

2022/23  
**Integrated Report**  
FINAL DRAFT



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



In terms of Section 121 of the Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act, 2000. JOBURG THEATRE (RF) SOC LIMITED

**APPROVAL:**

<p><u>Nukeni MAGUBANE</u>  <b>Mr Vukani Magubane</b>          Acting Chief Financial Officer</p> <p>          Signature</p>	<p>Date of approval: <u>04/12/2023</u></p>
<p><u>Xoliswa Nduneni</u>  <b>Ms Xoliswa Nduneni-Ngema</b>          Chief Executive Officer</p> <p>          Signature</p>	<p>Date of approval: <u>04/12/2023</u></p>
<p><u>GODFREY KATSANA</u>  <b>Mr Godfrey Katsana</b>          Chairperson of the Board</p> <p>          Signature</p>	<p>Date of approval: <u>04/12/2023</u></p>
<p><u>Cllr Lubabalo Magwentshu</u>  <b>Cllr Lubabalo Magwentshu</b>          Member of the Mayoral Committee</p> <p>          Signature</p>	<p>Date of approval: <u>05/12/2023</u></p>

## COMPANY INFORMATION:

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

### **VISION**

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

### **MISSION**

***To produce and present innovative, relevant and diverse local and international entertainment programmes that promote inclusion and social cohesion.***

*In so doing, the company commits to:*

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

## Contents

Abbreviations.....	6
<b>ABOUT THIS REPORT .....</b>	<b>7</b>
<b>CHAPTER ONE: LEADERSHIP &amp; CORPORATE PROFILE .....</b>	<b>14</b>
Section 1: Foreword by Member of the Mayoral Committee .....	15
Section 2: Chairperson's Foreword.....	16
Section 3: Chief Executive Officer's Report .....	18
Section 4: Chief Financial Officer's Report .....	24
Section 5: Corporate Profile / Overview of the entity .....	31
Section 6: Strategic Objectives .....	33
<b>CHAPTER TWO: GOVERNANCE .....</b>	<b>44</b>
Section 1: Composition, Key Activities & Remuneration of Board of Directors .....	45
Section 2: High-level organisational structure.....	64
Section 3: Governance of Stakeholder Relationships.....	65
Section 4: Risk Management and internal controls.....	75
Section 5: Anticorruption and Fraud.....	92
Section 6: ICT Governance.....	92
Section 7: Compliance with Laws and Regulations .....	95
<b>CHAPTER THREE: SERVICE DELIVERY PERFORMANCE .....</b>	<b>98</b>
Section 1: Highlights and Achievements.....	99
Section 2: Service Delivery Challenges.....	106
Section 3: Response to Strategic Direction .....	104
Section 4: Performance against Service Standards .....	111
Section 5: Performance against Predetermined objectives .....	112
Section 6: Public Satisfaction on Municipal Services.....	119
Section 7: Recommendation and Plans for next financial year .....	120
<b>CHAPTER FOUR: HUMAN RESOURCES &amp; ORGANISATIONAL MANAGEMENT .....</b>	<b>121</b>
Section 1: Employment Remuneration .....	123
Section 2: Key Vacancies .....	124
Section 3: Employment Equity .....	126
Section 4: Skills Development and Training .....	130
Section 5: Performance Management .....	133
Section 6: Disciplinary Matters and Outcomes .....	134
Section 7: Leave and productivity Management.....	135
Section 8: Employee Wellness.....	136
Section 9: Employee Benefits .....	139
Section 10: Occupational Health & Safety Programmes .....	139
<b>CHAPTER FIVE: FINANCIAL PERFORMANCE.....</b>	<b>141</b>
Section 1: Statement of Financial Position and Highlevel Notes.....	139
Section 2: Statement of Financial Performance and Highlevel Notes.....	140
Section 3: Cashflow Statement and Highlevel Notes.....	141
Section 5: Ratio Analysis.....	144
Section 6: Supply Chain Management and Black Economic Empowerment.....	150
Section 7: Pending Litigations and Possible Liabilities .....	153
Section 8: Insurance Claims against/to MOE/Department .....	153
Section 9: Statement on Amounts Owed By and To Government Departments and Public Entities .....	153
<b>CHAPTER SIX: INTERNAL &amp; EXTERNAL AUDIT FINDINGS .....</b>	<b>154</b>
Section 1: Progress on Internal Audit Plan .....	155
Section 2: Progress on Resolution of Internal Audit Findings.....	158
Section 3: Progress on Resolution of External Audit Findings .....	165
Section 4: Overall State of Internal Controls .....	173
<b>APPENDICES AND ANNEXURES.....</b>	<b>166</b>
Section 1: Report of the Auditor General.....	168
Report on the audit of the financial statements.....	168
Report on the audit of the annual performance report.....	168
Report on the audit of compliance with legislation.....	169

**Annexure – Auditor General’s responsibility for the audit.....172**  
Section 2: Annual Financial Statements.....174

## Abbreviations

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

## ABOUT THIS REPORT

Joburg Theatre (SOC) Ltd, known as Joburg City Theatres (JCT), an independent municipal entity wholly owned by the City of Johannesburg (“COJ”), is pleased to present its Integrated Report for the period 1 July 2022 to 30 June 2023. JCT operates Joburg Theatre (Braamfontein), Roodepoort Theatre and Soweto Theatre.

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

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

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

JCT has applied circular 63 of the Municipal Finance Management Act No. 56 of 2003 (MFMA), issued by the National Treasury in the preparation of the integrated report. The circular prescribes the content municipalities should cover in their annual reports. The 2022/23 integrated report provides all of the required data and tables.

To comply with local and international sustainable reporting best practice guidelines, the 2022/23 integrated report also takes into account financial, social and economic factors in reporting on JCT’s operations. The guidelines applied include:

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

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

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

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

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

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

### **Basis of preparation and presentation**

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

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

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

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

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

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

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

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

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

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



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

### Description of the reporting boundary

The integrated report covers the performance of JCT for the 2022/23 financial year in all geographic regions (Braamfontein, Roodepoort and Soweto including hospitality and catering operations) in which the entity operate. The consolidated data incorporates all the business units managed by JCT. There are no other entities over which the group has significant influence that it believes should be included in the report. Financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

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

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

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

The integrated report for the period 1 July 2022 to 30 June 2023 is an integrated financial, social and economic report. JCT aligns to the local and international sustainability best reporting practices including the:

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

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

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

### Codes and protocols

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

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

### Assurance process for the integrated report

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

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

The entity's Integrated Report for the 2022/23 financial year was assessed and rated to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

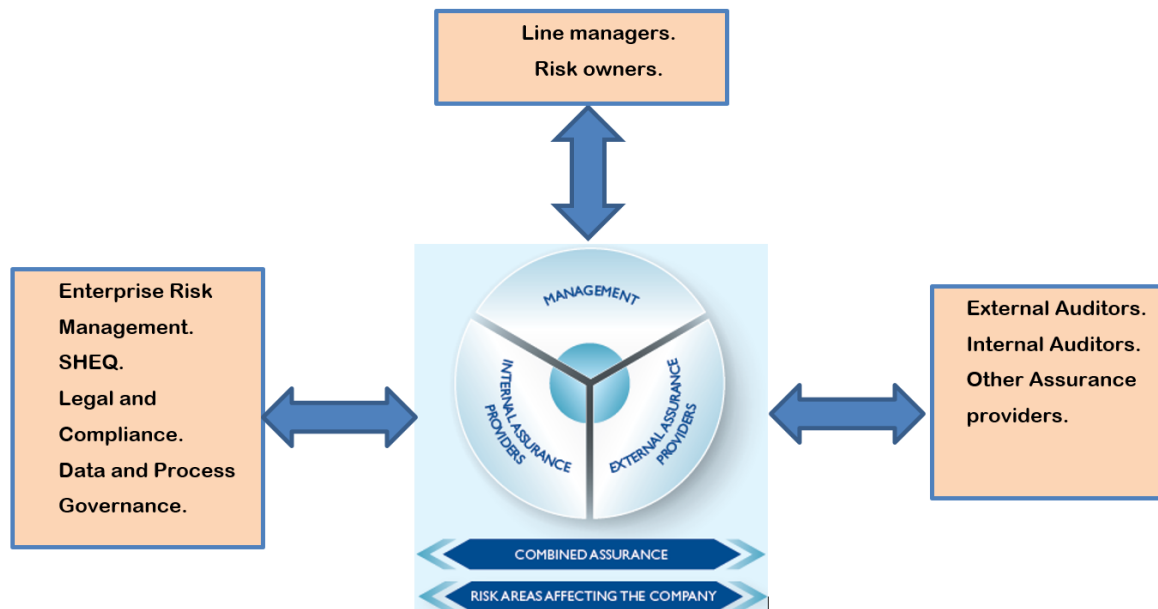
<b>Integrated Reporting Framework</b>
Ethical Leadership and Corporate Citizenship
Boards and Directors : <ul style="list-style-type: none"> <li>- Board Independence;</li> <li>- Board reporting ;</li> <li>- Board's performance;</li> <li>- Board Committees;</li> <li>- Director's remuneration;</li> </ul>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

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

Integrated Reporting Framework
- Audit and Risk Committee performance;
The Governance of Risk
Compliance with Laws, Codes, Rules and Standards
Internal Audit
- Internal Audit Function;
- Internal Controls
Governing Stakeholders Relationships
Integrated Reporting Disclosure
- Financial Disclosure;
- Sustainability Disclosure.
Integrated Reporting Philosophy

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

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



### Assurance Structure and Reporting Lines

#### Board

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

#### Audit and Risk Committee

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

### **Risk Owner**

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

### **Risk Champion**

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

### **Combined Assurance Champion**

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

The combined assurance champion objectives are:

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

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

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

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

### Board responsibility and approval


The Board, assisted by the Audit and Risk Committee and the Remuneration, Social and Ethics Committee, is ultimately responsible for the integrity and completeness of the integrated report and any supplementary information. The Board has applied its collective mind to the preparation and presentation of the integrated report and has concluded that it is presented in accordance with the International Framework. The Board approved the 2022/23 integrated report, together with the annual financial statements and supplementary information, taking into consideration the completeness of the material items it deals with and the reliability of information presented, in line with the combined assurance process followed.



Mr Godfrey Katsana  
Chairperson  
Board of Directors



Mr Orapeleng Ramagaga  
Chairperson  
Audit and Risk Committee



Ms Pamela Ndlovu  
Chairperson  
Remuneration, Social and Ethics Committee

# CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE



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

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

- Governance
- Finance and Administration
- Programming and Marketing

This integrated report covers JCT's governance, financial, social responsibility, broader economic and overall sustainability performance information for the financial period 01 July 2022 to 30 June 2023. The report provides a perspective of past and current performance, while giving insight into future prospects and strategies with a comprehensive summary that includes operations at Joburg, Roodepoort and Soweto Theatres including hospitality and catering.

The report also covers:

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

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



It is with the utmost humbleness that I present the Joburg City Theatres 2022/23 Integrated Annual Report for the period 1 July 2022 to 30 June 2023. A significant turning point in the CoJ was seen in the middle of the financial year as a new political administration aptly referred to as the Government of Local Unity, was ushered in. A renewed back to basics approach to service delivery was re-ignited. I was then appointed as the Member of the Mayoral Committee and entrusted with overseeing the Community Development portfolio.

The year under review has seen notable improvements as most of the targets relating to strategic goals and objectives entailed in the Business Plan and the Service Delivery Agreement (SDA) has been achieved. 2022/23 fiscal year has been momentous in numerous ways with two key Anniversary celebrations as detailed in the report.

As JCT continued to deliver on its mandate of providing a quality and innovative live entertainment and educational programmes through the integrated management of the theatre venues, as well as innovative and inclusive programmes. I am pleased to report that both the Board and Management Team were most supportive in making my job easier in reporting to the Section 79 Committee, Mayoral Committee and the Council.

### Policy Development

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

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

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

The above plan and policy imperatives informed the business processes of Joburg City Theatres for the financial year 2022/23.

### Future Actions

We will continue to present diverse productions on all our stages; create and tell South African stories; create opportunities for local artists; create meaningful opportunities for the youth; raise the SA flag abroad; assist our young learners with school readiness through our networks programmes and most importantly reach new audiences through forging strategic partnerships.

### Conclusion

On behalf of the Shareholder, a special thank you goes to the Board of Directors, led by Mr. Godfrey Katsana, for providing strategic leadership and oversight of the entity.

To the CEO- Ms Xoliswa Nduneni-Ngema, the management team and staff members I appreciate the unwavering support to the cause of sound public governance. Let us all continue working together towards building a better society, without your commitment and loyalty, these achievements would not have been possible.

Lastly, to our theatre patrons and stakeholders, thank you for your continued support.



**Cllr Lubabalo Magwentshu**  
Member of the Mayoral Committee  
Community Development

## Section 2: Chairperson's Foreword



It is my great pleasure to present the Annual Integrated Report for the financial year 2022/23. This report is intended to offer an effective summary of the company's performance over the last year, looking at the areas where our performance has been strong, the areas which have proven difficult and where we expect to make improvements to our service offering over the coming year.

The year under review has been both exciting and challenging in terms of our performance against set targets. This was so not just for the theatre, but for the country at large, as well as globally against a contracting economic outlook. Despite the economic conditions which brought a distress on the disposal income of our consumers, It is really inspiring to report a **96%** achievement of targets set in the Business Plan with **100%** achievement on Capex.

### ***Organisational Review***

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

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

The fiscal year under review has been an exciting year for Joburg City Theatres with the celebration of two significant milestones, details of these are contained in Chapter 3 of the report. These anniversaries represented both pride at what we have achieved so far, as well a reminder of the challenges we face ahead. As we celebrated these milestones we continue building upon JCT's business and youth development initiatives in order to set ourselves up for success in future years.

We continued to provide training and development programmes for young people wanting to develop performing arts skills and knowledge. Thus providing learners with high quality live performances of set books from the school curriculum at the comfort of their school halls.

### ***Governance Review***

In accordance with the legislative provisions as embodied in the MFMA, the Municipal Systems Act and various other regulatory requirements, as well as codes such as the King Codes, the Board of Directors executed oversight, interventions and guidance of the entity during the year as per the approved 2022/23 Business Plan.

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

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

The Board managed to comply with the directive from the Group Head; Group Governance to process the Unauthorised, Irregular, Fruitless and Wasteful (UIFW) for the affected financial year.

### ***Extending thanks***

I would like to thank the Board Members, for their contribution in ensuring that the entity operates effectively and efficiently within the limited resources.



