among others, Nedcor, Vodacom, the Industrial Development Corporation, Allan Gray and the Gauteng legislature.

Monna Mokoena was originally trained as a lawyer and has been working in the visual arts arena for well over a decade and is probably best known for his contemporary art gallery, Gallery Momo in Johannesburg. Committed to creating and developing opportunities for contemporary artists, he is also one of the managing directors of Art at Work!, involved in artists' brief development and commissioning, research, strategic development, operational planning, systems development, fundraising and project management.

MS XOLISWA NDUNENI-NGEMA (CEO)

Xoliswa 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 is currently CEO of Bassline Music Centre and Director and Producer for Sibojama Theatre, a company established by Hugh Masekela and James Ngcobo. Xoliswa is a Council Member of Windybrow Theatre, a Board Member of Emthonjeni Arts Residency and Dance Umbrella and a Director of the Joburg Fashion District.

MR SOLOMON MPHAKATHI CA(SA) (CFO)

Solomon is a qualified chartered accountant with more than 10 years' experience in the finance and auditing field was born in the then Transkei in the district of Engcobo in 1979. He graduated his Bcom (Acc) degree from the University of Fort Hare. He then went to further his studies in commerce with the University of Port Elizabeth where he graduated with a certificate in financial accounting. In 2004 he completed his Bcom (Acc) Hons with the University of Kwazulu Natal. He trained for the CA qualification in the Office of the Auditor General where he amassed a lot public sector experience. On completion of his training he then joined Engen Petroleum Limited in Cape Town in their internal audit division. A year later he joined one the then biggest internal audit departments at Eskom where he held a position of a Senior Audit Advisor. He then joined Transnet Engineering as Corporate Governance Manager responsible for continuous internal controls improvement and monitoring, investigations and maintenance of good corporate governance practices. At a

later stage he promoted to a position of Senior Finance Manager responsible for the whole financial management and financial discipline of one the biggest businesses in Transnet Engineering

Attendance at meetings held during the year was as follows:

NAME	BOARD MEETING	CHAIRPERSON'S QUARTELY	GROUP AUDIT COMMITTEE	AUDIT & RISK COMMITTEE	REMUNERATION, SOCIAL & ETHICS COMMITTEE	ARTISTIC COMMITTEE	BUDGET LEKGOTLA	ANNUAL GENERAL MEETING	BOARD WORKSHOP	SHAREHOLDER COMPACT & NED/IAC INDUCTION	ATTENDANCE FOR RETAINER FEES 2014/15
Number of Meetings	6	4	4	5	2	2	1	1	1	1	
Mongane Serote (Board Chairperson)	6	1	-	-	-	1	1	-	1	1	100%
Sury Pillay (NED)	5	-	-	4	1	1	-	1	-	-	83%
Mavuso Shabalala (NED) (ARC Chairperson)	4	-	4	4	-	-	-	-	1	-	67%
Welcome Msomi (NED)	4	-	-	-	-	2	-	-	-	-	67%
Todd Twala (NED)	3	-	-	-	-	-	-	1	1	-	67%
Bheki Zungu (NED)	5	-	-	-	2	-	-	1	-	-	83%
Ali Monadjem (NED)	3	-	-	-	2	-	-	-	-	-	60%
Ishmael Mkhabela (NED)	6	3	-	1	2	1	-	1	1	-	100%
Mabutho Sithole (NED)	5	-	-	-	-	2	-	1	1	-	83%
Lorraine Malebo (NED)	4	-	-	-	2	-	-	1	-	-	67%
Tshidi Molala (NED)	-	-	-	3	-	-	-	1	-	-	60%
Kobus Froneman (IAC)	-	-	-	5	-	-	-	1	-	-	100%
Janine Vergotine (IAC)	-	-	-	4	-	-	-	1	-	-	80%
Sipho Sithole	1	-	-	-	-	-	-	1	-	1	100%
Monna Mokoona	-	-	-	-	-	-	-	-	-	-	0%
Eugene Sinclair	1	-	-	-	-	-	-	1	1	1	100%
Chrystal Cape	-	-	-	1	-	-	-	-	1	1	100%

The Board of Directors has 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.

Section 3: Board Committees

The following committees have been formed, each of which is chaired by a non-executive director:

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

3.1 Audit and Risk Committee

The Audit and Risk committee consist of three independent audit committee members and two non-executive directors:

- Mr Mavuso Shabalala (Non-Executive Director - Chairperson)
- Mr Jacobus Froneman (Independent Audit Committee Member)
- Ms Tshidi Molala (Independent Audit Committee Member)
- Ms Chrystal Cape** (Independent Audit Committee Member)
- Mr Sipho Sithole** (Alternate Non-Executive Director)
- Ms Janine Vergotine* (Independent Audit Committee Member)

* Retired February 3rd 2015

** Appointed February 3rd 2015

The role of the audit and risk committee is to assist the board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The audit and risk committee exercises its functions through close liaison and communication with corporate management and the internal and external auditors. The committee met five times during the year under review. The audit and risk committee operates in accordance with a written charter authorised by the board, and provides assistance to the board with regard to:

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

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

The audit and risk committee addressed its responsibilities properly in terms of the charter during the year under review. No changes to the charter were adopted during the year under review. Management has reviewed the annual financial statements with the audit and risk committee.

The audit and risk committee considers the annual financial statements of the entity to be a fair presentation of its financial position on June 30th 2015 and of the results of its operations, changes in equity and cash flow for the period ended then in accordance with GRAP and the Companies Act.

3.2 Remuneration, Social and Ethics Committee

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

- Mr Ishmael Mkhabela (Chairperson)
- Ms Lorraine Malebo
- Bishop Eugene Sinclair

The committee met twice during the year under review.

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

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

The social and ethics committee advises the board on remuneration policies, remuneration packages and other terms of employment for all directors and senior executives. Its terms of reference also include recommendations to the board on matters relating *inter alia*, to general staff policy remuneration, bonuses,

executive remuneration, director's remuneration and fees, service contracts, and retirement funds. The independent professional advisors advise the committee when necessary.

3.3 Artistic Committee

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

- Mr Mabutho 'Kid' Sithole (Chairperson)
- Ms Todd Twala
- Mr Monna Mokoena

The committee met twice during the year under review.

The Artistic Committee role and responsibility is to advise the Board in relation to Arts Programming matters of Joburg City Theatres.



Section 4: Director's Remuneration

4.1 Entity's remuneration policy

Non-executive directors are appointed in accordance with the Governance Framework of the City of Johannesburg (See Governance Report). 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. Fees paid to non-executive directors (including committee members) for the 2014/15 period, is listed below:

NAME	BOARD MEETING	CHAIRPERSON'S QUARTELY	GROUP AUDIT COMMITTEE	AUDIT & RISK COMMITTEE	REMUNERATION, SOCIAL & ETHICS COMMITTEE	ARTISTIC COMMITTEE	BUDGET LEKGOTLA	ANNUAL GENERAL MEETING	BOARD WORKSHOP	SHAREHOLDER COMPACT & NED/JAC INDUCTION	RETAINER FEES 2014/15	TOTAL
Dates of Meetings												
Mongane Serote (Board Chairperson)	54 560.00	4 960.00	-	-	-	3 970.00	9 920.00	-	9 920.00	4 960.00	45 626.00	133 916.00
Sury Pillay (NED)	24 800.00	-	-	22 320.00	-	-	-	4 960.00	-	-	13 309.33	65 389.33
Mawuso Shabalala (NED) (ARC Chairperson)	19 840.00	-	14 880.00	39 680.00	-	-	-	4 960.00	4 960.00	-	22 816.00	107 136.00
Welcome Mxomi (NED)	19 840.00	-	-	-	-	7 940.00	-	-	-	-	13 309.33	41 089.33
Todd Twala (NED)	14 880.00	-	-	-	-	-	-	4 960.00	4 960.00	-	22 816.00	47 616.00
Bheki Zungu (NED)	27 280.00	-	-	19 840.00	7 940.00	-	-	-	Retired	-	13 309.33	68 369.33
Ali Monadjem (NED)	14 880.00	-	-	-	7 940.00	-	-	-	Retired	-	7 985.60	30 805.60
Ishmael Mkhabela (NED)	29 760.00	14 880.00	-	9 920.00	11 904.00	3 970.00	-	4 960.00	4 960.00	-	22 816.00	103 170.00
Mabutho Sithole (NED)	24 800.00	-	-	-	-	11 904.00	-	4 960.00	4 960.00	-	22 816.00	69 440.00
Lorraine Malebo (NED)	19 840.00	-	-	-	7 940.00	-	-	4 960.00	-	-	22 816.00	55 556.00
Tshidi Molata (NED)	-	-	-	14 880.00	-	-	-	4 960.00	-	-	22 816.00	42 656.00
Kobus Froneman (IAC)	-	-	-	24 800.00	-	-	-	4 960.00	-	-	22 816.00	52 576.00
Janine Vergethine (IAC)	-	-	-	14 880.00	-	-	-	-	-	-	13 309.33	28 189.33
Sipho Sithole	4 960.00	-	-	-	-	-	-	4 960.00	-	4 960.00	9 506.67	24 386.67
Monna Mokoena	-	-	-	-	-	-	-	4 960.00	-	-	-	4 960.00
Eugene Sindlair	4 960.00	-	-	-	-	-	-	4 960.00	4 960.00	4 960.00	9 506.67	29 346.67
Chrystal Cape	-	-	-	4 960.00	-	-	-	-	4 960.00	4 960.00	9 506.67	24 386.67
Sub-Totals:	260 400.00	19 840.00	14 880.00	151 280.00	35 724.00	27 784.00	9 920.00	54 560.00	39 680.00	19 840.00	295 080.93	928 988.93

Executive Management



MS XOLISWA NDUNENI-NGEMA
CHIEF EXECUTIVE OFFICER

Age: 53

Qualifications:

B Soc Sc; Diploma in Marketing Management; Diploma in Public Relations



MR SOLOMON MPHAKATHI
CHIEF FINANCIAL OFFICER

Age: 36

Qualifications:

CA(SA)

10 years' experience in the finance and auditing field



MS BRIDGET MASHIKA
CHIEF OPERATING OFFICER

Age: 41

Qualifications:

BCompt Degree

Finance, compliance and governance experience



CLAIRE PACARIZ
ACTING EXECUTIVE PRODUCER

Age: 38

Qualifications:

National Diploma in Public Relations Management

Marketing Manager/Associate Producer from April 2005 to December 2012; Strategic Relations Manager/Associate Producer since January 2013; Acting Executive Producer since January 2015.



BERNARD JAY
EXECUTIVE PRODUCER (Retired December 2014)

Age: 69

Bernard was appointed Chief Executive Officer of the Johannesburg Civic Theatre on July 1st 2000. His duties as CEO of the theatre operating company included serving as Executive Producer of in-house productions. Since 2000, these have included thirteen annual festive season pantomime productions written and directed by Janice Honeyman and musicals.

Bernard Jay side-stepped into the newly created position of Executive Producer for The Mandela and The Fringe at Joburg Theatre with effect from July 01st 2013 and retired in December 2014.