I would like to congratulate Ms Xoliswa Nduneni-Ngema (CEO) for her unwavering dedication to operational excellence at JCT.

I wish to thank Management and the entire JCT staff for their dedication and hard work. I also wish to extend my gratitude to the City Group Governance for their support and guidance.

Lastly, I take this opportunity to thank the Shareholder for having trust in the Board and ensuring continuity of directorship. We also recognise the contribution made by Councillor Lubabalo Mangwentshu, MMC, for his leadership. I look forward to another exciting and transformational year ahead.



pp. 

---

**Mr Godfrey Katsana**  
**Board Chairperson**

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



I am pleased that we have made progress towards achieving our vision during the 2022/23 financial year, while continuing to expand our range of innovative products and services. The company delivered satisfactory corporate performance during the period under review, under unprecedented economic circumstances.

The integrated report for the 2022/23 financial year was produced by management and authorized by the board in accordance with MFMA Circular 63, the International Integrated Reporting Council Framework, and the International Integrated Reporting Council Framework, the Memorandum of Incorporation, the amended Shareholder Agreement as well as the King IV principles of Good Governance to which JCT subscribes. This report is the board’s tool of accountability to the shareholder, the citizens of Joburg and JCT’s stakeholders.

JCT’s programmes for the period under review were aligned with the COJ’s IDP in providing socio economic opportunities and arts and culture programmes. Achievements included promotion of arts programmes among young people, promotion of access to our facilities, development of talents in the arts and culture sphere, facilitation of partnerships and co-productions that widened the participation of local producing partners engaged with JCT and ensured sound financial management, financial control and growth in revenue.

#### Theatre Operations and Challenges

The financial year 2022/23 has seen both success and challenges within Joburg City Theatres. The creative industry is still facing major disruption following the shattering global pandemic, mainly due to challenging economic conditions.

In 2021/22, when theatres reopened following the pandemic, the box-office gross was R14 652 million, with 113 201 patrons attending in 854 performances. JCT is making a strong rebound as audiences are returning to experience extraordinary live theatre. The 2022/23 financial year numbers indicate an upward trajectory with 193 677 attendances and R27 569 million in grosses (all ticket sales including rentals, co-productions and in-house productions). The attendance figures are showing an improvement but still 29% down on pre-pandemic levels.

JCT continues to present robust and diverse productions ranging from beloved classics to ground-breaking debuts, attracting an array of audiences who are keeping the theatres bustling with excitement. In-house and co-productions seasons presented during the year under review were 53 out of the 55 planned.

#### Performance Achievements

JCT set a total of twenty two (27) key performance indicators in the approved business plan for the 2022/23 financial year. The performance was recorded as follows:

- Of the 27 targets, a total of 26 targets were achieved, translating to 96% target achievement.
- 1 KPI was not achieved
  - Unqualified audit opinion for 2021/22 with material audit findings.

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

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

	2018/19	2019/20	2020/21	2021/22	2022/23
Financial Audit Opinion	Clean Audit	Unqualified Audit	Unqualified Audit with material findings	Unqualified Audit with material findings	TBC
Performance	No findings	No findings	Material adjustment to the annual report	Material adjustment to	TBC

				the annual report	
--	--	--	--	-------------------	--

Past performance of **Predetermined Objectives:**

	2018/19	2019/20	2020/21	2021/22	2022/23
Percentage achieved	94%	91%	81%	95%	96%

Past performance on **Capital Expenditure:**

	2018/19	2019/20	2020/21	2021/22	2022/23
Percentage achieved	94%	100%	100%	100%	100%

**Service Delivery and Core Business**

**Artistic Director’s Overview**

This is always an exciting time, when we reflect, realistically on the financial year that has just ended. This process involves a lot of looking back at the goals that we set for ourselves as an entity of the City of Joburg. To look at our sector, the challenges it presents to us. The lengths that we are willing to travel to make sure that we not only achieve our mandate, in established venues, but the need to grow JCT’s operations to areas that are not equipped to host theatrical events. How are those communities catered for? What efforts do we work on to mine the stories in such surroundings?

We are still focusing on the pillars that drive all that we do...

- Our commitment to the idea of mentorship
- Giving the community access to these spaces
- Creation of diverse content
- Celebration of Heritage
- Exploring new territories

We are now making theatre, in a very difficult financial climate that we are faced with, globally. This challenges us to introspect a lot about our operations. It talks to a need to think differently about the sector; to have a willingness to change; to find new ways to create work; to venture into partnerships that will make it easy for us to source new funding structures; and to imagine innovative ways, that will allow us to grow our footprints in the theatre space.

Theatre is no longer that aspect of life that is locked to a venue. It now needs to be given latitude, that means that it can be presented in its original form but also flexible enough to morph into a different feel and forums, once taken out of its traditional surroundings.

The need to be visible in spaces that have not catered for theatre before is very crucial at the moment. It has been so beautiful to observe how our partnerships are bringing such a plethora of ideas into our spaces. We now need, to find a way to take those relationships outside of our walls and make ourselves visible in arenas, that not known for theatre exhibition. These thoughts are not specific to this country, but international curiosities about our sector. We are witnessing at the moment very well- known theatre venues, in some of the top cities around the world , orbiting their thinking and finding new ways to stay afloat.

2022. A year of celebrations...

Diamond Jubilee (60 years) for Joburg Theatre.

This was such a huge milestone for Joburg Theatre. A year packed with so many exciting moments, worth a great review. A walk through the different foyers of this beautiful monstrosity, you could hear the murmur of voices, see beaming faces filled with so much anticipation, waiting for the doors of the theatre, to open.

A new aesthetic was added at the courtyard of the theatre, with all the stars that were curated in the front, to honour certain individuals who exhibited their gifts at this theatre. These are all the big name actors, actresses, dancers, directors and playwrights. Artists from different genres who gave this theatre the reputation and prestige it carries to this day.

This moment of honour echoed so much, a sense that mirrors contemporary landscape of this country. An honour not reserved for a certain enclave, but a moment to tip the hat, in a very inclusive manner.

The Nelson Mandela Stage, was the arena that explored the collision of those stories about Joburg Theatre. This theatre has been the gateway for so many careers that blossomed on its stages. A spectacle was presented that not only celebrated the yesteryear stars and content, but a work that clearly articulated a need to preserve the palate that we are known for and to explore untapped territory. To try new content for all our spaces, curate for a society that is constantly evolving. It is in this building that our audiences have witnessed so many "Once upon a time" unfolding before their eyes.

Our patrons have been privy to how this theatre, this brand has grown over the years. With so many turn-around processes, in-between productions. The one thing that this theatre has always been known for, is its commitment to quality productions that get exhibited to our audiences. The drive to attract new audiences, with a huge focus on retaining those audiences for future content. The need to constantly surprise and excite our patrons with different offerings.

Joburg Theatre is part of a cluster of theatres, run by the City of Joburg. These venues, in three different pockets of the City, challenges all of us to be completely hands on deck and be driven by the need to service these diverse constituencies. We are propelled, by the inspiration from everywhere. With that in mind, we arrive at the cornerstone of our vision for these spaces. We have the humility that informs us that we do not work in silos, JCT is part of a greater, universal theatre circle.

#### 10<sup>TH</sup> year Celebration for Soweto Theatre

There was a lot of media attention, different publications keen on telling the story of this theatre venue in the heart of the biggest metropole on the continent. To witness how from 2012, this venue has been galloping along hosting new and commissioned work; giving space to content creators from the community; becoming a venue for corporate companies to host their events; and recognized, as a go to space for award evenings.

This is truly a huge triumph for this space, a new addition on the list of venues in South Africa. We are very cognizant of the material that we feel has a bigger urgency for the space. And now with the Jabulani Amphitheatre in operation, our curatorial ideas are shifting gear, looking at how we find partners to work with in programming this venue with content that is specifically designed for its size.

Renaming of the Red Theatre into the Gibson Kente Theatre, we put together a day of programming, with the Youth Orchestra, sitting on stage and the Orchestra pit, with scores in front of them. It was such a beautiful story of time, to see the Soweto Youth, playing music that is as old as the hills, in this present landscape, giving Bra Gib the attention he so richly deserves.

We have committed to presenting an annual celebration of this iconic man of stories in the country, with the Gibson Kente Annual Lecture. To find young people who will create new work that is in conversation with Bra Gib. There is a really lovely and poignant tale that starts with the staging of Prof Eskia Mphahlele's "THE SUITCASE" in 2012, all the way to the diverse programming that is very visible in that theatre complex.

On the pipeline is a quest to stage works that will herald an era in which Soweto Theatre celebrates the visibility of indigenous languages. The plan is to explore this territory, through the adaptations of set-works or books prescribed for schools. In so doing, we get to celebrate the diversity of the country and to hold on the highest of esteems, the brave scribes who are hell-bent on creating narratives that in conversation with the community. To celebrate languages that are seriously threatened by the dominance of the English language.

This will augur well for our audience development efforts. To articulate that theatre or stories can be told in so many different ways, to attract that cluster of people, who want to go to the theatre, to witness a story that is a direct mirror image of themselves.

#### 2022-23 SEMINAL WORKS at JCT

FENCES by August Wilson

The Head and the Load by William Kentridge

Celebration of Legends at the Amhi – Theatre

January 15<sup>th</sup>, A moment with Dr King.

Opening of the Gibson Kente Theatre

Kunene and the King by John Kani.

Don Mattera Memorial

There are hurdles along the way, our sector is linked to societal issues. We serve a community that is constantly asking more from us. Our Producing ideas are what we use, to design and curate programming for all these spaces. Our need to always be working, on how we create a sense of identity, for each one of these theatre spaces, is at its heightened phase.

100% was achieved on service level standards; 80 arts and culture festivals and themed productions held / in-house productions were presented against a target of 50; 4 Joburg Ballet seasons and 4 Johannesburg Philharmonic Orchestra seasons, both against a target of 4.

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

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

### **Financial Health Of The Entity**

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

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

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

- JCT recorded a trading surplus of R2.1m surplus after taxation for the year against the what was budgeted.
- The average spend for JCT on BBBEE is 75% while spend on SMMEs averages at 63%.
- The total revenue for 2021/22 annual revenue was R 252 million and in the 2022/23 is R 286 million representing an increase of 13.49%
- The earned revenue for 2022/23 is R106.4 million and in the 2021/22 was R86 million representing an increase of 23.26%

### **Human Capital Management**

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

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

JCT is operating at **90%** occupancy against the approved staff establishment with the remaining **8%** recorded as vacancy rate. The vacancy recorded is exclusive of the deferred positions in the approved structure which will be filled as soon as there is budget availability. In addition to the above staffing and **3.6%** of human capacity comprises of interns which are placed within various departments.

Details of the human capital management is contained in Chapter 4 of this report.

## **Risk Management**

Risk assessment and implementation of measures to mitigate risks identified are managed by JCT staff on a daily basis through the execution of duties in the entity's operations. A risk assessment process for the 2022/23 financial year was conducted to identify strategic and operational risks that were aligned to the City's Mayoral priorities. During the financial year JCT continued to identify emerging risks and developed mitigating action plans that were monitored for implementation and progress reported quarterly to the Audit and Risk Committee, Board and Group Risk Governance Committee.

Below outlines JCT top five Strategic Risks that were managed for the 2022/23 financial year:

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

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

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

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

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

## **Forward Looking**

For the financial year 2023-24 JCT has identified 5 strategic objectives and committed on focus areas that will ensure that the set objectives are met.

### **Quality performing arts and entertainment experiences and facilities:**

- Strengthen the acquiring and hosting of local and international work
- Better leverage the Joburg Ballet and Johannesburg Philharmonic Orchestra into the group offering
- JCT touring circuit – annual showcase, by taking at least one show nationally
- Implement the JCT Annual Legend Tribute Programme

### **Provision of opportunities for the youth, including future arts and theatre practitioners and entrepreneurs:**

- Support local content development and creation of new works
- Implement structured opportunities for the development of the talents and skills of young people in the arts
- Cultivate local entrepreneurs and suppliers
- Strengthen school network offerings across all theatres

### **Affordable access to and use of theatres by communities:**

- Showcase thematic productions that address societal issues
- Develop future audiences by providing discounted tickets to learners
- Promote and provide universal access to Theatres venues for persons living with disabilities
- Implement mechanisms and approaches that assist to make theatre-going practical for various communities
- Utilisation of the Mobile Theatre Truck to access audiences that are not traditional theatre goers

### **Good governance, financial sustainability, and sound management:**

- Integrate the programming and value chains of the theatres

- Ensure efficient and effective internal business processes and systems
- Achieve and sustain a clean audit outcome from the AGSA
- Consistent promotion and management of anti-fraud and corruption
- Balance the imperative for revenue generation with socio-economic development
- Grow shareholder value by ensuring sound financial management, financial control, and growth in revenue
- Enhance JCT's hospitality, events, and catering services
- Stage fewer yet high-profile productions – balance tickets sold/complimentary ticket ratio

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

- Leverage mutually beneficial partnering agreements and joint programmes, including:
  - Facilitating partnerships and co-productions that widen the participation of local producing partners engaged with JCT
  - Facilitating production partnerships with theatres in South Africa and the African Diaspora for the development of productions from African stories
  - Engagement with arts practitioners, private sector, and communities in bringing new audiences into contact with JCT programmes
  - Develop partnerships and collaborate with academia (universities) for research into JCT's operating environment and core business activities, and to source future content creators
  - Establish partnerships for productions through advertising

**Conclusion**

We will continue to demonstrate the critical role that the arts play in shaping and moulding society toward the larger national goal.

I proudly take this opportunity to thank our shareholder, the City of Joburg led for their continuing support, both financial and strategic. We value the immense support by the Member of the Mayoral Committee for Community Development for his vested interest in the theatre business and providing much needed assistance and leadership.

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

Finally to our most important stakeholders, the theatre makers and theatregoers. Because of you we continue to strive for sustainable, development-oriented and diverse programming and services to enrich the souls of the citizens of Joburg.



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

**Section 4: Chief Financial Officer’s Report**



**Joburg City Theatres Financial Highlights**

**Executive Summary**

**Revenue**

We are reporting the annual financial performance results in a difficult domestic and global economic environment. The global recovery is slowing. Domestically, load-shedding has become more persistent and prolonged, impacting on service delivery, and threatening the survival of many businesses. This is compounded by limited budget and rebasing exercise that the City of Johannesburg has embarked on and the entity had to cut its budget by R5m. Households are under pressure from the rising cost of living, and unemployment remains stubbornly high. We are navigating this difficult environment with policies that support entity’s faster growth and address

financial risks.

Global economic risks remain high, including those related to the ongoing war in Ukraine, and could impede growth if they materialise. There are risks to the fiscal outlook. These include a worsening of the economic outlook, a further weakening of the finances of state-owned companies, and an unaffordable local government wage agreement. If these risks materialise, they will require us to make difficult budgeting trade-offs. For these reasons, we must continue exercising financial restraint.

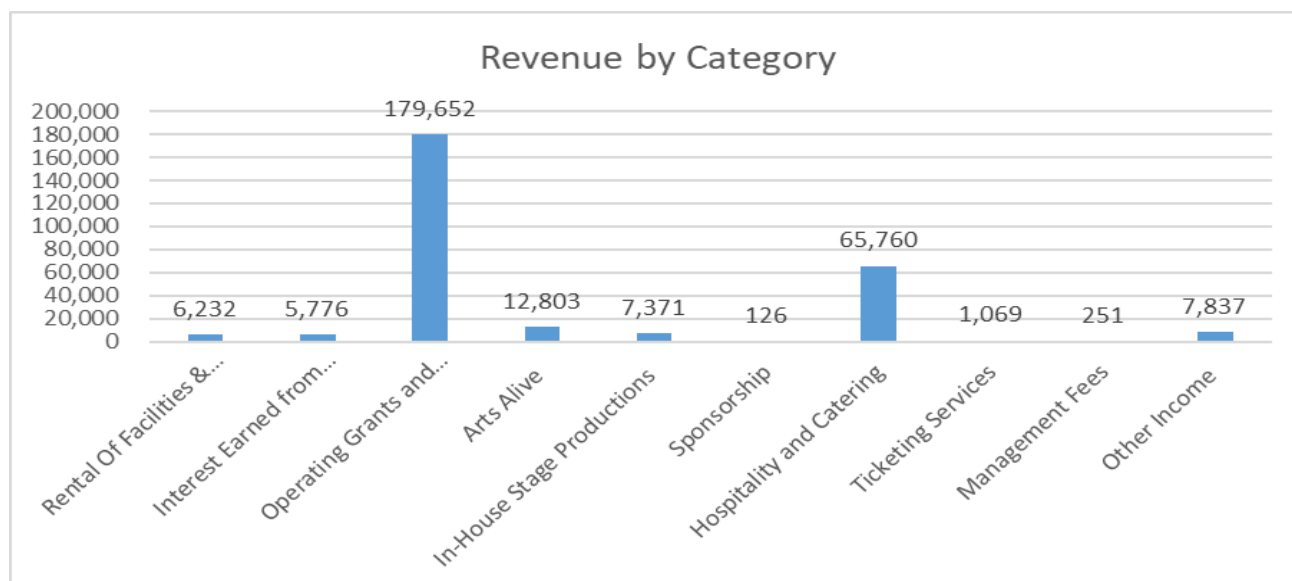
Despite challenges listed above, the entity has shown resilience and relatively maintained satisfactory performance with a bottom-line of **R2.1m** surplus on a year to date.

The entity generated revenue to the value of **R286m** for the year, while earned revenue was reported at **R106.4m** which translate to a 23.26% Good performance than prior year (86m 2022). This much higher than anticipated Revenue on Hospitality and Catering was due to several service level agreements (SLA) signed and executed, most notably an SLA framework order with COJ’s arts, Culture & Heritage within Community Development department.

<b>Total Annual Revenue 2022/23</b>	<b>R286 million up by 13.49%</b>	
<ul style="list-style-type: none"> <li>•The total revenue for 2021/22 annual revenue was R 252 million and in the 2022/23 is R 286 million representing an increase of 13.49%</li> </ul>		
<b>Earned Revenue Annual earnings 2022/23</b>	<b>R 106.4million up by 23.85 %</b>	
<ul style="list-style-type: none"> <li>•The earned revenue for 2022/23 is R106.4 million and in the 2021/22 was R86 million representing an increase of 23.26%</li> </ul>		
<b>Hospitality &amp; Catering 2022/23</b>	<b>R65.7million up by 21%</b>	
<ul style="list-style-type: none"> <li>•Hospitality and catering revenue for 2021//22 R54million and in the 2022/23 is R65million representing an increase of 21%.</li> </ul>		



Graph below is a summary of main revenue items:



Item Description	Actual 2022/23 R'000	Budget 2022/23 R'000	Actual 2021/22 R'000	Actual to Budget %	Current to Prior %
<b>Income</b>	<b>286,877</b>	<b>239,805</b>	<b>252,065</b>	<b>20%</b>	<b>14%</b>
Rental Of Facilities & Equipment	6,232	4,728	4,645	32%	34%
Interest Earned from External Investments	5,776	3,810	4,015	52%	44%
Operating Grants and Subsidies	179,652	179,652	166,152	0%	8%
Arts Alive	12,803	11,193	8,611	100%	100%
In-House Stage Productions	7,371	8,981	5,380	-18%	100%
Sponsorship	126	0	478	100%	-74%
Hospitality and Catering	65,760	29,424	54,038	123%	22%
Ticketing Services	1,069	1,199	499	-11%	114%
Management Fees	251	675	0	100%	100%
Other Income	7,837	143	8,247	5380%	-5%

### Explanation of major variances between budget and actual

**1. Ticketing Services** - The entity operates as both receiving house (rental of facilities and equipment) and producing house (In-house stage productions). The entity does not earn ticketing income on in-house stage productions hence the variance of 10.88% represent fees charged on rented production.

**2. Hospitality & Catering Services** - This revenue line item shows a favorable variance of 123.49%. This much higher than anticipated revenue on hospitality and catering was due to several service level agreements (SLA) signed and executed, most notably an SLA framework order with COJ's Community Development on arts culture and heritage programs as well as SLA's for Sports and Libraries and Office of the Speaker. Another contributor to the strong performance on this unit is the performances of the shows in this financial year where most of the performances were sold out.

**3. Rental of Facilities and Equipment** - The entity recorded a strong performance on Rental of facilities and equipment, the achievement was 31.81% (R1.5m) better than planned. This positive variance is largely attributable to the income earned from the fixed rental shows and door deals with the show producers.

**4. Interest received from Investments** - The target of R3.8m was achieved and exceeded by 51.6% (R1.9m) due to better rates negotiated with the banks and increased revenue in the current financial year.

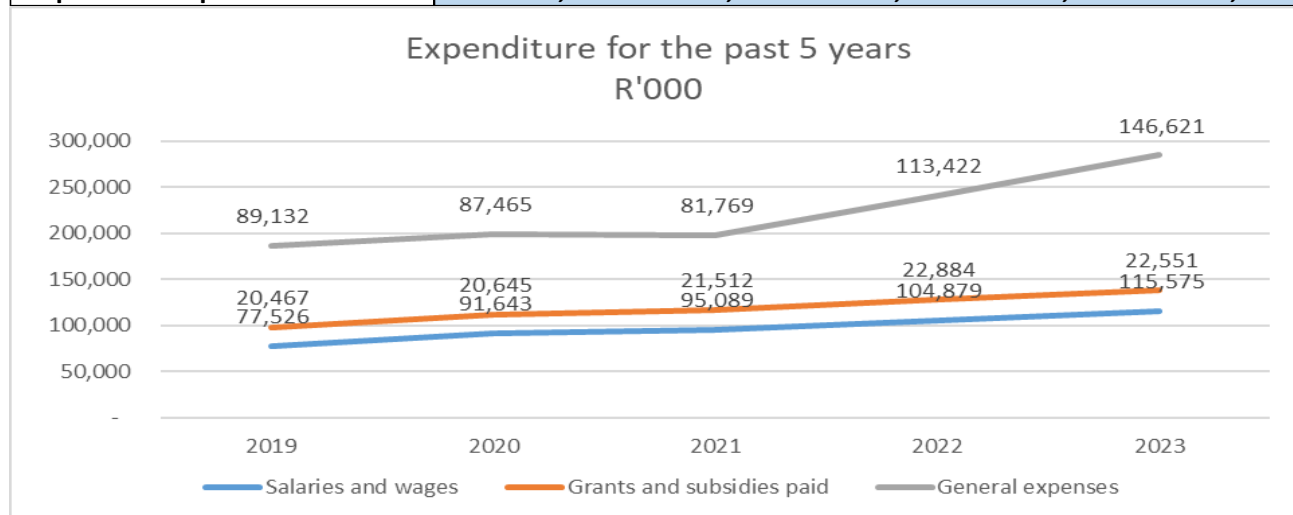
**5. In-house Ticket Sales** - Ticket sales were slightly below the target by 17.93% however outperformed last year's performance by 37.01% (R1.9m). This performance reflects an increase in Ticket Sales compared to Pre-Covid Sales.

6. **Other Income** - The R5m budget which was allocated for Newtown Revitalization program was rebased during the budget adjustment process by the budget steering committee at COJ metro however the entity was able to raise more funds from the special programs that were implemented on behalf of the Arts Culture and Heritage department at COJ Metro. Hence a favorable variance was reported on this line item.

### Revenue for the past 5 years

The revenue for the entity has been increasing for the past 5 years from R180m to R286m which translate to an average increase of 12% per annum while expenditure has been increasing at an average rate of 10.37%.

Consolidated Annual Revenue JCT					
	Actuals R'000				
Revenue category	2023	2022	2021	2020	2019
Subsidy	179,652	166,152	163,454	128,469	116,447
Earned Income	107,197	85,914	43,009	55,711	63,842
	<b>286,849</b>	<b>252,066</b>	<b>206,463</b>	<b>184,180</b>	<b>180,289</b>
Consolidated Annual Expenditure JCT					
	Actuals R'000				
Expenditure category	2023	2022	2021	2020	2019
Salaries and wages	115,575	104,879	95,089	91,643	77,526
Grants and subsidies paid	22,551	22,884	21,512	20,645	20,467
Depreciation and armortisation	1,671	1,807	1,899	1,998	1,641
General expenses	144,950	111,615	79,870	85,467	87,491
	<b>284,747</b>	<b>241,185</b>	<b>198,370</b>	<b>199,753</b>	<b>187,125</b>
<b>Surplus for the period</b>	<b>2,102</b>	<b>10,881</b>	<b>8,093</b>	<b>-15,573</b>	<b>-6,836</b>

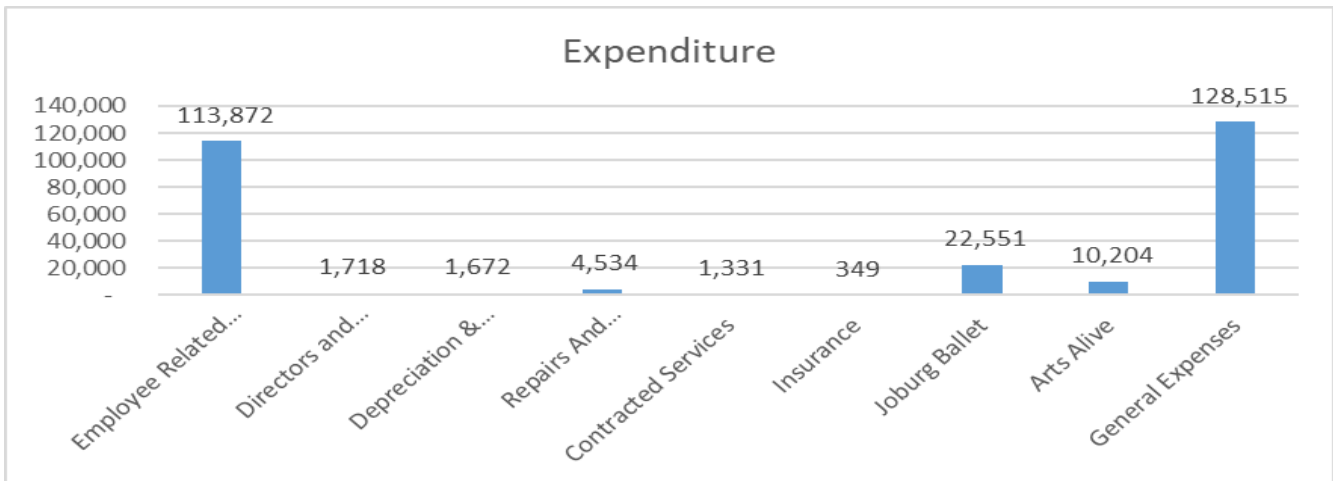


### Expenditure

JCT continues to employ its utmost financial discipline when it comes to expenditure management. Total Expenditure for the year is 19% above budget primarily because of the volume of activities that took place in the 4<sup>th</sup> quarter. Based on the analysis above, there is evidence that the country was experiencing general increase in the cost of living, this resulted in the South African Reserve Bank (SARB), Monetary Policy Committee (MPC) hiking the repo rate a record 8 consecutive times. This was in an effort to curb the high inflation in the country. High interest rates combined with the load shedding brought about increases in both productions and consumer goods. The operations are stabilizing to the pre covid levels which influences the cost drivers to increase.