The table below discloses the quarter remuneration of executive

SENIOR MANAGEMENT REMUNERATION: 2014/15						
No.	Name	YTD			Bonus / Fees	TOTAL
		Basic Salary	Allowances & Contributions	Other		
1	X. Nduneni-Ngema (Chief Executive Officer)	1 396 032	48 239	-	190 122	1 634 393
2	B. Mashika (Chief Operations Officer)	960 000	61 447	-	117 600	1 139 047
3	S. Mphakathi (Chief Financial Officer) *	506 349	52 190	-	-	558 539
4	B. Jay. (Executive Producer) **	881 606	34 975	*** 179327	220 025	1 136 606
	TOTAL	3 743 987	196 850	179 327	527 747	4 468 584

- * Started 05 January 2015
- ** Retired 31 December 2014
- *** Leave days paid on retirement

Section 5: Company Secretarial Function

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 period under review, position the company secretary was vacant. However, an incumbent was appointed by the Board on an acting basis.

Section 6: Risk Management and internal controls

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

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting. Financial risk management is dealt with in the financial statements on pages 108-109.

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 transaction are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal and that transactions are properly authorised and recorded. The system includes a documented organisation structure and visions of responsibility, established policies and procedures, including a Code of Ethics to foster a strong ethical climate, which are communicated to the parent municipality. The entity also includes the careful selection, training and development of people.

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

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

Based on the assessment done by internal auditors, the Audit and Risk Committee believed that, as at 30 June 2015, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, is adequate and effective.

At the beginning of the financial year 2014-15 the Board conducted a strategic risk assessment which focussed on identifying the critical risks that affect the company at a strategic level together with mitigating controls. During the same period Executive Management and management team also conducted the operational risks assessments focussing on risks that impact operational level in each of the departments of the entity. Both strategic and operational risks and related controls were reviewed and monitored on a monthly basis at EXCO and MANCO forums. On a quarterly basis the results of these assessments were reviewed by the ARC and the Board.

Section 7: Internal Audit Function

The internal audit function is outsourced to the City of Johannesburg's Group Risk and Assurance Services (GRAS). The internal audit department at GRAS has a staff complement of senior qualified persons. It has a specific mandate from the audit committee and independently appraises the adequacy and effectiveness of the company's systems, financial internal controls and accounting records, reporting its findings to local and divisional management and the auditor-general as well as the audit committee. The Internal Audit Executive reports to the executive director: finance on a functional basis and has direct access to the chairman of the board.

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

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

Internal Audit carried out its activities as per the approved coverage plan of JCT. The nature of the audits included Leave Management, Supply Chain Management, Performance Information, 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 2014-15 financial year.

Section 8: 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.

Section 9: Sustainability Report

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.

9.1 Environmental issues

9.1.1 Macro-environment

South African theatre is internationally acclaimed as unique and top class. The performing arts marketed South Africa to overseas audiences most effectively during the 1980s, specifically through theatre and musical productions.

South Africa's cultural and creative industry is a good revenue generator, and still has great potential to produce more and contribute to job creation, however the Arts and Cultural sector, on the whole, is facing a fundamental realignment in the way it acquires funding for its activities. In facing these challenges, it would seem that Arts and Cultural organisations are increasingly finding themselves in the same situation as entrepreneurs, in that there is an increasing need to shoot for ambitious goals with limited resources and, in doing so, having to persuade the market to provide the money for the realisation of opportunities.

In January 2011, the Ministry of Arts and Culture launched the New Plays Writing Programme at the University of the Witwatersrand, Johannesburg. The programme is a partnership between the Department of Arts and Culture, the university, the British Council and Sustained Theatre. The objective of the programme is to equip a new generation of South African writers with skills that will enable them to develop dramatic work that resonates with the challenges of the world around them. The programme comprises a series of playwriting workshops, the development of new plays and the production of selected work, both locally and internationally.

The Department also introduced Mzansi Golden Economy (MGE) which is a strategy to reposition the cultural industries in South Africa. The MGE strategy opens up the arts, culture and heritage sector to effectively and comprehensively contribute to economic growth and job creation. The Minister of Arts and Culture has declared 2013 as the year of MGE. Some of the projects that DAC has initiated and is implementing are; Cultural Events, Sourcing Enterprise, Public Art, Touring Ventures, Art Bank, NACISA, Cultural Observatory, and Arts in Schools.

Government commitment envisages the creation of 5 million jobs over the next 10 years by:

- Identifying areas where employment creation is possible on a large scale, as a result of substantial changes in conditions in South Africa and globally.
- Developing a policy package to facilitate employment creation in these areas, above all through:
 - A comprehensive drive to enhance both social equity and competitiveness;
 - Systemic changes to mobilise domestic investment around activities that could create sustainable employment;
 - Strong social dialogue to focus all stakeholders on encouraging growth in employment-creating activities.

The 2011 National Consultative Summit provided a revised strategy and plan, including new large-scale interventions to—

- reinforce the Arts, Culture and Heritage (ACH) Sector as an economic growth sector, and
- introduce programmes that contribute to large-scale employment.

The approach is:

- General continuity and the introduction of new initiatives that, build on and expand existing initiatives as far as possible;
- Skills development for excellence and high performance in the ACH Sector;
- Large-scale interventions aimed at optimising growth and the employment potential of the Sector;
- Expansion and coordination of supply and demand in the Sector;
- Enhancement of existing production and creation of new business opportunities to match demand;
- Monitoring and evaluation to guide investment and coordination of current and future resources for the sector.

The following is a list of the large-scale projects/work streams of Mzansi Golden Economy (MGE), as a strategic response:

- Cultural events, Touring Ventures, Legacy projects, Cultural precincts, Public Art, Art Bank, Sourcing enterprise/information centres, National Academy for Cultural & Creative Industries of SA (NaCISA), Artists in Schools and Cultural Observatory.

9.1.2 Micro-environment

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".

JCT's main revenue streams are:

- The subsidy from the shareholder - City of Johannesburg which amounts to approximately 57% of total revenue
- Ticket sales – Receiving house and in-house production revenue which amounts to approximately 35% of total revenue
- Sponsorship and Ancillary services income which amounts to approximately 8% of total revenue.

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.

9.2 Health and safety

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

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

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

The City Manager is the section 16(1) responsible person for the CoJ and the MD's/CEO's are the section 16(1) responsible persons for the Municipal Entities.

The Act makes provision for the CEO's / MD's to appoint person's under their control to assist them in the duties in relation to the provisions of the Act.

Joburg City Theatres has appointed Lieb Venter as the Liaison with the CoJ Group SHE Directorate as the company's current Occupational Health and Safety Manager. The General Managers of both Soweto Theatre and Roodepoort Theatre were also appointed as the Health and Safety Coordinators at their respective theatres.

The Health and Safety committee is functional and meetings are convened regularly as required. Inspections are undertaken and all Health and Safety equipment is up-to-date.

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

9.3 Corporate Social Responsibility Report

The Company's Corporate Social Investment Philosophy and function have, over the years been broadly underpinned by the concept of sustainable development. The strategy of the entity is to act as a facilitator rather than as sole sponsor of social investment projects. In this way, the long-term sustainability of projects is encouraged, additional donors attracted and formerly disadvantaged communities are empowered. During the year under review, the entity contributed a total amount of R1,4m 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.

space.com at Joburg Theatre - Youth Development (YD) made the theatre available at no rental to South African producers. YD at Joburg Theatre has become involved with the Joburg Youth Directorate and - in the process - youth officers of various departments within the City of Joburg. The three theatres have seen almost 40 000 young people come to the see productions during the period under review at discounted and/or sponsored ticket fee. This will assist in creating the new theatre audiences of the future - and drive towards social cohesion.

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 Music Tutorial Program at Roodepoort and Soweto Theatres has been in existence since 1994, when it had 13 learners until 2013 where the number grew to 325.

The Music Tutorial program employs thirteen facilitators preparing the learners of instruments for UNISA accreditation in their varied grades and the Associated Board of the Royal Schools of Music exams and the vocalists for the yearly South African Schools Choral Music Eisteddfod.

Continuance of the program from January 2015 is based on the new business plan of the Music Tutorial Program and funding requirements. The new intake for 2015 is 127. The reduction in numbers was caused by a need to review the program and to create a more streamlined curriculum across the disciplines and to engage the tutors in the UNISA syllabus and exams; to increase visibility of the program and to begin building a foundation for a potential Soweto Theatre Youth Orchestra.

A further two ensembles have been introduced, taking the number of ensembles in the program to three; and these ensembles will form the Soweto Theatre Orchestra/Ensemble that will perform at the theatres, at local malls and gathering places to highlight the presence of the institution and to encourage other forms of sponsorship. There is still a need for additional budget for the acquisition and maintenance of instruments. The repertoire of the program will be streamlined and will also include African, Jazz and Pop music genres.

Section 10: Anticorruption and Fraud

The company has put into place an Anti-Fraud and Anti-Corruption Policy. This policy is intended to set down the stance of the company to fraud and corruption, as well as to reinforce existing systems, policies, procedures, rules and regulations of the company aimed at deterring, preventing, detecting, reacting to, and reducing the impact of fraud and corruption, where such dishonest activities subsist. The policy is a confirmation of the company's role in supporting and fostering a culture of zero tolerance to fraud and corruption in all its activities.

There are no corruption and fraud cases reported during the period under review.

Section 11: ICT Governance

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

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

<i>Objective</i>	<i>What we plan to achieve</i>
<i>Improved value and strategic delivery</i>	<i>Technology plans for every unit review and alignment to business requirements</i>
<i>Readiness for compliance legislation</i>	<i>Active planning for audits Audit process aligned with King III reporting structures</i>
<i>Sustainability</i>	<i>Priorities addressed by strategic projects</i>
<i>Intellectual property (IP) management</i>	<i>IP management addressed at JCT level Discussions with IP experts</i>

The business and technology strategies need to be aligned as required by King III and enforced with visible improvement in innovative thinking and response. King III is the only national corporate governance code with IT Governance. However, JCT must recognise the following challenges:

- Adoption has been slow.
- The board may not be fully engaged with ICT Governance
- IT Governance managers often take on role that management should own, rather than driving a programme of change
- A compliance only focus leads to just a "tick-in-the-box" approach that doesn't consider the value that IT can offer to the business

IT is pervasive and strategic across all measure of business. It is a necessary key enabler of public sector service delivery and also private sector economic growth and competitiveness. IT will not be effective without better governance and management of IT.

The following business and technology strategies were identified:

- An urgent need to upgrade the Joburg Theatre's bandwidth from ADSL to Fibre
- A ongoing awareness of the advantages and disadvantages of the BYOD (bring your own device) trend
- Upgrade the PABX system at Joburg Theatre, with the aim of an eventual integration across all three theatres.

1. According to the 2015 Cisco Visual Networking Index (VNI) Forecasts by 2019, there will be 27-million South African Internet users, almost double that of the 15-million in 2014, a compound annual growth rate of 44%. This traffic growth is attributed to an increase in internet users, personal devices and machine-to-machine (M2M) connections, faster broadband speeds, and the adoption of advanced video services. The report also suggests that mobile video traffic will grow at 73% a year in the country.