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

Item Description	Actual 2022/23 R'000	Budget 2022/23 R'000	Actual 2021/22 R'000	Actual to Budget %	Current to Prior %
<b>Expenditure</b>	<b>284,746</b>	<b>239,807</b>	<b>241,183</b>	<b>-19%</b>	<b>-15%</b>
Employee Related Costs	113,872	105,922	103,287	-8%	-9%
Directors and Committee Members	1,718	2,204	1,700	22%	-1%
Depreciation & Asset Imparment	1,672	2,586	1,807	35%	8%
Repairs And Maintenance	4,534	3,852	4,909	-18%	8%
Contracted Services	1,331	1,874	1,703	29%	28%
Insurance	349	370	64	6%	-82%
Joburg Ballet	22,551	23,559	22,884	4%	1%
Arts Alive	10,204	11,193	7,513	100%	-26%
General Expenses	128,515	88,247	97,316	-46%	-24%

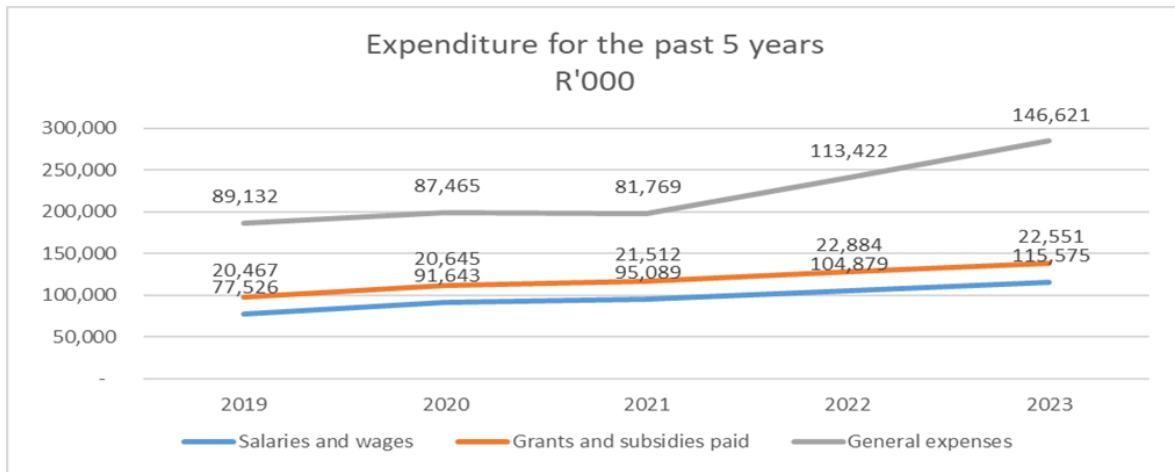


### Explanation of Variances

- Employee related costs:** The unfavorable variance on this line item was caused by the level of activities in the hospitality and catering department as well as in the core business of the theatre, furthermore, the City Johannesburg metro has implemented more allowances to be paid to insourced employees and that includes amongst others night shift allowance, Sunday shift allowance and danger allowance.
- Repairs & Maintenance:** The unfavourable variance on this line item is attributable to the flood-related costs, which included waterproofing at the Soweto theatre and ballet studio. This was an emergency that the entity had to address immediately to safeguard equipment in the auditoriums.
- General Expenses-** The actual is above the budget which is attributable to the cost of sales and hiring expenses, which are linked to the favourable revenue variance of 123.49%. Hospitality and Catering department entered into Agreements with the City of Johannesburg which were revenue generating activities in the period hence significant increase on the revenue, cost of sales and other variable expenses.

The other line items contributing to the increase on general expenditure includes amongst others transportation – universal contracts (Afrirent) and special projects undertaken by the entity on behalf of the Community Development department, consumables (uniforms for the cleaners and security), productions and other variable expenditure linked to the volume of the revenue generating activities in the financial year. The average Nett effect is a Surplus.

The bar chart below depicts the expenditure contribution for the Past five years.



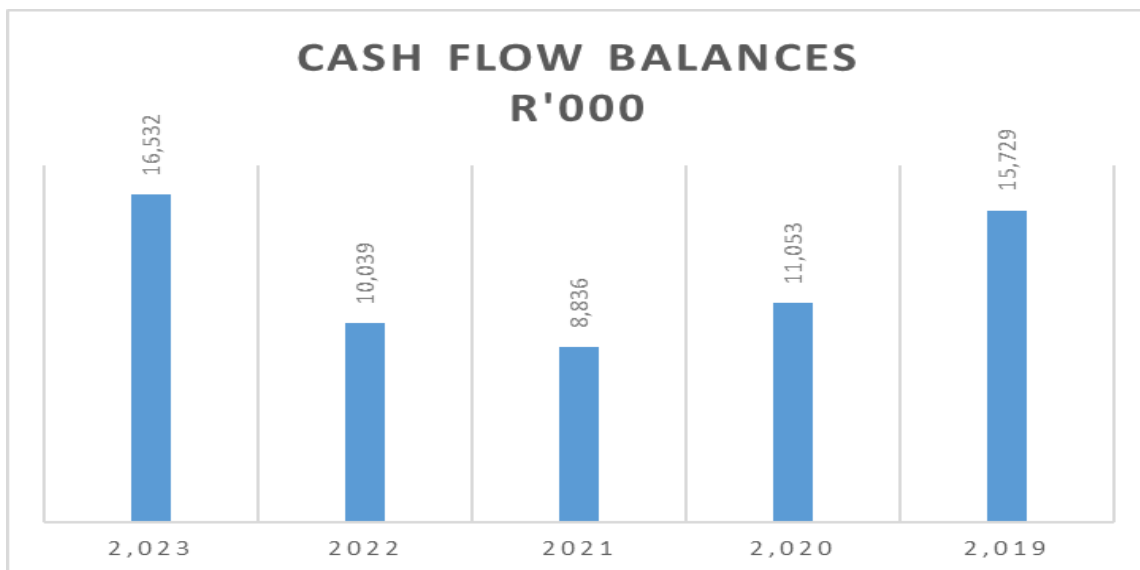
### Trading Surplus/Deficit

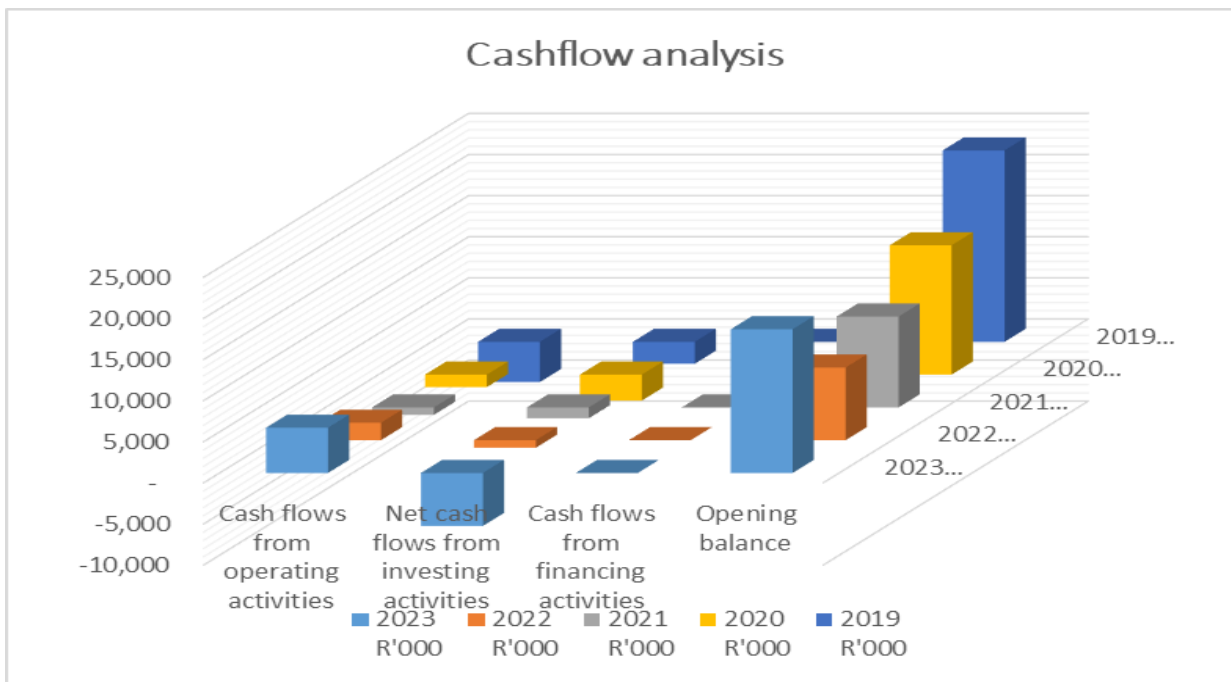
JCT recorded a trading surplus of R2.1m for the year against the balance budget.

### Statement of Financial Position for the year 2022/23

Current ratio for the entity has slightly decline from 1.46:1 in 2022 to 1.31:1 in 2023. However it is still above the target of 1:1, The solvency ratio has slightly declined from 1.68:1 in 2022 to 1.59:1 in 2023, this performance is below the industry norm of 2:1, this does not pose a challenge for the entity as the asset base does not grow because a lot of asset improvements are funded by the shareholder and are capitalised at COJ. Current assets have increased by 15% year on year and current liabilities increased by 28%. Total assets strengthened by 19.43% year on year while total liabilities also increased by 26% year on year.

### Cash flow results for the Financial Year





### Statement on Compliance

There were no compliance related issues reported in the year under review. There were also no payments paid to suppliers over 30 days from receipt of an invoice during the period under review.

### Joburg Ballet

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

Joburg Ballet						
Statement of Financial Position as at 30 June 2022			Statement of Financial Performance for the period ending 30 June 2022			
	Jun 22	Jun 21		Actual CY	Budget CY	Variance
	R'000	R'000		R'000	R'000	%
<b>Assets</b>			Revenue	553	579	5%
Current assets	1 789	552	Grants	2 648	2 648	0%
Non current assets	852	886	Expenditure	3 129	3 161	-1%
<b>Total assets</b>	<b>2 641</b>	<b>1 438</b>		<b>72</b>	<b>66</b>	<b>9%</b>
<b>Liabilities</b>						
Current Liabilities	331	86				
Non current Liabilities	26	26				
<b>Total liabilities</b>	<b>357</b>	<b>112</b>				
<b>NET Assets</b>	<b>2 284</b>	<b>1 326</b>				
<b>Bank Balances</b>	<b>1 687</b>	<b>504</b>				

### Johannesburg Philharmonic Orchestra

Orchestra submitted its quarter4 management accounts in line with the Service Level Agreement. The management accounts reflected a deficit of R543 000 against a budgeted deficit of R754 000. The entity has R11.976m in the bank account.

**Johannesburg Philharmonic Orchestra**

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

### Risk Management

The entity had 23 actions to be implemented in the quarter under review and all 23 were implemented resulting in 100% achievement.

### Capital Expenditure (CAPEX)

The entity's capital allocation was R13m and 100% spent was achieved. Key projects include a continuation of stage upgrade, acquisition of new generators as an alternative power supply and acquisition of digital stage screens replacing the normal sets on the stage.

Audit Opinion Trends

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

Audit Opinion for the past 5 year					
Financial Year	2022	2021	2020	2019	2019
<b>Audit Opinion</b>	Unqualified	Unqualified	Unqualified	Clean	Clean

### In conclusion

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



**VUKANI MAGUBANE**  
Acting Chief Financial Officer

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

### Introduction

The Mandate, Vision and Mission of JCT as presented in this report is aligned to the approved Business Plan for 2022/23.

The primary mandate of Joburg City Theatres is:

***To provide quality, innovative and accessible theatre, live entertainment and educational productions and experiences, which serves the diverse communities of the City of Joburg and supports social cohesion, inclusivity and tolerance***

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

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

### Corporate Profile / Overview of the entity

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Consultation**

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

- **Service Standards**

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

- **Access**

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

- **Courtesy**

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

- **Information**

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



- **Openness and transparency**

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

- **Redress**

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

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

- **Value for money**

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

## **Political Governance and Accountability**

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

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

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

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

## **Section 6: Strategic Objectives**

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

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

The company's strategic objectives include:

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

The 2022/23 performance information of JCT flows from a direct line-of-sight to the above strategic objectives and result areas / IDP Programmes.

The outputs by JCT through the arts programming included:

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

Outputs, linked to the SDBIP and the IDP:

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

Outcomes

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

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

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

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

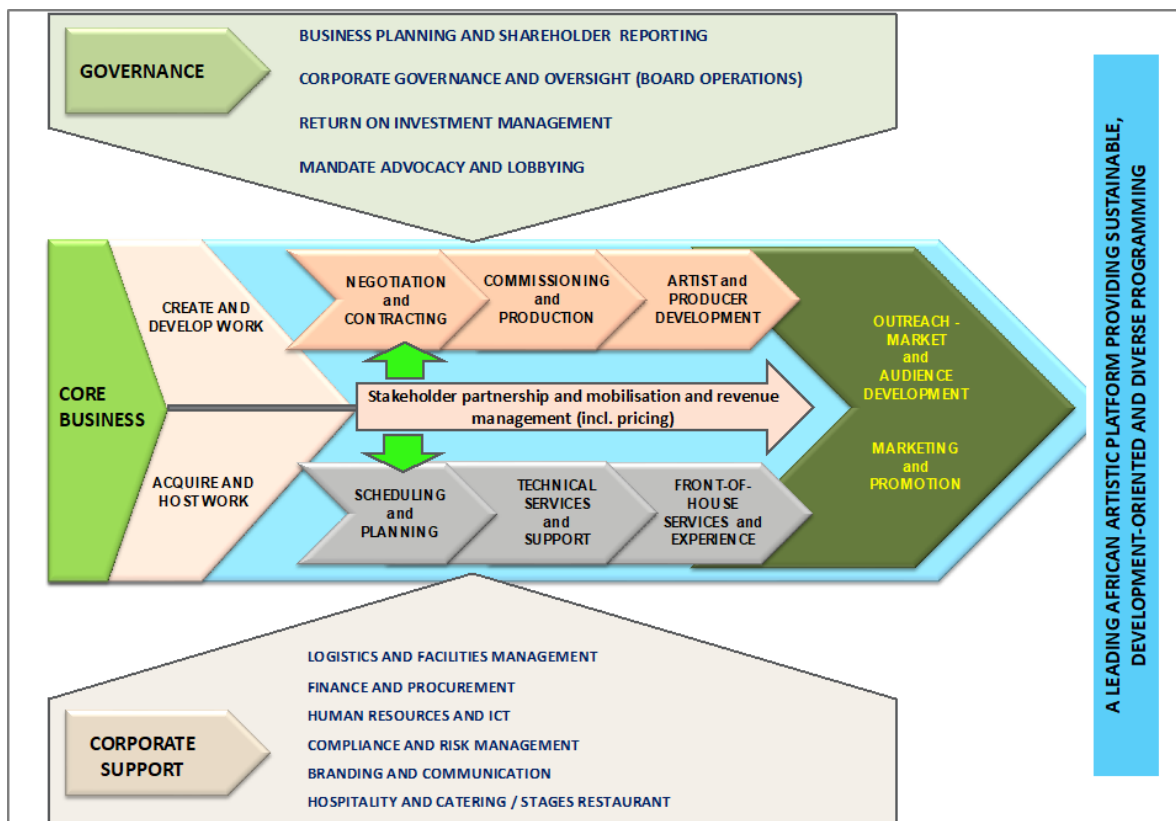
***To produce and present innovative, relevant and diverse local and international entertainment programmes that promote inclusion and social cohesion.***

We commit to:

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

## Business Model

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



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

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



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

### The Six Capitals

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

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

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

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

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

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

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

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

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

The short - medium term performance achievements and target outcomes are measured through JCT's Scorecard. For ease of implementation and reporting on the long-term priorities, CoJ has divided the 2022/27 IDP into various clusters, with Joburg City Theatres, among others, falling under the Social and Human Development Cluster.

The following key considerations require management intervention in the period 2022/23–2024/25:

<b>SHORT TO MEDIUM-TERM PRIORITIES: Informing the 2022/23 Business Plan</b>		<b>Impact Outcome</b>
<p>Strengthen governance and compliance.</p>	<ul style="list-style-type: none"> <li>▪ Reconstitute the Board Artistic/Service Delivery Committee;</li> <li>▪ Once approved, revisit the TOR and define what is meant by 'service delivery' in Joburg City Theatres context;</li> <li>▪ Identify the model and KPI's to be tracked from a Social and Ethics perspective - conduct an annual assessment on Ethics, similar to assessment done on risk environment;</li> <li>▪ Develop operational plans to strengthen reporting in Joburg City Theatres macro reports;</li> <li>▪ Ensure compliance with relevant legislation and policy prescripts</li> <li>▪ Integrate National Treasury 88 Indicators, City Manager Indicators and Service</li> </ul>	<ul style="list-style-type: none"> <li>▪ Good governance, financial sustainability and sound management</li> </ul>

SHORT TO MEDIUM-TERM PRIORITIES: Informing the 2022/23 Business Plan		Impact Outcome
	Standards into Annual Business Plan scorecard.	
Strengthen the operations and commercial viability of the theatres.	<ul style="list-style-type: none"> <li>▪ Balance commissioning/hosting ratio across all three theatres;</li> <li>▪ Stage fewer yet high-profile productions, which will result in greater tickets sales (balance tickets sold/complimentary ticket ratio);</li> <li>▪ Commercialise the transformed content – ensure all shows staged have the ability to be profitable;</li> <li>▪ Optimise theatre planning and scheduling – by adopting a multi-year planning and scheduling approach;</li> <li>▪ Ensuring that the gap is bridged between the creative team and the marketing teams to avoid the “us and them” scenario;</li> <li>▪ Set up hospitality and catering operations within other City entities that will yield necessary financial results, once the Metro Centre operations are consolidated and running as hassle-free as possible;</li> <li>▪ Learning from international trends, musicals, operas, ballets, drama and various festivals, and theming the offering according to significant events and days, such as the Women’s Arts Festival, Africa Day, Heritage Festival, Diwali Festival, Festive Lights;</li> <li>▪ Package content for various other platforms (TV, DVD’s, streaming, etc.) and/or sell TV rights to in-house productions;</li> <li>▪ Licence and merchandise successful productions and music.</li> </ul>	<ul style="list-style-type: none"> <li>▪ High quality performing arts and entertainment experiences and facilities.</li> </ul>
Strengthen community outreach and developing talent and youth.	<ul style="list-style-type: none"> <li>▪ More utilisation of the Mobile Theatre Truck to access or reach audiences that are not traditional theatre goers;</li> <li>▪ Conduct a regular tracer study on youth development beneficiaries;</li> <li>▪ Servicing learners in the Gauteng region by providing a teaching and learning experience</li> </ul>	<ul style="list-style-type: none"> <li>▪ Opportunities for the youth, including future arts practitioners and entrepreneurs provided.</li> </ul>

SHORT TO MEDIUM-TERM PRIORITIES: Informing the 2022/23 Business Plan		Impact Outcome
	<p>outside of the conventional classroom in a way that adds value to the educational experience;</p> <ul style="list-style-type: none"> <li>▪ Position arts alongside sport in schools for development of future audiences.</li> </ul>	
Strengthen Joburg City Theatres ticketing and promotion.	<ul style="list-style-type: none"> <li>▪ Make “combo tickets” available, e.g. theatre and a meal at stages (Mother’s Day, Valentine’s Day, etc.);</li> <li>▪ Implement a loyalty programme (e.g. attend two shows and get one show free, season tickets, etc.);</li> <li>▪ Last minute ticketing options – linked to audience development;</li> <li>▪ Showcase Joburg City Theatres hospitality offering and as a conference venue at conferencing exhibitions;</li> <li>▪ Consolidate other initiatives, such as the Festive Lights project to attract more patrons.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Affordable access to and use of theatres by communities</li> </ul>
Strengthen Joburg City Theatres’ destination marketing.	<ul style="list-style-type: none"> <li>▪ Strengthen Tourist focused marketing and promotion: <ul style="list-style-type: none"> <li>– Presence in in-flight magazines;</li> <li>– “Whats On in Johannesburg” site;</li> <li>– Ensure the website is easy to navigate to enable online bookings;</li> <li>– Link with City sightseeing bus and other tour operators;</li> </ul> </li> <li>▪ Offering access to more than one visual art form, e.g. exhibitions, installations, multi-disciplinary art spaces – daytime programme.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Resources to support the mandate, and improved brand recognition and awareness mobilised</li> </ul>
Strengthen stakeholder management and collaboration.	<ul style="list-style-type: none"> <li>▪ Revisiting and engaging with private and public sector to explore CSI opportunities (consider a formal breakfast/dinner event);</li> <li>▪ Monitor the value of equivalent/reciprocal benefit realised from partnerships;</li> <li>▪ Partner with COJ entities for greater security around the Joburg City Theatres venues, better maintenance of the precinct parks, better lighting around venues, and generally</li> </ul>	<ul style="list-style-type: none"> <li>▪ Resources to support the mandate, and improved brand recognition and awareness mobilised</li> </ul>

SHORT TO MEDIUM-TERM PRIORITIES: Informing the 2022/23 Business Plan		Impact Outcome
	<p>better support for Joburg City Theatres operations.</p> <ul style="list-style-type: none"> <li>Establish partnership with Braamfontein Improvement District</li> </ul>	
Enhance human capital management and performance management.	<ul style="list-style-type: none"> <li>Review programming and marketing structure</li> <li>Prioritise content management, fundraising, marketing and sales;</li> <li>Ensure a focus to both import and export Joburg City Theatres productions;</li> <li>Leverage and exploit the capabilities and strengths of the creative team among Joburg City Theatres staff;</li> <li>Continue with EAP/Employee Wellness Program;</li> <li>Strengthen operating model and workflow processes, so everyone knows who is responsible for what and when, supported by improved internal communication.</li> </ul>	<ul style="list-style-type: none"> <li>Good governance, financial sustainability and sound management</li> </ul>

### Long Term Strategic Goals

KEY LEGACY PROJECTS: Over the Medium to Longer-Term (2022 to 2025+)		Impact Outcome
<p><b>A “Joburg Festivals”</b> – Working together with Joburg City Theatres “cultural arch” neighbours.</p>	<ul style="list-style-type: none"> <li>Along the lines of the “Edinburgh Festival”, relevant to South Africa and Johannesburg;</li> <li>Link to Joburg City Theatres’ role to curate the Joburg City Festivals and drive it moving forwards;</li> </ul>	<ul style="list-style-type: none"> <li>Resources to support the mandate, and improved brand recognition and awareness mobilised</li> </ul>
<p><b>Joburg City Theatres part of the international touring circuit</b> - Joburg City Theatres produced shows that tour internationally.</p>	<ul style="list-style-type: none"> <li>An annual showcase – taking at least one show overseas from JCT (as a RSA showcase) per annum.</li> </ul>	<ul style="list-style-type: none"> <li>High quality performing arts and entertainment experiences and facilities.</li> </ul>
<p><b>Joburg City Theatres Precinct revitalisation</b> – partnering with Braamfontein neighbours.</p>	<ul style="list-style-type: none"> <li>Joburg Theatre park (Theatre Gardens)– needs to open up as a craft market;</li> <li>Reconfiguration of space – to suite multiple live experiences and art forms.</li> </ul>	<ul style="list-style-type: none"> <li>Resources to support the mandate, and improved brand recognition and awareness mobilised</li> </ul>



KEY LEGACY PROJECTS: Over the Medium to Longer-Term (2022 to 2025+)		Impact Outcome
Establish <b>Joburg City Theatres as a knowledge hub</b> – an archive of the legacy and history of Joburg and the theatres.	<ul style="list-style-type: none"> <li>▪ Establish a Joburg City Theatres Archive/Resource Centre to preserve and tell the story of the history of theatre: <ul style="list-style-type: none"> <li>– Digital and/or visual archive of footage and a record of the rich history of events for the public to visit and experience;</li> <li>– Develop a virtual tour of the three theatres, retrievable from all three theatres, to advertise all facilities from any one of the sites.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ High quality performing arts and entertainment experiences and facilities.</li> </ul>

### JCT's Initiatives

The company successfully implemented service delivery initiatives such as schools networks festival and the festival of lights amongst.

JCT's Operational Performance Innovation and Skills.

- Joburg Theatre in association with the City of Johannesburg entities; Joburg City Parks and Zoo and City Power presented the annual Joburg Festival of Lights featuring an enchanting collection of illuminated life-size animal characters and classical, harmonious entertainment, food and craft night market for visitors to the Joburg Zoo.
- The year 2022 marked an important milestone for Joburg City Theatres as we celebrated Joburg Theatre's 60<sup>th</sup> anniversary (diamond Jubilee) and Soweto Theatre's 10<sup>th</sup> year anniversary, introducing the first of its kind in South Africa "Walk of Fame" honouring the some renowned arts practitioners who have performed their works at jobourg theatre. Detailed information on Chapter 3.
- 100% of total work on stage machinery upgrade is completed
- Back up generator commissioning in progress

### Significant Factors Affecting External Environment

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

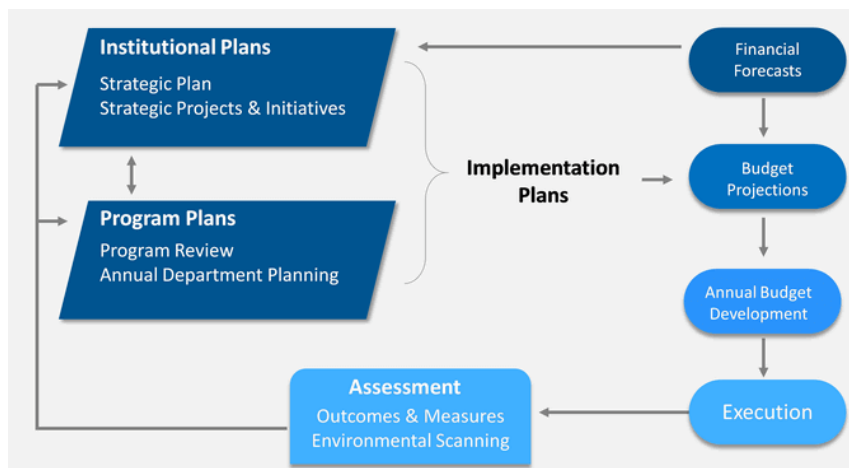
## Impact on Capitals

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



## Strategy and Resource Allocation

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

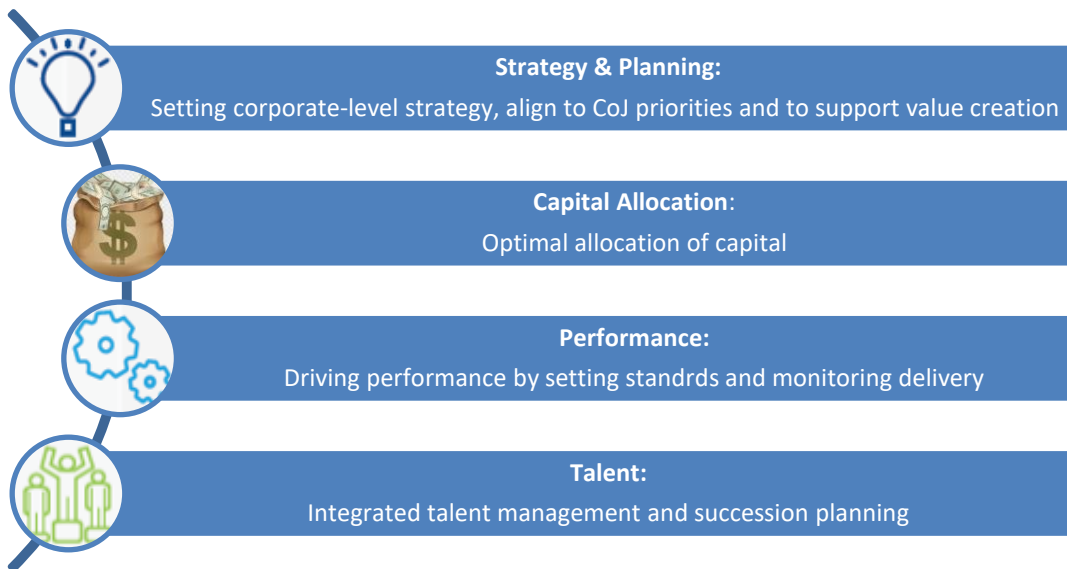


### JCT's Strategic Objectives:

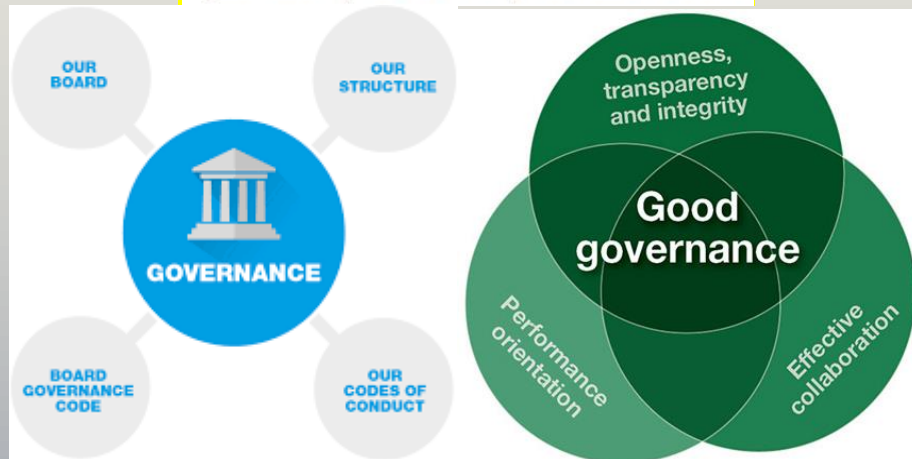
1. Quality performing arts and entertainment experience and facilities
2. Affordable access to and use of theatres by communities.
3. Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT
4. Good governance, financial sustainability and sound management.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

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

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



## CHAPTER TWO: GOVERNANCE



### KEY ACHIEVEMENTS

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

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

JCT as a municipal entity adheres to the legislative framework of Chapter 10 of the MFMA which prescribes that a municipal entity must ensure accountability and transparency in all aspects of financial management.