The affect of this increasing mobile access is currently being felt at Joburg City Theatres, where the limitations of our current band width are affecting functionality for in-house applications, such as ticketing, backups and email services that require bandwidth to function. Roodepoort Theatre's a 5 MG fibre connection is very stable. However the Joburg Theatre's 10MG ADSL connection is no longer sufficient to cope with the growing bandwidth requirements of the company.

The Joburg Theatre is currently investigating the costs of moving from ADSL to Fibre.

While a 10 MG dedicated fibre line would be ideal, the monthly costs are expensive so the theatre is also considering a 10 MG contended line.

2. A need to focus on the advantages and disadvantages of BYOD (Bring Your Own Device) and set appropriate policies and guidelines in place

The 2014 Cisco Connected World Technology Report (CCWTR) details the rise of the "supertaskers", who can successfully multitask. The report suggests these multi taskers will be the most coveted employees by 2020 because their increased productivity. These individuals are averaging the use four devices. The report shows that an increasing number of employees are allowed to connect any device to the company network. This trend is developing rather than diminishing the use of multiple devices.

Whether cell phones, laptops, tablets or flash drives, private devices are connected to existing ICT infrastructure in the workplace.

There are advantages and disadvantages to the BYOD culture. The advantages in terms of productivity need to be measured against the movement of company information outside of managed environments.

However, there is no IT system, controlled or otherwise, that can be considered 100% secure from viruses and other malicious software. IT related risks are increasing. Part of the challenge with BYOD is to prevent, detect and take corrective controls for best international practise.

Given that company information is to be found on multiple mobile devices, Joburg City Theatres is currently looking at a number of ways to keep mobile devices secure, including:

1. A good backup solution
2. Data encryption
3. Remote wiping
4. GPS tracking
5. Lock screen contact info

The current IT policies are being reviewed in line with these current business trends.

3. Upgrade the PABX system at Joburg Theatre

The replacement of the PABX for Joburg Theatre has become a priority due to the scarcity of parts and end of life of the current system.

An advanced, current generation PABX system has been identified through a SITA appointed service provider. However, the need to acquire up-to-date technology is proving challenging against the reality of the costs.

Management is still in the process of cost analyses for this requirement in order to determine the most cost effective measure of purchase.

Section 12: 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.

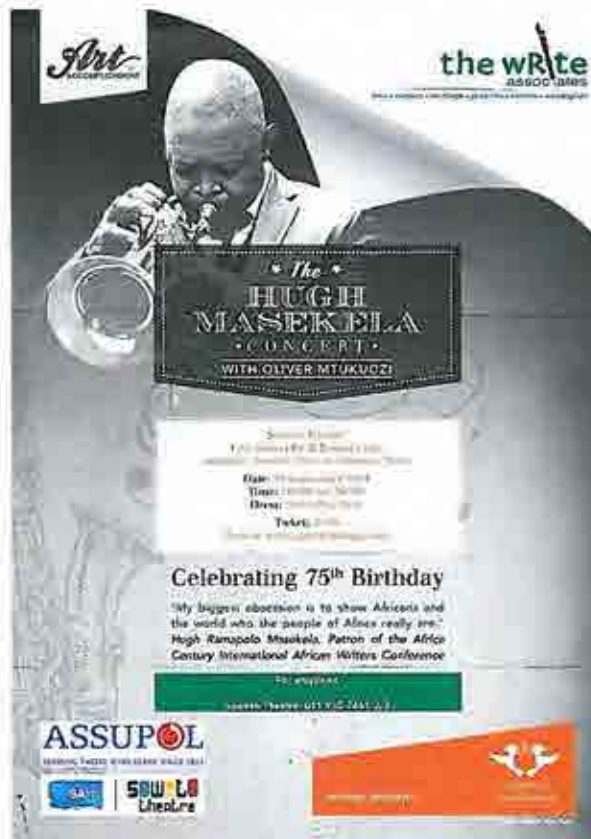
The company SCM policy contains the following fundamental aspects:

- 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

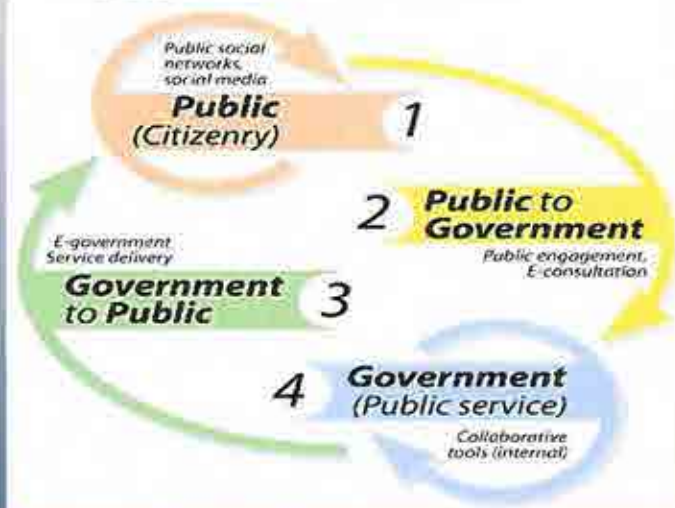
The Board has ensured that the procurement policy embraced the objectives of broad-based Black Economic Empowerment and the Managing Director, as the Accounting Officer of the Company, was tasked as the custodian for effective implementation. The Capital projects implemented during this period served 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.

No unsolicited bids were made by the company.



CHAPTER THREE

SERVICE DELIVERY PERFORMANCE



KEY ACHIEVEMENTS:

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

- its youth development strategy through its job-learn programming and the theatre tuition programmes
- a community development programme
- a people with disabilities access and support programme
- a learner's development programme
- contributions to the city's expanded public works programme
- a skills development strategy and
- an early childhood development programme implementation
- contribution towards building the city, with focus on social cohesion, job creation and inclusion of previously disadvantaged groups
- financial accounting to maintain a credible life for residents of Johannesburg. Value for money and quality production and service delivery.

Section 1: Core Business

Joburg City Theatres operates Joburg Theatre (Braamfontein), Roodepoort Theatre and Soweto Theatre in order to:

provide the integrated management of world class African 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 shall establish a performance management system in line with the priorities, objectives, indicators and targets contained in its IDP.
- 1.2. The Board shall on a quarterly basis submit progress report and/or any other reports required by the City with sufficient information to enable the City 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

Core business	Service Standard
• Creation of theatres accessible to people living with disabilities	• 100 % accessibility
• Customer satisfaction	• 90-100% satisfaction
• Access to information	• "city theatre app" must be developed and introduced
• Query resolution	• Within 24 Hours of logged call
• Prompt start times	• Ensure all shows start on time
• Cancellation of productions	• 98-100% showing of scheduled productions
• Safety of patrons	• 100% compliance to health and safety legislation

Section 2: Day to day operations

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

Section 3: Highlights and Achievements

Joburg City Theatres (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. City Theatres is Africa's leading home of live entertainment, presenting world-class international and home-grown theatre. It is further responsible for providing venues where performing arts professionals and amateurs alike can showcase their work.

From the 16 targets set for the 2014-15 financial year JCT achieved 13 (81,3%). Plans have been put in place to address targets which were not achieved in the new financial year.

During the year under review the company's spent 100% of the allocated R8.300m.

JCT showcased the in-house pantomime production; Peter Pan in December 2014 with gross ticket sales of R9,913,712.00, becoming the second highest grossing pantomime production in the history of Joburg Theatre. With an average ticket price paid of R201.26 (still very reasonable for family audiences and compared with top musical prices at casino theatres of R450.00), the production achieved a profit of R1,663,567.00 and a direct net revenue to Joburg Theatre (exclusive of the ancillary catering and hospitality revenues) of R2,641,068.00.

The company focus was placed on the youth and community development initiatives in all three (3) theatres. The Theatre continues to be the hub of youth development, with a purpose to promote, develop and advance the performing arts in its immediate environment and beyond - using performing arts to facilitate learning and social development in small children.

Soweto Theatre continues to present a mix of in-house productions as well as a broad range of productions and events from organisations and individuals who see the advantages of utilising this world class facility.

Continued effort is made to forge relationships that can develop and grow areas of operation. One such initiative that has been identified is the CoJ Social Development Department partnering with educational and healthy lifestyle.

During the year under review, JCT has continued to support the Music Tutorial Programme at the Soweto Theatre.

The programme continues to train young up and coming musicians. Roodepoort Theatre hosted a Youth Festival as part of social awareness and youth development. All shows were performed by youth from various communities, and all arts forms were displayed, the talent displayed was most certainly an inspiration, and South African should be proud of the talent developing.



The following Joburg City Theatres productions received nominations for 2014 Naledi Awards:



Naledi Theatre Awards Nominations 2014

BEST NEW SOUTH AFRICAN SCRIPT

Book of Rebellations
Prod. by Soweto Theatre.
Written by Monageng "Vice" Motshabi & Kgafela Oa Magogodi.
Dir. by Monageng "Vice" Motshabi

Skierlik
Prod. by The Soweto Theatre in ass. with Karabo Kgokong,
arrang. Lentswe Arts Projects.
Written & Dir. by Phillip Dikotla

BEST PRODUCTION OF A PLAY OR MUSICAL FOR YOUNG AUDIENCES SUPPORTED BY ASSITEJ (SOUTH AFRICA)

Co. Production with Nobulali Production
Animal Farm
Prod. Nobulali Productions. Written by George Orwell.
Adapted and Dir. By Neil Coppen

BEST DIRECTOR

Co. Production with Nobulali Production
Animal Farm
Prod. by Nobulali Productions. Written by George Orwell.
Adapted & Dir. by Neil Coppen

BEST PERFORMANCE BY AN ACTRESS IN A SUPPORTING ROLE / CAMEO

Koketso Mojela
Eclipsed Prod. by Soweto Theatre in ass. with Matjamela Motlounge of Ruban Noir.
Written by Danai Gurira,
Dir. by Warona Seane

BEST SCORE / ARRANGEMENT / ADAPTATION

Co. Production with Nobulali Production
Animal Farm
Prod. Nobulali Productions. Written by George Orwell.
Adapted and Dir. By Niel Coppen

Book of Rebellations
Prod. by Soweto Theatre.
Written by Monageng "Vice" Motshabi and Kgafela Oa Magogodi.
Dir. By Monageng "Vice" Motshabi

Eclipsed
Prod. by Soweto Theatre in ass. with Matjamela Motlounge of Ruban Noir.
Written by Danai Gurira, Dir. by Warona Seane

BEST MUSICAL DIRECTOR

Book of Rebellations
Prod. by Soweto Theatre.
Written by Monageng "Vice" Motshabi and Kgafela Oa Magogodi.
Dir. By Monageng "Vice" Motshabi

Eclipsed
Prod. by Soweto Theatre in ass. with Matjamela Motlounge of Ruban Noir.
Written by Danai Gurira, Dir. by Warona Seane

BEST PRODUCTION: CUTTING EDGE

Co. Production with Nobulali Productions
Animal Farm
Prod. by Nobulali Productions. Written by George Orwell.
Adapted & Dir. by Neil Coppen

Section 4: Financial Performance

During the year under review earned income increased by 15% to (R38.93m), as compared to the prior year (R33.95m). The increase was principally due to the income earned from the in-house production of the pantomime – Peter Pan and Catering Services. Sponsorship was secured by management for in-house productions: R1.4m from BankservAfrica for the pantomime production.