JCT is accountable to the City of Johannesburg Metropolitan Municipality (“CoJ”) as its sole Shareholder. Through a Service Delivery Agreement (“SDA”) signed between the entity and its Shareholder, JCT was established to adhere to its mandate, the Shareholder’s strategic objectives and performance objectives as set out in the SDA and JCT’s annual business plan.

The entity has a board of directors and an Accounting Officer, being the Chief Executive Officer (CEO). The board of directors exercises oversight over the strategic direction of the entity while the CEO is responsible for the day to day running of the entity.

JCT has a unitary board as its accounting authority and it is made up of independent non-executive directors, who are not full time employees of JCT, to facilitate independent judgment.

The board performs oversight on good corporate governance in JCT’s operations, which includes continuously assessing the entity’s financial and non-financial performance. The Shareholder is responsible for the appointment of board members, who are appointed annually at the entity’s Annual General Meeting (AGM) or a general meeting of the Shareholder, whichever occurs first.

JCT is established and functions in terms of the Municipal Systems Act (MSA) and the MFMA. The board performs oversight on the municipal entity’s structuring, management, administration and budgeting as well as planning processes to ensure they give effect to the advancement of basic services to communities, and to promote social and economic development of the community.

The board is also charged with ensuring that the entity undertakes its mandate effectively, transparently, with accountability and sustainably through participating in national and provincial development programmes. In addition, through its fiduciary duties, the board has the ultimate responsibility to develop corporate strategies and overseeing JCT’s performance.

The Shareholder supports JCT through providing a subsidy to the entity and ensuring the entity remains a going concern.

JCT’s board is responsible for monitoring the seamless and continuous alignment of the entity’s corporate strategy to the Shareholder’s strategy, i.e. the mayoral priorities, the provincial development goals and the National Development Plan (NDP). JCT’s corporate strategy is developed annually.

Through the entity’s social and ethics committee, the board monitors JCT’s activities pertaining to social and economic development, good corporate citizenship, environment, health, consumer relationships as well as labour and employment. Additionally, the board oversees the ethics management within the entity supporting JCT’s constitutional obligation to promote and maintain a high level of professional ethics.

The roles of the board chairperson and the Chief Executive Officer (CEO) at JCT are distinct and are maintained separately. The board chairperson is not an employee of JCT or the City of Johannesburg Metropolitan Municipality, and as such is independent. The CEO of the entity is responsible for the day to day management of JCT’s operations.

The CEO’s appointment is the responsibility of the board of directors and it is in terms of policy, done in consultation with the Shareholder.

The board of directors is supported by the Company Secretary in executing its fiduciary responsibilities. The Company Secretary is responsible for amongst other duties, providing legal, financial and/or strategic advice to the board, the executive management and the company. These responsibilities are executed in and outside meetings. In addition, the Company Secretary advises the board on corporate governance matters and maintains the regulatory as well as statutory books of the entity.

The Companies Act and the company’s memorandum of incorporation as well as the City of Joburg’s Group Shareholder policy on Governance of Group Advisory Committees, Municipal Entities’ Boards and Independent Audit Committees guides the board in executing its responsibilities.

JCT's board is made up of eleven (11) Non-Executive Directors, who have a mix of knowledge, skills, experience and diversity and it is led by the Chairperson, Mr. Godfrey Katsana. The Chairperson is not an employee of JCT. The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) form part of the board, as executive directors.

The board is accountable to the parent municipality and fulfils its reporting responsibilities provided in the Local Government: Municipal Finance Management Act (MFMA) and the Local Government: Municipal Systems Act (MSA), through performance reporting to the Shareholder on a quarterly, monthly and annual basis.

The Shareholder entrusted Group Governance, one of the departments established by Council, to perform oversight on the municipality and its entities with respect to corporate governance matters and Group Governance is accordingly responsible for board and board committees' evaluations.

The board has unlimited access to management and any organisational information requisite and necessary for the board to discharge its duties. The board has the power and authority to source independent professional advice, should the need arise, through the processes set out under the MFMA and the entity's Supply Chain Management policies.

The board is composed of the following members: *\*All current members are serving JCT Board for the 1<sup>st</sup> time excluding the CEO and ACFO.*

- Mr. Godfrey Katsana (Non-Executive Director (NED) and Chairperson);
- Ms. Pamela Ndlovu (NED)
- Mr. Orapeleng Ramagaga (NED)
- Ms. Ziyanda Mncanca (NED)
- Ms. Delisiwe Mabena (NED)
- Mr. Sibusiso Xaba (NED)
- Mr. Ben Mothupi (NED)
- Mr. Thembinkosi Mbeda (NED)
- Mr. Thapelo Chokobane (NED)
- Ms. Bonga Kweyama (NED)
- Ms. Johanna Mapeko (NED)
- Ms. Xoliswa Nduneni-Ngema (Chief Executive Officer and Executive Director)
- Mr. Solomon Mphakathi (Chief Financial Officer and Executive Director)-Resigned on 31 July 2023

From 01 July 2022 up until 01 March 2023, when the City had its Annual General Meeting (AGM), the board was composed as follows:

- Mr. Zane Meas (Chairperson and Non-Executive Director (NED));
- Mr. Sean Kreuzsch (NED)-Resigned on 01 August 2022
- Ms. Dineo Sitole-Majavu (NED);
- Mr. Jabu Mathebula (NED);
- Ms. Ashley Hayden (NED);
- Mr. Jabu Hlongwane (NED);
- Ms. Itumeleng Malope (NED);
- Ms. Xoliswa Nduneni-Ngema (CEO and Executive Director (ED)
- Mr. Solomon Mphakathi (CFO and ED).

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

## Board of Directors



**MR GODFREY KATSANA**  
Board Chairperson  
Age: 52  
B.Admin,

Advanced Management Development Program



**MS XOLISWA NDUNENI-NGEMA**  
Chief Executive Officer  
Age: 61  
B Soc Science



**VUKANI MAGUBANE**  
Acting Chief Financial Officer  
Age:38  
PG Diploma Accounting  
Science; Accountancy (Hons)  
BCom Accounting Degree



**MS ZIYANDA MNCANCA**  
NED  
Age:35  
BCom Accounting Science  
Post graduate Diploma in  
Professional Accountancy



**MR ORAPELENG RAMAGAGA**  
NED  
Age:42  
Chartered Accountant  
Information Technology,  
Project management,  
Business Development



**MR BEN MOTHUPI**  
NED  
Age: 59  
Bachelor of Laws  
Postgraduate Diploma in  
Labour Law  
National Diploma in Policing



**MR. THAPELO CHOKOBANE**  
NED  
Age: 35  
Business Management and  
Adminstration



**MS. JOHANNA MAPEKO**  
NED  
Age: 53  
ND Office Admin  
Municipal Governance Project  
Management



**MS. BONGA KWEYAMA**  
NED  
Age:27  
Practical Chef: Hotel and  
Catering



**MS DELISIWE MABENA**  
NED  
Age: 42  
BA: Social Sciences



**MR. SBUSISO XABA**  
NED  
Age: 50  
Masters in Technology  
Management  
BSC Honours - Industrial  
Systems



**MR. THEMBINKOSI MBEDA**  
NED  
Age: 42  
Certificate in Broadcasting  
Certificate in Computing  
Peace Officer Certificate  
Certificate in Call Centre



**MS. PAMELA NDLOVU**  
NED  
Age:39  
Btech Degree in Drama and Film  
Studies  
National Diploma: Drama and  
Film Studies

## **BOARD OF DIRECTORS' PROFILES**

### **MR GODFREY KATSANA (CHAIRPERSON)**

Mr Katsana was appointed to Joburg City Theatres' board of directors on the 1<sup>st</sup> of March 2023. He has over twenty-nine (29) year experience in the public service having worked as a regional manager for the Small Enterprise Finance Agency and Khula Enterprise Finance Limited. Mr. Katsana has also worked for the Free State Development Corporation as a District Manager responsible for operations and Assistant Regional Manager respectively. Furthermore, Mr. Katsana is a board member and member of the operations committee for Maluti A Phofung Water SOC Limited. He is qualified in B.Admin, an Advanced Management Development Program both from the University of Free State, and a CPFA - Programme in Finance & Accounting from Wits Business School, as well as a Programme in Development Finance from Stellenbosch University. Mr Katsana's competencies lie in project finance, risk management, financial analysis, human resources management, service delivery and public finance management.

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

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

In Newtown, Xoliswa left a trademark of festivals and concerts that were the first for the City of Joburg. She was previously CEO of Bassline Music Centre and Director and Producer for Sibojama Theatre, a company established by Hugh Masekela and James Ngcobo. Xoliswa also served as Council Member of Windybrow Theatre, a Board Member of Emthonjeni Arts Residency and Dance Umbrella and a Director of the Joburg Fashion District. Xoliswa is currently a Council member of Artscape and an Executive Director of JCT for 9 years.

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

Vukani Magubane is in possession of a Post Graduate Diploma in Accounting Sciences obtained from the University Of South Africa (UNISA) in 2019; an Intermediate Honours in Accountancy and BCom Accounting Degree obtained from the University of KwaZulu-Natal in 2009. He also obtained a Municipal Financial Management certificate from the LGSETA in 2016. He has 13 years' experience in the finance and auditing field and was born in KwaZulu Natal in the area called Izingolweni in 1985. On completion of his studies he joined Auditor General of South Africa in their SAICA accredited Graduate Programmes in 2009 as a Trainee Accountant where he acquired advance knowledge of working with different accounting softwares (Caseware, SAP, Pastel Evolution, BAS and eVenus) as well as strong understanding of the GRAP standards, MFMA and Supply Chain Management processes. He then joined Lesedi Local Municipality at Heidelberg in the position of Budget and Reporting Accountant.

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

### **MS PAMELA NDLOVU**

Ms. Ndlovu is qualified with a Btech Degree in Drama and Film Studies as well as a National Diploma in Drama and Film Studies, both qualifications of which she acquired from Tshwane University of Technology.

Ms. Ndlovu is a self-driven and resourceful Performance Art Educator with proven skills in, coordinating, directing and implementation of artistic media related content. Her personal values are in self-development, cultural awareness and creative vision. Ms. Ndlovu has specialized skills in media, photography, handling of young artist profiles and placement.

She is at present enriching her skills studying Communication Science, and as part of the modules she is focussing on is Media Studies, New Media Technology, Communication Research.

In addition, Ms. Ndlovu brings on board JCT event management, programming and production skills having worked as a field worker as well as Assistant Director at the South African State Theatre. Ms. Ndlovu was nominated Best Supporting Actress Naledi Awards 2015.



## **MS ZIYANDA MNCANCA**

Ms. Mncanca is qualified with a BCom Accounting Science degree from Walter Sisulu University. In addition, She has a Post graduate Diploma in Professional Accountancy NQF 8: Project Achiever (Fasset) from Witwatersrand School of Business.

Ms. Mncanca has ten (10) years' experience in accounting, auditing, tax and financial management. She has worked as a trainee accountant, audit supervisor and is currently a finance manager in the private sector. Her experience ranges from accounting and external reporting, financial management, internal auditing to assurance provision. In her career she has carried out assignments for local municipalities, banks, state owned companies and some private sector clients.

Last but not least, Ms. Mncanca is a member of the South African Institute of Professional Accountants.

## **MR BEN MOTHUPI**

Mr. Mothupi is qualified with a Bachelor of Laws degree earned from UNISA and a Postgraduate Diploma in Labour Law from the University of Johannesburg. Furthermore, Mr. Mothupi has achieved training qualifications in Deceased Estate Practice and a Certificate in Corporate Law from Legal Education And Development (L.E.A.D) in collaboration with Unisa. Over and above the legal qualifications, Mr. Mothupi possesses a National Diploma in policing from the National Diploma Technikon SA. At present, he is currently studying towards a Bachelor of Commerce degree with UNISA.

In addition, Mr. Mothupi is a results driven employment law practitioner with +15 years of experience in ensuring the legality of commercial transactions, and he is a member of the SA Law Society in good standing. Furthermore, Mr. Mothupi is a highly focused, confident and dedicated individual with a strong sense of values, passion for the truth and the thirst for justice who seeks to establish a career with a major law firm committed to uphold and utilize the full strength of the law to help those in need to find trust and faith in the judicial system.

Mr. Mothupi is hard-working and seeks to maintain a high rate of valuable hours to the vulnerable and the marginalised community members through Mothupi and Associates.

## **MS DELISIWE MABENA**

Ms. Mabena is an eloquent, hardworking, willing to learn individual who thrives on challenges, works well under pressure, is passionate about people and has good interpersonal skills and is ambitious. She is qualified with a Bachelor of Arts degree majoring in Social Sciences from the University of Western Cape and is currently registered for an Honors Degree in Development Studies with Unisa.

Ms. Mabena has sixteen (16) years' experience within the public sector as a communication specialist and she brings on board several skills which includes leadership skills, stakeholder engagement and financial management.

## **MR ORAPELENG MOTHEI RAMAGAGA**

Mr. Ramagaga is a qualified, registered and practicing Chartered Accountant (South Africa) with experience in industries such as Mining, Information Technology, Consulting and Corporate Finance. Mr. Ramagaga is a dynamic thinker who looks for new challenges.

In addition, Mr. Ramagaga has worked for Deloitte as a Trainee Accountant from January 2004 to December 2006. In 2007, Mr. Ramagaga was an Audit Senior at Deloitte attached to Toronto in Canada. At the time he was with Deloitte, Mr. Ramagaga attained experience in performing audits, audit planning, managing budgets, reporting, managing an audit team as well as on job training of team members. Mr. Ramagaga also worked as a Senior Consultant responsible for Forensics at Deloitte.

Furthermore, Mr. Ramagaga has worked for companies such as African Rainbow Minerals Ltd and Johnsons Controls, as a Financial Controller and Project Accountant, respectively.

From 2011 to 2014, Mr. Ramagaga served as a Chief Financial Officer for Total Client Services Ltd, where he was responsible for managing the finance department; providing leadership, direction and management of the finance and accounting team; providing strategic recommendations to the CEO and members of the executive management team; and managing the processes for financial forecasting and budgets, as well overseeing the preparation of all financial reporting, amongst other duties.

Mr. Ramagaga possesses Information Technology, Project management and Business Development skills, which he attained throughout his career of nearly twenty (20) years. At present, Mr. Ramagaga is an Executive Director of Mothei Solutions, a position which he has held since August 2015, and at which he is responsible for *inter alia*, client services, managing projects, on-boarding new clients, new business, quality assurance and organisational training needs.

#### **MR SBUSISO XABA**

Mr. Xaba is qualified with a Masters of Science in Technology Management (2012), a Bachelor of Science Honours - Applied Science in Industrial Systems (2006), a Bachelor of Technology in Industrial Engineering (1999), National Diploma in Industrial Engineering (1998), and a National Technical Certificate III in Fitting and Machining (1993). At present, Mr. Xaba is currently studying towards a Bachelor of Laws degree with UNISA.

In addition, Mr. Xaba is a General Manager for the Centre of Excellence at the South African Post Office and some of his achievements thereat include, business process management, the implementation of supply chain integration, implementing data analytics and optimising a distribution network, amongst others.

Mr. Xaba has a wide range of working experience in steel manufacturing, retail, logistics and higher education sectors, which is complemented by solid academic credentials. He possesses key skills in policy development and governance, strategy formulation, planning and execution, product management and business model design budgeting and financial control, business process management and business analysis, amongst other skills. Some of the training interventions which Mr. Xaba has gone through are Leadership and strategy that works, Casewise (Business Process Management Tool), ISO 9000:2008 Implementation and Auditing, and Occupational Health and Safety Act.

#### **MR THEMBINKOSI MBEDA**

Mr. Mbede earned certificates in broadcasting, computing, call centre operations and peace officer between 2001 and 2013. He has worked for the Nelson Mandela Bay Municipality as an educator (Under Cokisa Consulting Agency) and peace officer in the Waste Management division. For nearly seven (7) years, Mr. Mbede was a Radio presenter for Inkqubela Community Radio Station. In addition, Mr. Mbede worked as a Collections Clerk under Distribution for Drive Control Corporation (DCC) from 2016 to 2021.

#### **MS BONGA KWEYAMA**

Ms. Kweyama is a qualified Practical Chef in Hotel and Catering. Towards her qualification, Ms. Kweyama majored in Nutrition and Diet, Cookery Theory, Cookery Practical 3&4, Entrepreneurship, Public Relations and Management, Business Communication, City and Guilds Business Communication. Ms. Kweyama has worked for companies such as Parsely on Thyme (as a Sous Chef), Olives and Plates (as a Baker) and Summer Place Boutique Hotel (as a Pastry Chef). Ms. Kweyama previously and in 2019 served as a board member and Remsec member of Joburg City Theatres.

#### **MS JOHANNA MAPEKO**

Ms. Mapeko possesses a National diploma in Office Administration; Certificate in Municipal Governance and Management from University of Johannesburg; Ms Mapeko has achieved various competencies through the National School of Government, and amid the courses she attained were, "advise stakeholders on the management of a skills development programme, analyse leadership and related theories in a work context, apply the principles of change management in the workplace, and explaining and applying legislation and policies applicable to leadership in specific context or sector.

#### **MR THAPELO CHOKOBANE**

Mr. Chokobane possesses experience in sales and marketing, administration, communication, bookkeeping and human resource management.

He has worked as a merchandiser and stock taker for Khamandisa Staffing Solutions. Furthermore, Mr. Chokobane has also served as a Mentor at Lifeline Organisation (NPO). During the 2011 Census, Mr. Chokobane was a Fieldwork Lister and Fieldwork Supervisor for Statistic South Africa. From 2011 to 2016, Mr. Chokobane was a Ward Committee Member under the City of Johannesburg Health and Social development sector. Mr Chokobane has worked as a Security Officer and Sales and Security Inspector for J M Security Services and Securex Security Services (EDCON), respectively.

**2022/23 BOARD ATTENDANCE FOR MEMBERS BEFORE THE 2021 ANNUAL GENERAL MEETING**

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

<b>Member's Name</b>	<b>Board Meeting</b>	<b>Chairperson's Quartely</b>	<b>Group Audit Committee Meeting</b>	<b>Group Risk Governance Committee</b>	<b>Audit &amp; Risk Committe</b>	<b>Remuneration, Social &amp; Ethics Committee</b>	<b>Budget Lekgotla</b>	<b>Annual General Meeting</b>	<b>Strategic Planning Session</b>	<b>Other</b>	<b>Total</b>
<b>Number of Meetings</b>	<b>11</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>8</b>	<b>5</b>				<b>6</b>	<b>38</b>
Zane Meas	6	2								4	12
Ashley Hayden	6		3	2	6					4	21
Dineo Sitole (Majavu)	6					4				1	11
Itumeleng Malope	6					4					10
Jabu Love Mathevula (REMSEC Chair)	6					4				4	14
Jabu Goodman Mxolisi Hlongwane	6					3					9
Sean Kreuzsch	1				1						2
Moses Mnikelo Mazwane					5						5
Krishen Ganas Sukdev					5						5
Nditsheni Tshithavhani					5						5
Mr. Godfrey Katsama (Board Chair)	6									1	7

Member's Name	Board Meeting	Chairperson's Quartely	Group Audit Committee Meeting	Group Audit & Risk Committee	Audit & Risk Committee	Remuneration, Social & Ethics Committee	AC & Remsec Workshop	Budget Lekgotla	Annual General Meeting	Strategic Risk Assessment Workshop	Other
Mr. Godfrey Katsama (Board Chair)	6									1	7
Mr. Orapeleng Ramagaga (ARC Chair)	6			1	2					1	10
Ms. Pamela Ndlovu (REMSEC Chair) (SO)	5					1				1	7
Ms. Bonga Kweyama	6										6
Mr. Sbusiso Xaba (State Official)	5										5
Ms. Delisiwe Mabena (State Official)	4					1					5
Mr. Thembinkosi Mbeda	6										6
Ms. Ziyanda Mncanca	5				1	1					7
Mr Thapelo Chokobane	6					1					7
Ms. Johanna Mapeko	6										6
Mr. Ben Mothupi	6				2						8
Ms. Sarika Singh	1				2						3
Mr. Elfes Muhauli	1				2						3
Mr. Vincent Sithole	1				2						3

Mr. Thomas  
Sbangwana (State  
Official)

2

2

## ATTENDANCE AT BOARD AND SUB-COMMITTEE MEETINGS

**NOTE:** The total number attended by each board members varies because the total meetings include sub-committees. The board Chairperson is not a member of any sub-committee but has a standing invitation to all sub-committee. Furthermore variances in total number of meeting attendance is due to reconstitution of the board at the AGM meeting of 01 March 2023.

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

### Board assessment 2022/23

The annual performance evaluations for Board of directors are implemented by the Shareholder as required in terms of the CoJ Group Policy on the Governance of the Group Advisory Committees, Municipal Entities Boards of Directors and Independent Audit Committees.

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

### Public Meetings, IDP Participation and Alignment

The IDP review process is mainly an early detection mechanism for corrective action to be implemented whenever it is required. Every year, the entity's strategic objectives are aligned to the IDP, which in turn is aligned to the National Development Plan (NDP). As such, JCT's performance indicators for the period under review flow from the IDP and they in turn, inform the entity's performance management system. JCT conducts public meetings annually inviting all industry stakeholders.

### Combined assurance

JCT has adopted the City's Combined Assurance Framework, which is currently up for review at Group Level. Accordingly, the entity's compliance is measured using a combined assurance model in terms of which the City's Group Risk and Assurance Services (GRAS) ensures the entity's adherence to Group risk management policies, processes and practices. Internally, EXCO and MANCO ensures the management of risks in the entity's operations on a day to day basis. The audit and risk committee in accordance with its terms of references as approved by the board performs oversight on risks identification, mitigation measures, internal controls, i.e. their effectiveness and the need for improvements.

GRAS: Internal Audit, through its approved annual internal audit coverage plan, as approved by the audit and risk committee supports the entity by providing assurance that JCT's internal controls, risk management and governance structures are adequate and operate effectively.

On the other hand, the City's Group Governance department assist the entity in adhering to good governance principles in terms of legislation and the group policy imperatives. This combined assurance model which the entity uses enables JCT to continuously maintain an effective control environment and uphold the integrity of information used for internal decision making by management, the board and its committees.

JCT attends and participates at the City's Group Compliance meetings which take place every quarter as part of the combined assurance model which the City and its entities follow. On a quarterly basis, the entity's compliance reports are submitted to Group Compliance for onward reporting through the City's Group Committees, which include the City's Group Risk Governance Committee and Group Audit Committee.

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

### Board Committees

In accordance with legislation regulating corporate governance, the board can establish committees to assist it in the execution of its duties, powers and authorities. The board would in turn delegate its functions to the committees through formal terms of references approved by the board.

The entity has two (2) standing committees, namely, the Audit and Risk Committee (ARC) and the Remuneration and Social Ethics Committee (REMSEC). The chairpersons of the two (2) committees are independent non-executive directors. Each committee reports back to the board at each board meeting on a general principle of transparency and full disclosure.

### **Audit and Risk Committee**

The ARC is constituted as follows:

- Mr. Orapeleng Mothei Ramagaga (Non-Executive Director (NED) and Chairperson);
- Mr. Ben Mothupi (NED and Committee Member);
- Mr. Elfes Muhauli (IAC)
- Mr. Thomas Sbangwana (IAC)
- Advocate Sarika Singh (IAC)
- Mr. Vincent Sithole (IAC)

From the 01 July 2022 to 01 March 2023, the ARC consisted of the following members:

- Ms. Ashley Hayden- NED and Chairperson
- Mr. Sean Kreuzsch –NED and Committee member-Resigned 01 August 2022;
- Mr. Krishen Sukdev –Independent Audit Committee (IAC) member;
- Mr. Nditsheni Tshithavhani-IAC member and;
- Mr. Mnikelo Moses Mazwane –IAC member.

ARC is mandated with ensuring the integrity of financial controls and integrated reporting (both financial and sustainability reporting), and identifying and managing financial risk. Identifying areas of risk and advising on ways or methods of mitigating those risks looking at the internal control environment and external environment is also part of this committee's area of responsibility.

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

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

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

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

REMSEC is amongst other things, responsible for performing oversight on the human resources management policies of JCT and monitoring the company's activities with regard to matters relating to social and economic development, including the company's standing in terms of the goals and purposes of the 10 principles set out in the United Nations Global Company Principles; Employment Equity etc. as well as the company's contribution to the environment.

REMSEC is comprised of the following members:

- Ms. Pamela Ndlovu (Non-Executive Director and REMSEC Chairperson)
- Ms. Bonga Kweyama (NED and Member)
- Mr. Sbusiso Xaba (NED and Member)
- Ms. Johanna Mapeko (NED and Member)
- Ms. Delisiwe Mabena (NED and Member)
- Mr. Thapelo Chokobane (NED and Member); and

- Mr. Thembinkosi Mbede (NED and Member).

From 01 July 2023 to 01 March 2023, the following non-executive directors comprised REMSEC:

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

### **Going-concern principle**

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

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

For the financial year under review, ie, the 2022/23 financial year, the committee was satisfied that the expertise and experience of the Chief Financial Officer was appropriate to meet the responsibilities of the position. This is based on the qualifications, levels of experience, continuing professional education and the board's assessment of the financial knowledge of the Chief Financial Officer. The committee was also satisfied as to the appropriateness, expertise and adequacy of resources of the finance function and the experience of senior members of management responsible for the finance function.

As indicated earlier in this report, the CFO resigned at the end of July 2023 and currently the entity's finance department is managed by an Acting CFO.

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

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

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

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

Following a review of the Annual Financial Statements (AFS) for the year ended 30 June 2023, the Audit and Risk Committee is of the opinion that, the AFS comply with the relevant provisions of the MFMA, as amended, and standards of GRAP. Furthermore, the ARC is satisfied that the AFS fairly represent the results of the operations, cash flow and financial position of Joburg City Theatres.

The audit and risk committee has complied with the principles of the King IV code on corporate governance applicable to integrated reporting as reflected in JCT's 2022/23 Integrated Report. The committee is satisfied that it has in all material respects complied with its legal, regulatory and other responsibilities.



Mr. Orapeleng Mothel Ramagaga  
Chairperson



## Remuneration, Social and Ethics Committee

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

The following Non-executive directors make up REMSEC:

- Ms. Pamela Ndlovu (NED and REMSEC Chairperson)
- Ms. Johanna Mapeko (NED)
- Ms. Bonga Kweyama (NED)
- Mr. Thembinkosi Mbede (NED)
- Mr. Thapelo Chokobane (NED)
- Ms. Delisiwe Mabena (NED)
- Mr. Sbusiso Fransisco Xaba (NED)

From 01 July 2023 up until 01 March 2023, REMSEC was made up of the following non-executive directors:

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

### Director's Remuneration

#### Entity's remuneration policy

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

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

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

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

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

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

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

Fees paid to non-executive directors (including committee members) for the 2022/23 period, is listed below:



**Q1 JULY 2022 - JUNE 2023**

**JOBURG THEATRE: NON-EXECUTIVE DIRECTORS (NED) AND INDEPENDENT AUDIT COMMITTEE MEMBERS (IAC)**

<b>NAME</b>	<b>BOARD MEETINGS</b>	<b>CHAIRPERSON'S QUARTELY</b>	<b>GROUP AUDIT COMMITTEE</b>	<b>GROUP RISK GOVERNANCE COMMITTEE</b>	<b>AUDIT &amp; RISK COMMITTEE</b>	<b>REMUNERATIONS, SOCIAL &amp; ETHICS COMMITTEE</b>	<b>BUDGET LEKGOTLA</b>	<b>ANNUAL GENERAL MEETING</b>	<b>STRATEGIC PLANNING SESSION</b>	<b>OTHER</b>	<b>TOTAL</b>
Zane Meas (Chairperson)	96 000,00	4 000,00								24 000,00	124 000,00
Ashley Hayden	72 000,00		30 000,00	20 000,00	60 000,00					24 000,00	206 000,00
Dineo Sitole (Majavu)	72 000,00					32 000,00				20 000,00	124 000,00
Itumeleng Malope	72 000,00					32 000,00					104 000,00
Jabu Love Mathevula (REMSEC Chair)	72 000,00					40 000,00				24 000,00	136 000,00
Jabu Goodman Mxolisi Hlongwane	72 000,00					24 000,00					96 000,00
Sean Kreuzsch (Resigned)	12 000,00				8 000,00						20 000,00
Moses Mnikelo Mazwane					40 000,00						40 000,00
Krishen Ganas Sukdev					40 000,00						40 000,00
Nditsheni Tshithavhani					40 000,00						40 000,00
Mr. Godfrey Katsama (Board Chair)	96 000,00									6 000,00	102 000,00
Mr. Orapeleng Ramagaga (ARC Chair)	72 000,00			10 000,00	20 000,00					6 000,00	108 000,00
Ms. Pamela Ndlovu (REMSEC Chair) (SO)	24 000,00									6 000,00	30 000,00
Ms. Bonga Kweyama	72 000,00					8 000,00					80 000,00
Mr. Sbusiso Xaba (State Official)	-										-

Ms. Delisiwe Mabena (State Official)	-										-
Mr. Thembinkosi Mbeda	72 000,00					8 000,00					80 000,00
Ms. Ziyanda Mncanca	60 000,00				8 000,00						68 000,00
Mr Thapelo Chokobane	72 000,00					8 000,00					80 000,00
Ms. Johanna Mapeko	72 000,00					8 000,00					80 000,00
Mr. Ben Mothupi	72 000,00				16 000,00						88 000,00
Ms. Sarika Singh	8 000,00				16 000,00						24 000,00
Mr. Elfes Muhauli	8 000,00				16 000,00						24 000,00
Mr. Vincent Sithole	8 000,00				16 000,00						24 000,00
Mr. Thomas Sbangwana (State Official)											-
<b>Totals:</b>	<b>1 104 000,00</b>	<b>4 000,00</b>	<b>30 000,00</b>	<b>30 000,00</b>	<b>280 000,00</b>	<b>160 000,00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>110 000,00</b>	<b>1 718 000,00</b>

**NOTE:** The board Chairperson is not a member of any board committee but has a standing invitation to all committees. Independent Audit Committee members only attend Audit and Risk Committee meetings. The selection committee is a board approved committee that manages the recruitment and selection processes for the CEO and CFO positions, when either of the two are vacant

## Executive Management

### Composition

The Executive Committee (“EXCO”) is made up of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Chief Operations Officer (COO). All members of the EXCO are suitably skilled and experienced for their respective areas of responsibility. EXCO is supported by the Company Secretary and the Strategic Support Manager.