Expenditure totalled R107.68m, an increase of 12% as compared to the prior year (R96.18m) – this was due to a transfer of the grant funding of R8, 000,000 to Joburg Ballet, and additional expenditure from Soweto and Roodepoort Stages that were for a full year compared to six months for the previous financial year.

4.1 Results of Operations

The company posted a surplus of R0.075m (prior to taxation) for the year under review, inclusive of COJ subsidy.

Earned Income consists of:

- Ticket sales from in-house productions R9.589m;
- Theatre rentals R7.421m,
- Sponsorship of R1.4m from BankservAfrica and R0.800m from Department of Arts and Culture, R0.150m from Arts Alive, R0.250m from (COJ) Social Development, and R0.200m from (COJ) Community Development.
- Ticketing services of R1.131m,
- Retail income from hospitality, bars, restaurant, refreshments, merchandise R15.627m,
- Interest earned R2.009m and Other income of R0.334m
- Earned Income calculation excludes the City of Joburg subsidy of R68.823m.

4.2 Cash Flow

Subsidy was received from the City of Johannesburg to the value of R68.823m during this financial year.

Interest income from investments of R2.009m was earned during this financial year.

Sponsorship of R1.4m from BankservAfrica, which was utilised for the production costs of the Pantomime – Peter Pan.

The company ended the year in a favourable cash position with cash on hand being R4.875m.

4.3 Statement of Financial Position

Fixed assets book value at year end was R13.533m.

Total company assets as at 30th of June 2015 were R33.598m, as compared to R30.616m in the previous year. The decrease in total assets is as a result of:

- (a) Obsolete Property plant and equipment written off; and
- (b) Cash and cash equivalent due to capex payments which is funded by City of Johannesburg. A cash inflow is expected within the first quarter of the new financial year as a re-imbursment of R0.650m
- (c) And a movement in depreciation



STAGES at Joburg Theatre



STAGES at Roodepoort Theatre



STAGES at Soweto Theatre

Section 5: Capital Projects

During the year under review the company's shareholder, the City of Joburg, allocated R8.300m for the Capital projects listed in the table below:

Project Name	Budget Amount (Rands)	Actual Amount (Rands)	% spent
Building renovations and upgrades - Joburg Theatre	5,420,000	5,419,998	100%
Building renovations and upgrades - Roodepoort Theatre	380,000	380,000	100%
Information Technology – All units	290,000	290,000	100%
Stage machinery repairs and upgrades - Joburg Theatre	1,500,000	1,500,000	100%
Stage equipment upgrades -Soweto	350,000	350,000	100%
Buildings renovations and upgrades-Stages	360,000	359,999	100%
TOTAL	8,300,000	8,299,997	100%

All the company's capital projects were completed within the scope and within the budget allocated.



Section 6: Performance against IDP and City Scorecard

Set out below, is an analysis of the entities performance against its KPIs for the financial year 2014/15 as set out in the City's IDP scorecard.

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

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

From the 16 targets set for the 2014-15 financial year Joburg City Theatres achieved 13 (over 80%). Plans have been put in place to address targets which were not achieved in the new financial year.

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PERFORMANCE MONITORING
Joburg City Theatre's performance against KPIs for the financial year 2014/15

Key Priority	Long term impact (Joburg 2040 related output)	IDP programme	Key Performance Indicator (2013/16)	Baseline (2006/11)	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target (Tangible, measurable targets that fulfil requirements of being SMART)				Comments
						Capex	Opex	Q1	Q2	Q3	Q4	
1. FINANCIAL SUSTAINABILITY		CAPEX budget spending	Percentage of CAPEX budget spent	NEW	R8.3m	R8.3m	R8.3m	10%	30%	70%	100%	Target for 4 th quarter was achieved.
		Attainment of a clean audit opinion	Clean audit report	100%	100%	R1.14m	-	-	100%	100%	-	Audit process was concluded in the second quarter
		Proportion of earned income against total revenue including subsidy (excluding Hospitality, Bars and Restaurant)	% increase in earned income	NEW	34%	R37m	R37m	14%	61%	72%	100%	Target for 4 th quarter was not achieved.
		Hospitality, Bars and Restaurant	Increase in revenue	NEW	R19m	R19m	R4.7m	26%	65%	80%	100%	Target for 4 th quarter was not achieved.
		Entrepreneurial support programmes	No of programmes supported	20	40		10	20	30	40	40	Target for 4 th quarter was achieved.
								13	24	35	42	

Key Priority	Long term impact (Joburg 2040 related output)	IDP programme	Key Performance Indicator (2013/16)	Baseline (2006/11)	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target (Tangible, measurable targets that fulfil requirements of being SMART)				Comments
						Capex	Opex	Q1	Q2	Q3	Q4	
2. SMME & ENTREPRENEURIAL SUPPORT	Small businesses Support	Creating partnerships with stakeholders	No of partnerships created	NEW	15			3	9	12	15	Target for 4 th quarter was achieved.
		Support small businesses through procurement	Percentage of procurement spend on SMMEs quarterly against total procurement expenditure	30%	30%			5	11	13	17	Target for 4 th quarter was achieved.
			Percentage of procurement spend on BBBEE quarterly against total procurement expenditure	70%	75%				59.5%	57%	43%	47%
3. ACTIVE AND ENGAGED CITIZEN	Youth Development & Training programmes Audience Development to make our venues more accessible	Schools' Festivals	No of Festivals held	NEW	10			4	-	8	10	Target for 4 th quarter was achieved.
		Workshops for performing artists, organizations and schools	Performing artists, organizations and schools workshops	NEW	20			6	7	9	12	Target for 4 th quarter was achieved.
		Future audience development	Number of discounted tickets issued to school learners for shows at JCT	11 500	20 000			4	10	14	20	Target for 4 th quarter was achieved.
ACTIVE AND	Youth Development &	Increase accessibility to JCT for disadvantaged	Free tickets issued	NEW	6 500			1 000	3 000	5 000	6 500	Target for 4 th quarter was achieved.

Key Priority	Long term impact (Joburg 2040 related output)	IDP programme	Key Performance Indicator (2013/16)	Baseline (2006/11)	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target (Tangible, measurable targets that fulfil requirements of being SMART)				Comments
						Capex	Opex	Q1	Q2	Q3	Q4	
ENGAGE D CITIZEN Y	Training programmes	communities						3 265	3 784	5 566	6 976	Quarter 4
	Audience Development to make our venues more accessible	Train Youths in Music tuition which is a year-long training programme	Number of Youths trained in music tuition	NEW	250		R2.7m	250	250	250	250	Target for 4 th quarter was not achieved. The programme resumed on February 07 th 2015. The new intake for 2015 is 127. The reduction in numbers was caused by a need to review the program and to create a more streamlined curriculum across the disciplines and to engage the tutors in the UNISA syllabus and exams; to increase visibility of the program and to begin building a foundation for a potential Soweto Theatre Youth Orchestra. Target for 4 th quarter was achieved.
		Train Youths in theatre business management	Number of youth trained in Theatre Business Management	NEW	100		R1.9m		50			100
4. INVESTMENT ATTRACT ION, RETENTION AND EXPANSION		Audience Development to make our venues more accessible	Number of Discounted tickets issued to senior citizens for shows at JCT	New	2 000			500	1 500	1 750	2 000	Target for 4 th quarter was achieved.
		Image building of the City of Johannesburg by Joburg Ballet.	Joburg Ballet performances at Joburg City Theatres	New	5		R8m	2	3	4	5	Target for 4 th quarter was achieved.

Section 7: Assessment of Arrears on municipal taxes and service charges

7.1 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

7.2 Amounts owed by entity for service charges

Entity	Service	Amount owed	Status	Comments
City of Johannesburg Metropolitan Municipality	Power	1,092,989	The creditor is sitting under current interms of the creditors age analysis and it has been settled in July 2015	Intercompany confirmations were signed with the COJ departments and the related party balance was correctly disclosed to the 2014/15 annual financial statements
	Water and Sewer	116,986		
	Waste removal (Pik it Up)	12,477		
	Assessment rates	4,783		
	OHASA	30,022		
	Internal Audit	179,025		
		1,436,282		

7.3. 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 15	Comments
Dr Mongane Wally Serote (Chairperson)	NED	COJ	400864220	Current	
Ms Xoliswa Nduneni	CEO	COJ	207540933	Current	
Mr Solomon Mphakathi	CFO	COJ	551983685	Current	
Mr Mavuso Shabalala	NED				Account with Sectional Title Management
Mr Monna Mokoena	NED				Account with Sectional Title Management
Mr Siphosithole	NED				Account with Sectional Title Management
Mr Eugene Sinclair	NED				Account with Sectional Title Management
Ms Lorraine Malebo	NED				Account with Sectional Title Management
Mr Mabutho Kid Sithole	NED	COJ	500719629	Current	
Ms Todd Twala	NED	COJ	505487335	In arrears	Agreement in place with the COJ billing department over dispute
Mr Ishmael Mkhabela	NED	COJ	206645940	Current	
Mr Jacobus Froneman	IAC	COJ	550890042	Current	
Ms Tshidi Molala	IAC	COJ			
Ms Chrystal Cape	IAC	COJ			
Ms Bridget Mashika	COO	COJ	440859900	Current	

Section 8: Statement on amounts owed by Government Departments and Public Entities

Entity	Amount Owed	Account status	Comments
City Parks	13,296.55	Intercompany confirmations were signed with the COJ departments and the related party balance was correctly disclosed to the 2014/15 annual financial statements	Related party debtors - represents the amounts owed to Joburg City Theatres by the City of Johannesburg and Municipal Owned Entities. Joburg City Theatres does not charge interest on related party debtors.
Social Development	249,009.39		
COJ-GSPCR	5,703,192.00		
Community Development	379,383.39		
Communication & Tourism	14,140.00		
Office of the speaker	5,253.00		
Revenue management unit	22,534.97		
Department of Economic Development	19,124.00		
Emergency Management Services	37,170.00		
Environmental Management	9,270.00		
City Power	11,304.60		
COJ-Core Accounting	756,502.62		
Department of Arts & Culture	912,000.00		

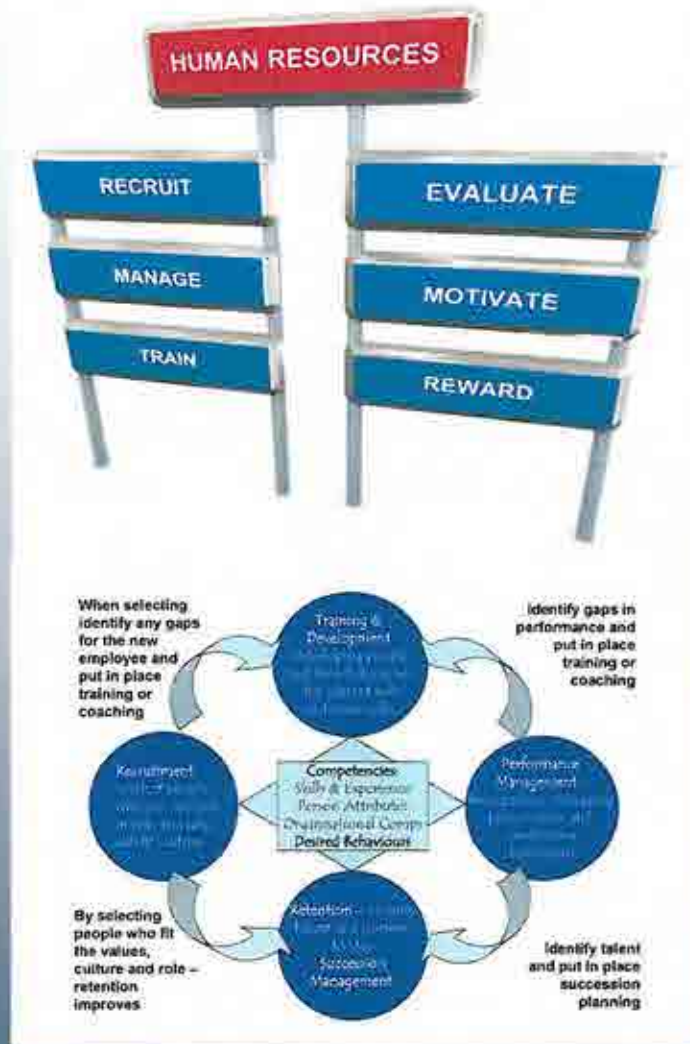
8,132,180.52

Section 9: Recommendation and Plans for next financial year

Action
Develop Music programming for 2015/16 at Mandela Theatre.
Plan for role in key celebrations and public holidays at all venues for 2015/16 – Mandela Day (July), Women's Day (August), Arts Alive (September) Heritage Day (September), New Year's Eve (December), Bring A Child To The Theatre Today (March), Easter Weekend (April), Freedom Day (April) Africa Day (May), Youth Day (June) with free outdoor activity for children and communities.
Develop Traditional Dance programming and competition at Soweto Theatre.
Building on current education initiatives across group sharing and developing specialisms.
Re-establish set works performances for schools at Roodepoort Theatre and Soweto Theatre.
Commission audience and participation surveys and at all venues to develop base level data to monitor organisation.
Propose establishment of Theatre Managers' Association for subsidised theatres in Gauteng to include Joburg City Theatres, SA State Theatre, Market Theatre, Windybrow, Wits Theatre and University of Johannesburg Theatre.
Use current Joburg ticketing data to market programme at Soweto and Roodepoort.
Begin discussions with other City departments and entities such as Community Development, Social Development, Health Department City Power, Transport and Tourism etc. for collaborative action to develop joint objectives.
Develop Soweto Theatre programmes commission in-house productions for new African work for presentation in smaller theatres at Joburg and Soweto theatres. Seek partners for production.
Establish joint programming team across all three venues meeting monthly to plan programme, education and audience development work.
Make applications to Corporate Responsibility Funds for assistance at developing pilot audience development, community and education activities

CHAPTER FOUR

HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT



UNITY. RESPECT. EXCELLENCE. INTEGRITY. GROWTH

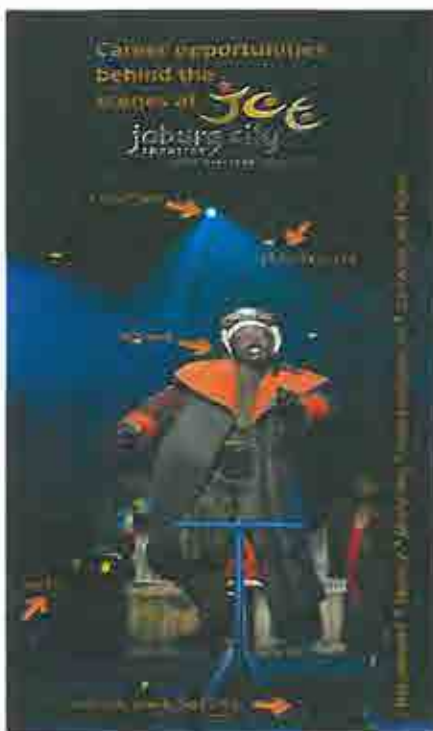
OUR VALUES

- *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 relationships* – 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.*

Section 1: 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.



There's a lot more to a theatre than the actors on the stage... there needs to be a script, a set, sound and lighting, hair and make-up and costumes - and someone has to put it all together and manage the process - and, a show would never sell a ticket without marketing, publicity and sales - and they, in turn, could not function without the finance, IT and administration departments.

For those involved in shows, working hours can be long and can include evenings and weekends but the theatre also offers very rewarding careers and opportunities in a variety of fields.

Actors, playwrights, directors, producers, musicians, costume designers, and hair and make-up artists are not employed on a permanent basis in theatres; they are cast or employed for a specific show only. These are careers in which people are self-employed and they can seek work in television, the film industry, corporate companies and, of course, the theatre. However, supporting their work is a vast array of people behind the scenes in the permanent employ of theatres.

Whether your path is to start as an electrician, a payroll clerk or an aspirant writer, a career within the entertainment industry can lead to senior positions in technical, administration or management disciplines for those who apply themselves, develop a passion for their chosen career and gain the necessary skills and experience.

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. 89% of the staff compliment is made up of historically disadvantaged individuals and 31% is female.

As at June 30th 2015, the company had a total of 128 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 7 (seven) 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 at Joburg Theatre 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 at Joburg Theatre.

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.

Employees					
Description	2013/14	2014/15			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Top Management	4	4	3	1	25%
Senior Management	11	11	11	0	0%
Middle Management	16	16	16	0	0%
Junior Management / Skilled Technical	48	48	44	4	8%
Semi Skilled and Discretionary	49	49	49	0	0%
Totals	128	128	123	5	3%

Employees					
Job Level	Year - 1 (2013/14)	Year 0 (2014/15)			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	4	4	3	1	25%
4 - 6	11	11	11	0	0%
7 - 9	16	16	16	0	0%
10 - 12	48	48	44	4	8%
13 - 15	49	49	49	0	0%
16 - 18					
Temps/Casuals	167	167	167	0	0%
Totals	295	295	295	5	1%

Section 2: Employment Equity

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

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

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

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

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.

Currently the JCT has not achieved the target of 2% of the employment of people with disabilities which is in line with the Disability Framework for Local Government 2009 – 2014. JCT has made an undertaking to increase the number of employment of people with disabilities.

As we look to 2015-16 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

Section 3: Skills Development and Training

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

JCT is committed to sustaining a continuous programme of training and development for its management and staff to improve either job performance and/or competitiveness for promotion. The company has a policy in respect of paid assistance for skills development courses, which help in enhancing the skills of previously disadvantaged individuals. The policy also includes access to training by members of designated groups,

structured training and development programmes. Company retention strategies include the promotion of diverse organisational cultures, interactive communication and feedback and ongoing labour turnover analysis. The company's skills development programmes are in line with the requirements of the Skills Development Act and its workplace plan (WSP) is aligned to the business plan and focus is placed on occupational specific programmes, management development and legally required training. The implementation of the Workplace Skills Plan is on track. All grants due to JCT are claimed and received annually from CATHSETA.

JCT hosted twelve (12) Interns from the Gauteng Enterprise Propeller and they were placed in the Finance, Building and Security, Customer Services and Governance departments across the three theatres. The interns were exposed to skills that are in line with their profession.

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. Four (4) theatre organisations from different regions in the City of Johannesburg have been selected through a process of auditions to participate in this three year programme. The programme is accredited by Wits University.

Acting workshops are held every Thursday throughout the year, facilitated by Duma Ndlovu, a theatre and television Producer. 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.

Section 4: Performance Management

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

The Company started the rollout process to ensure that all employees in supervisory positions are included in the performance management strategy. Training of underperforming officials is being introduced as part of our coaching and mentorship process to improve the performance levels. Performance Management is being adopted as a positive management strategy rather than a punitive process, and in this way employees feel comfortable to be part of the process.

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 5: 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.

5.1 Employee satisfaction

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

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

5.2 Employee retention

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

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

5.3 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.

5.3.1 HIV/Aids Structures

In order to achieve the policy objectives, entity has formed an 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.

5.3.2 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.

5.3.3 Actuarial impact analysis

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

5.3.4 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.

5.3.5 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 6: 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 that ceased for any new employees from July 2000).

6.1 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 17 employees.
- E-Joburg Pension Fund has 4 employees.
- Mutual Gratuity Pension Fund (MGF) has 10 employees.

6.2 Medical Aid Funds

The company also administers three accredited medical aid schemes and pays a minimum of 50% and 60% monthly premium contribution on behalf of its members. Currently 53 employees are members of the schemes as follows:

- Discovery has 50 employees who receive 50% company contributions.
- LA Health has 2 employees who receive 60% company contributions
- Key Health has 1 employee who receive 60% company contributions

6.3 Company Allowances

Seven (7) employees still receive monthly housing allowances with their salaries (a contractual policy that ceased for any new employees from July 2000), and 37 employees receive allowances towards the use for business purposes of their personal cell phones.



In-house fitness centre for employees and cast members

CHAPTER FIVE

FINANCIAL PERFORMANCE



KEY ACHIEVEMENTS

- 11% total revenue increase year on year
- 14% earned revenue increase year on year
- Solvency ratio 1:1.3 (2014: 1:1.3)
- Liquidity ratio 1:1.7 (2014: 1:1.3)
- Net asset value maintained at R13 931 057
- JCT has spent 100% of the allocated budget

theatre for a world class african city
the JOBURG THEATRE
complex

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



a world class African city

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

Auditor General South Africa
Registered Auditors

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Entertainment and Hospitality
DIRECTORS	Mongane Wally Serote (Chairperson) Todd Twala Lorraine Malebo Ishmael Mkhabela Mabutho Kid Sithole Mavuso Shabalala Xoliswa Nduneni-Ngema (CEO) Monna Mokoena Solomon Mphakathi (CFO) Bishop Eugene Sinclair Sipho Sithole
REGISTERED OFFICE	163 Civic Boulevard Braamfontein Johannesburg 2017
BUSINESS ADDRESS	163 Civic Boulevard Braamfontein Johannesburg 2017
POSTAL ADDRESS	PO BOX 31900 Braamfontein Johanneburg 2017
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
AUDITORS	Auditor General South Africa Registered Auditors
SECRETARY	Vincent Motau
COMPANY REGISTRATION NUMBER	2000/013032/07

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Index

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

INDEX	PAGE
Directors' Responsibilities and Approval	3
Audit and Risk Committee Report	4
Report of the Auditor General	5 - 7
Directors' Report	8 - 11
Company Secretary's Certification	12
Statement of Financial Position	13
Statement of Financial Performance	14
Statement of Changes in Net Assets	15
Cash Flow Statement	16
Statement of Comparison of Budget and Actual Amounts	17
Accounting Policies	20 - 35
Notes to the Financial Statements	35 - 58

ABBREVIATIONS

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Directors' Responsibilities and Approval

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

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the entity's budget for the financial year 01 July 2014 to 30 June 2015 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 8 to 58, which have been prepared on the going concern basis were approved by the Audit and Risk Committee.



Mongane Wally Serote (Chairperson)



Xoliswa Nduneni-Ngema (CEO)

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Audit and Risk Committee Report

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

Audit and Risk Committee members and attendance

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

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

Audit and Risk Committee responsibility

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

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

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

Audit and Risk Committee Report

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

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

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



Chairperson of the Audit Committee

Date: 10/12/2015

Report of the auditor-general to the Gauteng provincial legislature and the council of the City of Johannesburg Metropolitan Municipality on Joburg Theatre SOC Ltd

Report on the financial statements

Introduction

1. I have audited the financial statements of the Joburg Theatre SOC Ltd set out on pages **60 to 118**, which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), 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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipal entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Joburg Theatre SOC Ltd as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and the Companies Act.

Additional matters

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

Unaudited supplementary schedules

8. The supplementary information set out on pages **60 to 118** does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Other reports required by the Companies Act

9. As part of our audit of the financial statements for the year ended 30 June 2015, I have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2015:
 - Development priority 1: Financial sustainability on page **47**.
 - Development priority 3: Active and engaged citizenry on page **48**.
 - Development priority 4: Investment attraction, retention and expansion on page **49**.
12. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned [development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

Reliability of reported performance information

15. I did not identify material findings on the usefulness and reliability of the reported performance information.

Additional matters

16. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected development priorities, I draw attention to the following matters :

Achievement of planned targets

17. Refer to the annual performance report on pages 47 to 49 for information on the achievement of planned targets for the year.

Unaudited supplementary schedules

18. The supplementary information set out on pages 01 to 46 and pages 50 to 58 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

19. I performed procedures to obtain evidence that the municipal entity had complied with applicable legislation regarding financial matters, financial management and other related matters.

Internal control

20. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

Auditor - General

Johannesburg

30 November 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Directors' Report

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

1. INCORPORATION

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

2. REVIEW OF ACTIVITIES

Main business and operations

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

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

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

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

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

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

3. GOING CONCERN

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

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

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

The contractual period of Joburg Theatre's lease agreement on the use of the building is 20 years and the remaining period of this agreement is 5.5 years. The use and maintenance agreement for Soweto Theatre building has been concluded - the effective date is 01 January 2013. The operation of Roodepoort Theatre is covered by the transfer agreement signed on the 27th of November 2013.

4. SUBSEQUENT EVENTS

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

5. ACCOUNTING POLICIES

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Directors' Report

6. SHARE CAPITAL

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

7. BORROWING LIMITATIONS

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

8. DIVIDENDS

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

9. DIRECTORS

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

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

10. SECRETARY

The acting secretary of the entity is Vincent Motau.

Business address

Joburg Theatre Complex
163 Civic Boulevard
Braamfontein
Johannesburg
2017

Postal address

P O Box 31900
Braamfontein
Johannesburg
2017

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Directors' Report

11. CORPORATE GOVERNANCE

General

All references to the Companies Act in these annual financial statements refer to the Companies Act 71 of 2008, as amended by the Companies amendment Act 3 of 2011, unless otherwise indicated. The board is committed to business integrity, transparency and professionalism in all its activities as guided by the King III code on Governance. As part of this commitment, the board supports the highest standards of corporate governance and the ongoing development of best practice.

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising of:
 - non-executive directors, all of whom are independent directors as defined in the Code; and
 - two executive directors.

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

Chairperson and chief executive

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

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

Remuneration

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

Non-Executive Directors meetings

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

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Directors' Report

Audit and Risk Committee

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

In terms of Section 166 of the Municipal Finance Management Act and Section 94 of the Companies Act 71 of 2008 the Audit and Risk Committee members were appointed at the Annual General Meeting held on 03 February 2015 by the City of Johannesburg Metropolitan Municipality, the City of Johannesburg, as a parent municipality, must appoint members of the Audit and Risk Committee. Notwithstanding that non-executive directors appointed by the parent municipality constituted the municipal entities' Audit and Risk Committees, National Treasury policy requires that parent municipalities should appoint further members of the entity's Audit and Risk Committees who are not directors of the municipal entity onto the Audit and Risk Committee.

Internal audit

The entity has outsourced its internal audit function to Group Risk and Assurance Services (GRAS), a department of the City of Johannesburg, who were the entity's previous internal auditors. This is in compliance with the Municipal Finance Management Act, 56 of 2003.

12. CONTROLLING ENTITY

The entity's controlling Body is The City of Johannesburg Metropolitan Municipality.

13. BANKERS

Nedbank Limited

Investec Limited

14. AUDITORS

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

Joburg Theatre (SOC) Limited

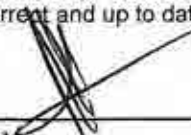
(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended and the Municipal Finance Management Act, Act 56 of 2003, I certify that to the best of my knowledge and belief, the company has lodged and /or filed, for the financial year ended 30 June 2015, all such returns and notices as are required and that all such returns and notices are true, correct and up to date.



Vincent Motau
Company Secretary (Acting)

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Statement of Financial Position as at 30 June 2015

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

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Statement of Financial Performance

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

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Statement of Changes in Net Assets

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

* See note 37.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Cash Flow Statement

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

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Ticketing services	2,506,599	-	2,506,599	1,131,454	(1,375,145)	1
Catering services	19,447,727	-	19,447,727	15,627,323	(3,820,404)	2
Rental facilities and equipment	8,680,000	(204,000)	8,476,000	7,421,052	(1,054,948)	3
Sponsorship	1,400,000	-	1,400,000	2,800,000	1,400,000	
In-house ticket sales	13,197,064	(1,216,000)	11,981,064	9,588,949	(2,392,115)	4
Other income	3,357,615	(5)	3,357,610	349,027	(3,008,583)	5
Interest received - investment	1,700,000	-	1,700,000	2,008,882	308,882	
Total revenue from exchange transactions	50,289,005	(1,420,005)	48,869,000	38,926,687	(9,942,313)	
Revenue from non-exchange transactions						
Transfer revenue						
Subsidy	66,822,995	2,000,005	68,823,000	68,823,000	-	
Total revenue	117,112,000	580,000	117,692,000	107,749,687	(9,942,313)	
Expenditure						
Employee cost	(36,048,000)	(2,849,000)	(38,897,000)	(37,533,607)	1,363,393	6
Depreciation and amortisation	(899,996)	(400,004)	(1,300,000)	(1,332,063)	(32,063)	
Finance costs	-	(156,000)	(156,000)	(106,381)	49,619	
Grants and subsidies paid	(8,000,000)	-	(8,000,000)	(8,000,000)	-	
General Expenses	(72,164,004)	2,825,004	(69,339,000)	(60,702,512)	8,636,488	7
Total expenditure	(117,112,000)	(580,000)	(117,692,000)	(107,674,563)	10,017,437	
Surplus before taxation	-	-	-	75,124	75,124	
Taxation	-	-	-	20,398	20,398	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	54,726	54,726	

Joburg Theatre (SOC) Limited

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

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments (i.t.o. s28 and budget s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2015											
Financial Performance											
Investment revenue	1,700,000	-	1,700,000	-	-	1,700,000	2,008,882	-	308,882	118 %	118 %
Other own revenue	115,412,000	580,000	115,992,000	-	-	115,992,000	105,740,805	-	(10,251,195)	91 %	92 %
Total revenue (excluding capital transfers and contributions)	117,112,000	580,000	117,692,000	-	-	117,692,000	107,749,687	-	(9,942,313)	92 %	92 %
Employee costs	(36,048,000)	(2,849,000)	(38,897,000)	-	-	(38,897,000)	(37,533,607)	-	1,363,393	96 %	104 %
Depreciation and asset impairment	(899,996)	(400,004)	(1,300,000)	-	-	(1,300,000)	(1,332,063)	-	(32,063)	102 %	148 %
Finance charges	-	(156,000)	(156,000)	-	-	(156,000)	(106,381)	-	49,619	68 %	DIV/0 %
Transfers and grants	(8,000,000)	-	(8,000,000)	-	-	(8,000,000)	(8,000,000)	-	-	100 %	100 %
Other expenditure	(72,164,004)	2,825,004	(69,339,000)	-	-	(69,339,000)	(60,702,512)	-	8,636,488	88 %	84 %
Total expenditure	(117,112,000)	(580,000)	(117,692,000)	-	-	(117,692,000)	(107,674,563)	-	10,017,437	91 %	92 %
Surplus/(Deficit)	-	-	-	-	-	-	75,124	-	75,124	DIV/0 %	DIV/0 %
Taxation	-	-	-	-	-	-	20,398	-	20,398	- %	DIV/0 %
Surplus/(Deficit) for the year	-	-	-	-	-	-	54,726	-	54,726	DIV/0 %	DIV/0 %

Joburg Theatre (SOC) Limited

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

Appropriation Statement

Figures in Rand

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

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Management is not aware of any significant risks that will cause material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1.3 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at its cost, its cost is measured at the carrying amount of the asset given up.

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

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

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

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.3 Property, plant and equipment (continued)

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	12 years
Motor vehicles	13 years
IT equipment	5-13 years
Stage equipment	14 years

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

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.4 Intangible assets

An asset is identified as an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.4 Intangible assets (continued)

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

Intangible assets	Average useful life
Computer software	8

1.5 Heritage assets

Assets are resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the financial statements.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.5 Heritage assets (continued)

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

Average useful life of Heritage assets is Indefinite

Recognition

The entity recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Derecognition

The entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The useful life of the Heritage Assets is indefinite

1.6 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as financial assets at cost.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Financial instruments (continued)

For financial instruments which are not at fair value, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.6 Financial instruments (continued)

Loans from shareholders

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

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

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The company accounts for VAT on accrual basis.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.7 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and are included in the surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.9 Inventories (continued)

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of cash-generating assets

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.10 Impairment of cash-generating assets (continued)

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

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

1.11 Impairment of non-cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

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

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

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

Redesignation

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

1.12 Share capital

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

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

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

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.14 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.14 Provisions and contingencies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

The provision as at 30 June 2015 is the discretionary bonuses.

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

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

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because either:

- It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or
- The amount of the obligation cannot be measured with sufficient reliability.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.15 Revenue from exchange transactions (continued)

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipal entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipal entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipal entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipal entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.16 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Subsidy

Subsidy is recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.17 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.18 Comparative figures

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

1.19 Unauthorised expenditure

Unauthorised expenditure means:

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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

1.20 Fruitless and wasteful expenditure

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.20 Fruitless and wasteful expenditure (continued)

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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

1.21 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.22 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

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

The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.23 Related parties

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

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity

1.24 GRAP Standards Approved and Not Yet Effective

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Accounting Policies

1.25 GRAP Standards Approved and effective

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rate
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interest in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non Cash Generating Assets
GRAP 23	Revenue from Non Exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash Generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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

Joburg City Theatres operate as a both receiving and production house. The expenditure on show productions prior to maturity is treated as Work in Progress (WIP). Included in work in progress is the expenditure to date on the following productions: 2015/16 Pantomime, Sister act and other small shows..

Consumable stores contain amongst others cleaning materials, grocery items, lighting, tapes, paints and stationery. These items are consumed by the company in the daily business operations. The amount consumed is recognised as an expense when the consumables are requisitioned from the stores.

Inventories held for consumption at no charge are measured at the lower of cost and current replacement cost and is fairly valued.

Trading stock - Food and Beverage contains amongst others bar-, restaurant- and hospitality stock. Trading stock is measured at the lower of cost or net realisable value.

The amount of write-offs for inventory in the prior and current years was zero (0).

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

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

Trade and other receivables

Trade Debtors- represents rent receivable for use of facilities (hospitality and theatre rentals).

Related party debtors - represents the amounts owed to Joburg City Theatres by the City of Johannesburg and Municipal Owned Entities. Joburg City Theatres does not charge interest on related party debtors.

Debtors are measured at fair value.

4. VAT RECEIVABLE

VAT	-	583,040
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The company accounts for VAT on an accrual basis.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

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

Cash and cash equivalents comprise of cash on hand, current account and deposits on call accounts that are readily convertible into known amounts of cash. The effective interest rates of the cash equivalents investment as at 30 June 2015 were between 4.5% and 6.4%.

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

2015
2014
Restated*

5. CASH AND CASH EQUIVALENTS (continued)

The entity had the following bank accounts

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

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

6. PROPERTY, PLANT AND EQUIPMENT

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

Joburg Theatre (SOC) Limited

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

Notes to the Financial Statements

Figures in Rand

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - 2015

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

Property Plant and Equipment Written Off

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

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Write offs	Other changes, movements	Depreciation	Total
Furniture and fixtures	1,899,661	360,726	-	436,992	(68,203)	-	(325,499)	2,303,677
Motor vehicles	291,221	13,402	-	-	-	-	(24,769)	279,854
IT equipment	530,029	113,072	(531)	-	(19,989)	-	(108,789)	513,792
Leasehold improvements	-	-	-	-	-	1,277,212	(81,483)	1,195,729
Stage equipment	2,697,548	191,017	-	6,264,375	(9,194)	-	(275,365)	8,868,382
	5,418,459	678,217	(531)	6,701,368	(97,386)	1,277,212	(815,905)	13,161,434

Other information

Property Plant and Equipment Written Off

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

2015

2014
Restated*

7. INTANGIBLE ASSETS

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

Reconciliation of intangible assets - 2015

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

Reconciliation of intangible assets - 2014

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

Other information

Intangible Assets Written Off

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

8. HERITAGE ASSETS

	2015			2014		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Artwork and Historical Assets	1,592,700	-	1,592,700	1,592,700	-	1,592,700

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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

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

10. PAYABLES FROM EXCHANGE TRANSACTIONS

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

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

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

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

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

2015
2014
Restated*

11. PROVISIONS

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Bonus Provision and Other	921,798	3,085,000	(3,028,830)	977,968

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Total
Bonus and other	805,903	2,390,614	(2,274,719)	921,798

The provision is management's best estimate of the future bonus payouts in respect of the past year based on past experience. As at 30 June 2015, management cannot determine with certainty the amount of the bonuses that will be paid out in December 2015.

12. OTHER FINANCIAL LIABILITIES

At amortised cost

Loans	1,784,049	1,784,049
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Loan from Shareholder transferred from Roodepoort City Theatre on 01 January 2013.

Non-current liabilities

At amortised cost	1,784,049	1,784,049
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13. DEFERRED TAX

Deferred tax liability

Tax	(1,987,152)	(1,966,754)
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The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset \ (liability)

At beginning of year	(1,966,754)	(3,152,519)
Movements in temporary differences	(20,398)	1,583,844
Change in opening balances - GRAP 105	-	(398,079)
	(1,987,152)	(1,966,754)

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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

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

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

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

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

Sponsorship and Donations

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

15. OTHER INCOME

Other income	349,027	685,799
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Included in other income is receipts from:

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

16. INTEREST RECEIVED - INVESTMENT

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

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

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

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

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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

The subsidy received from the City of Johannesburg Metropolitan Municipality is in terms of the service delivery agreement to provide services in accordance with the agreed obligations for operating Joburg Theatre, Roodepoort Theatre and Soweto Theatre.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
18. EMPLOYEE RELATED COSTS		
Salaries and Wages	36,543,020	34,192,430
Employee costs included in other expenses	990,587	857,021
	37,533,607	35,049,451
Finance Manager		
Annual Remuneration	53,645	603,000
Performance Bonuses	-	79,800
Contributions to UIF, Medical and Pension Funds	149	8,613
	53,794	691,413
The Finance Manager resigned effective 31 July 2014.		
Chief Executive Officer		
Annual Remuneration	1,396,032	1,320,000
Performance Bonuses	190,122	107,800
Contributions to UIF, Medical and Pension Funds	50,140	36,588
	1,636,294	1,464,388
Chief Operating Officer		
Annual Remuneration	967,200	727,200
Performance Bonuses	117,600	88,597
Contributions to UIF, Medical and Pension Funds	48,950	47,957
	1,133,750	863,754
Chief Financial Officer		
Annual Remuneration	590,000	-
Contributions to UIF, Medical and Pension Funds	6,578	-
	596,578	-
The company has successfully appointed the Chief Financial Officer (CFO) in January 2015.		
Executive Producer		
Annual Remuneration	811,606	1,520,000
Performance Bonuses	220,025	242,499
Contributions to UIF, Medical and Pension Funds	25,492	64,692
	1,057,123	1,827,191
The contract of the Executive Producer (EP) expired on 31 of December 2014.		
19. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	1,332,063	841,942
20. FINANCE COSTS		
Finance leases	106,381	93,830
Total interest expense, calculated using the effective interest rate (13%), on finance lease liability amounted to R 106,381 (2014: R 93,830).		

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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

GRANT PAID TO JOBURG BALLETT

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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

Productions:

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

Cost of Sales and Other Hospitality and Catering Expenses :

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

24. TAXATION

Major components of the tax expense (income)

Deferred

Other deferred tax	20,398	(1,583,844)
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Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28.00 %	28.00 %
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* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

2015

2014
Restated*

27. RELATED PARTIES

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

Related party balances

Amounts included in

Trade and other receivables regarding related parties

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

Trade and other payables regarding related parties

City of Johannesburg Metropolitan Municipality	3,220,324	2,550,461
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Amounts in trade and other payables regarding related parties from City of Johannesburg Metropolitan Municipality includes utilities from City Power, Johannesburg Water and Pikitup; Group Corporate services; Loan from Shareholder and internal audit services as at 30 June 2015.

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

	2015	2014 Restated*
27. RELATED PARTIES (continued)		
Related party transactions		
Income to related parties		
COJ Group Finance - Subsidy	68,823,000	56,504,000
COJ Development and Planning	-	2,505
COJ Office of the Speaker	207,417	328,830
COJ Region F	-	49,613
COJ Group Governance	-	125,512
COJ Sport and Recreation	-	1,972
COJ Economic Development	225,614	100,917
COJ Social Development	539,584	98,820
COJ Community Development	460,782	6,701,368
COJ Group Strategy Policy Coordination and Relations	7,610	-
COJ Communication and Tourism	47,075	-
Johannesburg Roads Agency SOC Ltd	52,632	-
COJ Environmental Management	18,873	-
COJ Emergency Management Services	72,780	-
COJ Revenue Management Unit	150,707	-
City Power SOC Ltd	61,695	2,071,520
Johannesburg City Parks SOC Ltd	126,628	102,774
Johannesburg Roads Agency SOC Ltd	-	100,646
	70,794,397	66,188,477
Purchases from related parties		
COJ Revenue Management	8,356,371	6,715,704
Yamikani Projects Pty Ltd	180,020	304,767
COJ Group Corporate Shared Services	56,735	26,695
	8,593,126	7,047,166

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

2015

2014
Restated*

28. DIRECTORS' EMOLUMENTS

Non-executive

2015

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

2014

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

29. RISK MANAGEMENT

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the entity consists of cash and cash equivalents disclosed in note 5, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

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

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

2015

2014
Restated*

29. RISK MANAGEMENT (continued)

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Trade receivables comprise of a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Foreign exchange risk

The entity operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the UK pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

30. GOING CONCERN

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

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

31. COST OF SALES

Sale of goods

Cost of goods sold

5,860,803 715,331

32. OPERATING LEASE

Operating Lease Commitments

Up to 1 year

2015

298,427

2014

93,268

2-5 years

445,619

186,536

744,046

279,804

Joburg City Theatres leases cash vaults machines and digital copier machines from Nedbank Limited and Resultant Finance respectively. The lease payments are R17,096.55 per month for the cash vaults machines and R23,317.55 quarterly for the digital copier machines with no annual escalations. No contingent rent is payable. The lease agreement is not renewable at the end of the lease term. There were no defaults or breaches and no terms or conditions were re-negotiated during the reporting period.

33. SHARE CAPITAL

Authorised

10 Ordinary shares of R1 each

10

10

Reconciliation of number of shares issued:

Reported as at 01 July 2014

10

10

Issued

Ordinary

10

10

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

2015
2014
Restated*

34. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2015

Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions	8,578,921	8,578,921
Cash and cash equivalents	4,875,363	4,875,363
	13,454,284	13,454,284

Financial liabilities

	At fair value	At cost	Total
Loans from shareholders	-	1,784,049	1,784,049
Trade and other payables from exchange transactions	13,931,402	-	13,931,402
Taxes and transfers payable (non-exchange)	350,074	-	350,074
Finance lease	635,856	-	635,856
	14,917,332	1,784,049	16,701,381

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

2015
2014
Restated*

FINANCIAL INSTRUMENTS DISCLOSURE (continued)

2014

Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions	6,719,872	6,719,872
Other receivables from non-exchange transactions	583,040	583,040
Cash and cash equivalents	5,920,299	5,920,299
	13,223,211	13,223,211

Financial liabilities

	At fair value	At cost	Total
Loans from shareholders	-	1,784,049	1,784,049
Trade and other payables from exchange transactions	11,025,657	-	11,025,657
Finance lease	1,040,546	-	1,040,546
	12,066,203	1,784,049	13,850,252

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

35. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the directors and includes a note to the financial statements.

The goods and services listed were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented, approved by the CEO and reported to the board of directors for noting.

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

* See note 37

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2015

Notes to the Financial Statements

35. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Service Provider	Service/Goods	Reason for deviation(s)	Amount
Artslink	Theatre press releases to local and national media houses, news agencies and journalists. Advertise theatre shows and job applications.	Sole Supplier	8,100
Pastel System	Pastel Payroll is a sole supplier of the payroll system used by Joburg City Theatres.	Sole Supplier	27,286
Finware	Finware has installed Pastel Evolution at Joburg City Theatres, therefore consultation support and maintenance of the system is required to ensure compatibility and continuity.	Exceptional Case	200,000
Repairs and Maintenance 1.(DWR) 2.(Prosound) Electrosonic	Sound and lighting equipment repairs and maintenance. Jem Martin products in South Africa. Jem Martin Products are the only product compatible to the Jem hazers used by the three theatres.	Exceptional Case Sole Supplier	6,336 90,336
SAMRO	SAMRO members music over the PABX and in the foyer.	Sole Supplier	8,899
The South African State Theatre	Hiring of show specific items on behalf of the producer for the Elvis production.	Sole Supplier	4,809
Sysman Public Safety Systems	Repairs and maintenance of the RemRad Radio System. The RemRad Radio system links Soweto Theatre and the Local Emergency Services.	Sole Supplier	13,752
Steven Liquor	Appointed JCT's legal representative to service licenses for Joburg City Theatres' restaurants and bars.	Exceptional Case	22,461
IT Web	IT governance training	Exceptional Case	11,318
Magora Ase Africa and Mookho's Guesthouse	Acquisition of accommodation and transport for the cast of MHLA SALAMANA for the Soweto Theatre Season.	Exceptional Case	67,950
Gauteng Choristers	The acquisition of skilled and trained professional production company.	Special Work of Art	300,000
Step and Move (Moving minds)	The acquisition of skilled and trained professional artists as facilitators of the Step and Move dance programme.	Special Work of Art	49,600
Sibikwa Arts Centre	The acquisition of skilled and trained professional artists as facilitators of the DET Boys programme.	Special Work of Art	309,558
Seven Colours Sundays Soweto Theatre Easter Festival	Professional fees and Equipment Profession fees.	Special Work of Art Special Work of Art	60,000 428,000

Notes to the Financial Statements

35. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Service Provider	Service/Goods	Reason for deviation(s)	Amount
JHB In-house productions 2015,2016,2017 Pantomimes	<ol style="list-style-type: none"> 1. Fees and /or commissions payable to a sponsorship facilitator for the pantomimes 2. Fees and /or royalties payable to the executive producer, writer, director, musical director, choreographer, associate choreographer, sound designer and costume coordinator. 3. The manufacture and painting of additions to the existing set; 4. The painting of the set, floors and props as required 5. The purchase of the properties and materials to make properties, as required 6. The purchase of materials and the making of alterations to costumes 7. The rental of sets, costumes, lighting and sound equipment; and 8. The creation of special effects. 	Special Work of Art	3,375,000
Stage Audio Works Africa Day Celebrations	Christie Certified Service for LCD and DLP Projectors.	Sole Suppliers	100,000
	Professional fess for the Africa Day Celebrations featuring local and international artists	Special Work Of Art	1,000,000
Inhouse Productions – Jazz Sundays, Traditional Music And Dance Event, Dlala Mapantsula, Bikos Quest.	Creative personnel fees, creative product service providers and the acquisition of specialist technical requirements as per artist riders for the In-house productions, "Jazz Sundays" at Soweto Theatre, "Traditional Music and Dance Events, Dlala Mapantsula and Biko's Quest.	Special Work Of Art	646,000
Goods and Services Stages Hasgro Projects Cc	Procuring goods and services for Stages Restaurant. Clearing of blocked sewerage	Exeptional Case Emergency	50,618 6,800
			8,249,432

Notes to the Financial Statements

36. IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure

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

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

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

Notes to the Financial Statements

37. RESTATEMENT OF COMPARATIVE FIGURES

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

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

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

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

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

GRAP 105 Restated Line Items

	Original Balances	GRAP 105 Adjustment	Accumulated Depreciation	Restated Balance
Property Plant and Equipment (Cost)	20,172,637	972,795	(7,983,998)	13,161,434
Intangible Assets (Cost)	177,820	(35,326)	(98,822)	43,672
Deferred Tax	1,568,675	398,079	-	1,966,754
	21,919,132	1,335,548	(8,082,820)	15,171,860

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

38. VAT PAYABLE

VAT payable	350,074	-
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The company accounts for VAT on an accrual basis.

Handwritten signature and initials in blue ink, appearing to read 'Monyane W. Seale'.

* See note 37.

CHAPTER SIX

AUDITOR-GENERAL AUDIT FINDINGS



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

Auditing to build public confidence

KEY ACHIEVEMENTS

- **Clean audit opinion**
- **Annual financial statements submitted were free from material misstatements.**
- **100% resolution of 2013/14 external audit findings**
- **No repeat findings**
- **400% reduction on audit findings raised year on year**
- **Stable internal control environment**

Section 1: History of Auditor-General Findings

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

	2011/12	2012/13	2013/14	2014/15
Financial Audit Opinion	Unqualified	Unqualified	Clean	Clean
Performance Audit Opinion	Unqualified	Unqualified	Clean	Clean

Section 2: Historical Audit Findings and Remedial Action

ANALYSIS OF 2014/15 AUDIT FINDINGS

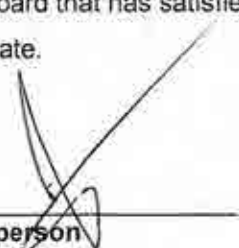
	NEW IN 2014/15	REPEAT FINDING	ACTIONS TO RESOLVE
Matters affecting Audit opinion	None		Not applicable
Important Matters	4	0	Refer to table below
Administrative Matters	1	0	Refer to table below
			Refer to table below

Summary of Audit Findings and Remedial Action

Other important matters	B.1. Human Resource: Company secretary position vacant for more than 12 months	Vacancy to filled in the third quarter of 2015-16
	B.2. Suppliers in service of other state institution doing business with Joburg theatre.	The selected service providers' files will be Interrogated to establish if the necessary disclosures were made. Where they were not made service providers will be removed from the database of service providers.
	B.3. PPE Discrepancies noted during Fixed Asset Verifications	Resolved
	B.4. Non-disclosure of related party	Resolved
Administrative Matters	C.1. AOPO: Measures to be taken in relation to non-achieved performance indicators not disclosed	Resolved

Section 3: Commitment by the Board of Directors

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


Chairperson

As submitted to the Auditor-General on 02 December 2015

APPENDICES AND ANNEXURES

PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2015

Key Priority	Long term impact (Joburg 2040 related output)	IDP programme	Key Performance Indicator (2013/16)	Baseline (2006/11)	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target (Tangible, measurable targets that fulfil requirements of being SMART)				Comments
						Capex	Opex	Q1	Q2	Q3	Q4	
1. FINANCIAL SUSTAINABILITY		CAPEX budget spending	Percentage of CAPEX budget spent	NEW	R8.3m	R8.3m	R8.3m	10% R0.83m	30% R2.49%	70% R5.6m	100% R8.3m	Target for 4 th quarter was achieved.
		Attainment of a clean audit opinion	Clean audit report	100%	100%	R1.14m	-	-	100%	100%	-	Audit process was concluded in the second quarter
		Proportion of earned income against total revenue including subsidy (excluding Hospitality, Bars and Restaurant)	% increase in earned income	NEW	34% R31m	R37m	14%	R4.4m	61% R18.9m	72% R22.4m	100% R31m	Target for 4 th quarter was not achieved. The main contributors are the shortfall on in-house stage production at 91% deficit for the quarter, in-house music programme at 87%, hospitality income at 31% and other miscellaneous income.
		Hospitality, Bars and Restaurant	Increase in revenue	NEW	R19m	R13.8m	25% R4.7m	65% R12.3m	80% R15.2m	100% R19m	Target for 4 th quarter was not achieved.	
							R3.3m 17%	R8.120m 43%	R11.517m 61%	R15.5m 82%		

Key Priority	Long term impact (Joburg 2040 related output)	IDP programme	Key Performance Indicator (2013/16)	Baseline (2006/11)	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target (Tangible measurable targets that fulfil requirements of being SMART)				Comments
						Capex	Opex	Q1	Q2	Q3	Q4	
2. SMME & ENTREPRENEURIAL SUPPORT	Small businesses Support	Entrepreneurial support programmes	No of programmes supported	20	40			10	20	30	40	Target for 4 th quarter was achieved.
		Creating partnerships with stakeholders	No of partnerships created	NEW	15			3	9	12	15	Target for 4 th quarter was achieved.
		Support small businesses through procurement	Percentage of procurement spend on SMMEs quarterly against total procurement expenditure	30%	30%			30%	30%	30%	30%	Target for 4 th quarter was achieved.
3. ACTIVE AND ENGAGED CITIZENR	Youth Development & Training programmes Audience Development to make our venues more accessible	Schools' Festivals	Festivals held	NEW	10			4		8	10	Target for 4 th quarter was achieved.
		Workshops for performing artists, organizations and schools	Performing artists, organizations and schools workshops	NEW	20			6	7	9	12	Target for 4 th quarter was achieved.
		Future audience development	Number of discounted tickets issued to school learners for shows at JCT	11 500	20 000			3 000	11 000	15 000	20 000	Target for 4 th quarter was achieved.
								4 862	14 614	18 903	20 017	

Abbreviation/ Acronym	Explanation/ Description
AA	Affirmative Action
ACOSA	African Cultural Organisation of South Africa
AFS	Annual Financial Statement
AG	Auditor General
AGM	Annual General Meeting
ARC	Audit and Risk Committee
BBS	Behaviour Based Safety
BBBEE	Broad Based Black Economic Empowerment
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
CMCM	Cape Gate Miagi Centre For Music
COJ	City of Johannesburg
EAP	Employees Assistant Programme
EE	Employment Equity
EPWP	Expanded Public Works Programme
EXCO	Executive Management Committee
FY	Financial Year
GAC	Group Audit Committee
GDS	Growth and Development Strategy
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
IAC	Independent Audit Committee
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IT	Information Technology
JCT	Joburg City Theatres
KPA	Key Performance Area
JRAS	Joburg Risk and Assurance Services
KPI	Key Performance Indicator
MANCO	Management Team Committee
MD	Managing Director
MFMA	Municipal Finance Management Act
MOE	Municipal Owned Entity
MOI	Memorandum of Incorporation
MSCMR	Municipal Supply Chain Management Regulations
NED	None-Executive Director
PANSA	Performing Arts Network South Africa
RAC	Risk Assurance and Compliance
SAMRO	Southern African Music Rights Organisation
SCM	Supply Chain Management
SDA	Service Delivery Agreement
SEC	Social and Ethics Committee
SETA	Sector Education and Training Authority
STEP	Service Delivery, Transformation, Excellence, Performance
SHEQ	Safety Health Environment and Quality
SLA	Service Level Agreement
STAGES	Stages Restaurant
YTD	Year to Date