### Responsibilities

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



**MS XOLISWA NDUNENI-NGEMA**  
**CEO**  
Age: 61  
**Qualifications:**  
Bachelor of Social Science;  
Diploma in Marketing Management;  
Diploma in Public Relations  
Municipal Financial Management



**VUKANI MAGUBANE**  
**ACFO**  
Age: 38  
**Qualifications:**  
PG Diploma Accounting Science; Accountancy (Hons);  
BCom Accounting Degree  
13 years finance and auditing experience.  
Municipal Financial Management



**MS BRIDGET MASHIKA**  
**COO**  
Age: 49  
**Qualifications:**  
BCompt Degree  
Diploma in Creative Producing  
+10 years finance and governance experience  
Municipal Financial Management  
Senior Leadership Development Programme



**MS PHILIPA MADUKA**  
**COMPANY SECRETARY**  
Age: 42  
**Qualifications:**  
LLB  
Master of Commerce (specialising in taxation)  
10 years legal and company secretarial experience  
governance experience  
Municipal Financial Management

The table below discloses the 2022/23 remuneration of executive management:

<b>EMPLOYEE COST BREAKDOWN</b>		<b>2023</b>		<b>2022</b>	
Net Salary		33 114 750,50			
PAYE		9 736 348,94			
SDL		503 488,61			
UIF		511 749,51			
MEDICAL AID		3 017 006,46			
PENSION		7 486 837,91			
THIRD PARTIES		475 840,00			
Leave Accruals & Bonus Provisions		3 294 657,50			
COJ, CFO 13th, Gym & Year End Deductions		315 916,57			
		<b>58 456 596,00</b>			
<b>EMPLOYEE RELATED COSTS</b>		<b>2023</b>		<b>2022</b>	
Salaries & Wages		58 456 596,00		22 458 528,74	
Employee Costs included in Other		756 000,00		448 000,00	
		<b>59 212 596,00</b>		<b>22 906 528,74</b>	
<b>Chief Executive Officer</b>		<b>2023</b>		<b>2022</b>	
Annual Remuneration		1 221 644,52		590 166,42	
Performance Bonus		342 060,47		-	
Contributions to UIF, Medical Aid & Pension		15 869,45		6 368,28	
Other (Including Leave Pay)		91 966,56		81 024,69	
		<b>1 671 541,00</b>		<b>677 559,39</b>	
<b>Chief Financial Officer</b>		<b>2023</b>		<b>2022</b>	
Annual Remuneration		-		545 833,56	
Performance Bonus		237 273,85		-	
Contributions to UIF, Medical Aid & Pension		-		5 855,39	
Other (Including Leave Pay)		-		74 069,18	
		<b>237 273,85</b>		<b>625 758,13</b>	
<b>Company Secretary</b>		<b>2023</b>		<b>2022</b>	
Annual Remuneration		603 667,56		271 824,68	
Performance Bonus		152 717,30		-	
Contributions to UIF, Medical Aid & Pension		143 230,32		46 758,59	
Other (Including Leave Pay)		13 800,00		44 290,92	
		<b>913 415,18</b>		<b>362 874,19</b>	
<b>Chief Operating Officer</b>		<b>2023</b>		<b>2022</b>	
Annual Remuneration		864 287,21		353 839,02	
Performance Bonus		211 237,55		-	
Contributions to UIF, Medical Aid & Pension		220 767,50		101 340,19	
Other (Including Leave Pay)		58 866,71		50 442,72	
		<b>1 355 158,97</b>		<b>505 621,93</b>	
<b>Artistic Director</b>		<b>2023</b>		<b>2022</b>	
Annual Remuneration		728 005,50		-	
Performance Bonus		-		-	
Contributions to UIF, Medical Aid & Pension		7 038,36		-	
Other (Including Leave Pay)		-		-	
		<b>735 043,86</b>		<b>-</b>	
<b>PAYE</b>		<b>2023</b>		<b>2022</b>	
Opening Balance		1 100 009,98		880 846,31	
Transactions for the Year		9 736 348,94		7 891 670,85	
Amounts Paid - Current Year		(6 403 177,16)		(4 417 604,58)	
Amounts Paid - Previous Year		(1 100 009,98)		(880 846,31)	
Closing Balance		<b>3 333 171,78</b>		<b>3 474 066,27</b>	
<b>UIF</b>		<b>2023</b>		<b>2022</b>	
Opening Balance		90 389,88		67 739,66	
Transactions for the Year		511 749,51		459 662,12	
Amounts Paid - Current Year		(450 196,27)		(355 505,68)	
Amounts Paid - Previous Year		(90 389,88)		(67 739,66)	
Closing Balance		<b>61 553,24</b>		<b>104 156,44</b>	
<b>PENSION &amp; MEDICAL AID</b>		<b>2023</b>		<b>2022</b>	
Opening Balance		1 661 455,85		1 595 559,59	
Transactions for the Year		10 503 844,37		10 069 408,25	
Amounts Paid - Current Year		(8 759 405,35)		(7 903 469,82)	
Amounts Paid - Previous Year		(1 661 455,85)		(1 595 559,59)	
Closing Balance		<b>1 744 439,02</b>		<b>2 165 938,43</b>	

## Company Secretarial Function

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

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

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

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

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

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

PP   
Ms Philipa Maduka  
Company Secretary

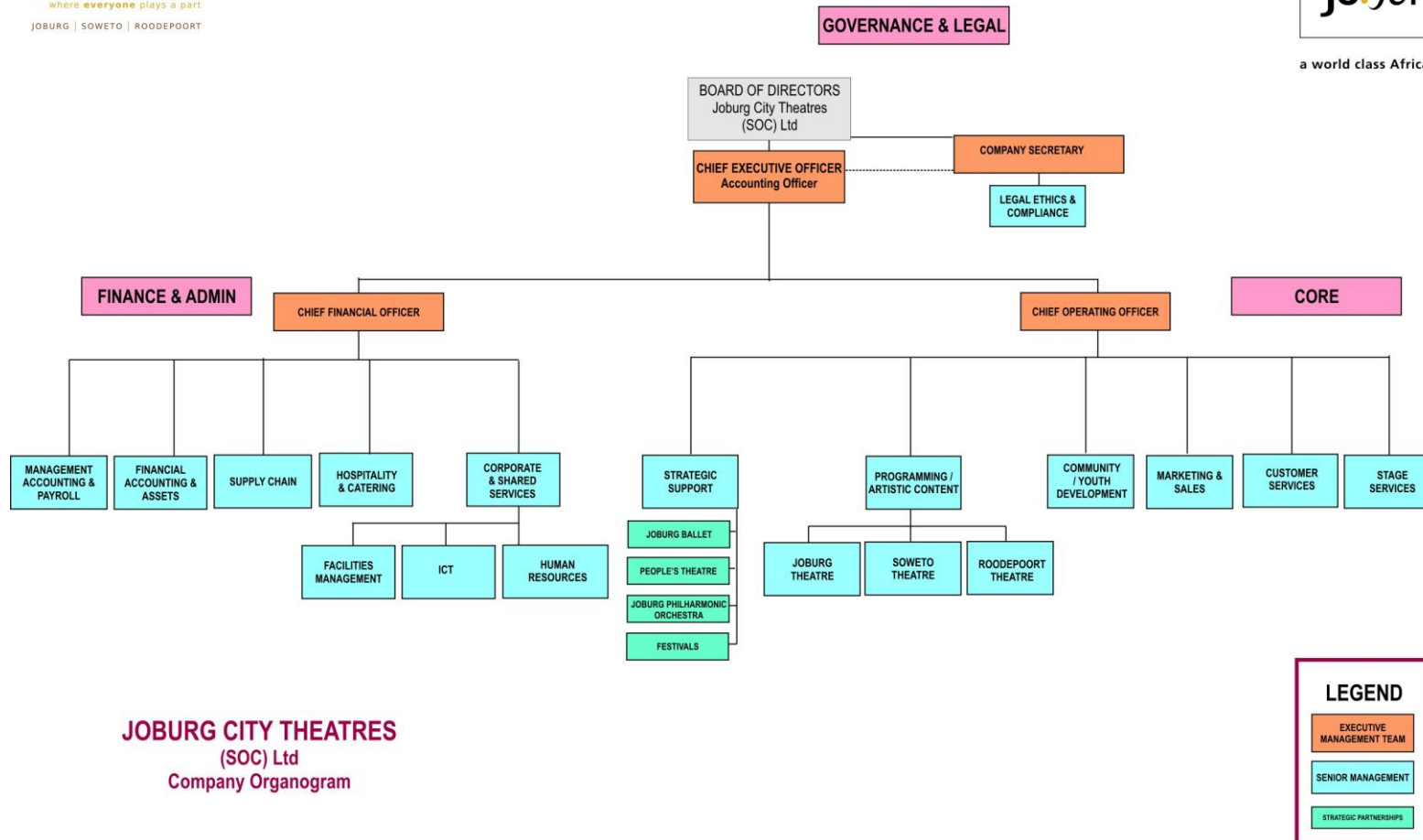
### **Statement of Responsibility**

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

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

## Section 2: High-level organisational structure

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





### Section 3: Governance of Stakeholder Relationships

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

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

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

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

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

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

#### Application of King IV

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

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

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

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

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

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



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

✓	Applied
#	Partially applied

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

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

## **Group's Governance Framework**

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

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

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

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

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

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

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

## **Ethical Leadership**

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

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

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

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

## **Corporate Citizenship**

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

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

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

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

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

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

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

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

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

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



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

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

## **Accountability**

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

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

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

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

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

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

## Section 4: Risk Management and internal controls

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

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

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

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

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

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

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

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

Based on the assessment done by internal auditors, the Audit and Risk Committee believed that, as at 30 June 2022, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, is reasonably adequate and effective.

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

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

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

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

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

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

No assets as contained in Section 115 were disposed.

### **Compliance Monitoring and Reporting**

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

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

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

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

### **Risk and Opportunities**

#### **Risks**

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

#### **Opportunities**

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

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

## Effective Control

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

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

## Annual Risk Management Plan

The Annual Risk Management and combined assurance Plan for the 2022/23 financial year was reviewed and approved. The Committee oversees progress on the implementation of the annual plan at each quarterly meeting and has confirmed the entity's plan is aligned to the City's Group Risk.

The progress against the plan was as follows:

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

## Annual Risk Management Status Update

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

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

The root cause for **business disruption** are as follows:

Load shedding, water cut, Natural Disasters and Political unrest/Criminality

### Progress on implementation per action plan

Procured a backup generator for the shows and it has been delivered on March 2022. Virtual meeting and remotely working, Implementation of health and safety regulations, JT continuously engages and negotiates with City Power to conveniently schedule load shedding, ST has an emergency generator for lighting, RT has a generator however does not provide sufficient power to run all the operations, Implementation of the Business Continuity Plan.

Handover of the backup generator to JCT Management. Employees are working in separate areas to observe social distancing. Theatre is continuously encouraging online bookings to avoid cash exchange. Patrons are encouraged to use electronic tickets.

### Inconsistent attendance at theatre show:

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

### Progress on implementation per action plan:

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

Sponsorship policy is implemented to target sponsorship. A comprehensive survey is being conducted to establish audience needs. Theatre is currently engaging with JMPD and SAPS to police the precinct. A marketing plan for each production is being implemented. Theatre is currently engaging public transport provider (Rea Vaya, taxis etc.) to provide transport for shows.

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

Inadequate marketing budget, Shortcoming of the marketing strategy and inadequate marketing personnel.



**Progress on implementation per action plan:**

Media partnerships for productions at each theatre, media database management, continuous productions awareness campaigns and revised marketing and communication strategy in place (e-marketing; and social media).

Management has reviewed marketing and communication strategy and organised online promotional campaigns for brand awareness in line with the budget. Introduction of a marketing performance management.

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

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

**Progress on implementation per action plan:**

Fraud prevention policy and continuous monitoring of thereof, Code of conduct and Gift register in place. Segregation of duties. Declaration of interests. Remuneration, Social and Ethics Committee. Fraud risk assessment conducted annually, Ethics awareness workshops conducted, Approved Financial Management Policies and IT Policy in place.

Management is continuously conducting ethics awareness workshop and fraud risk assessment. Development of a social and ethics strategy. Development of a contracts management framework.

**Non-compliance with applicable legislation:**

Various and changing legislative requirements to be complied with and there is a requirement to comply with MSCOA. Inadequate assessment of compliance risk. Knowledge gaps in new legislative developments.

**Progress on implementation per action plan:**

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

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

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



Limited in-house production to absorb newly trained practitioners and Limited budgets.

**Progress on implementation per action plan** – Applied Performing Arts and Arts Management partnership with WITS, weekly drama workshops and mentoring and upskilling of internal staff in key positions on in house productions.



The entity has established partnership with other role players in the industry. Introducing theatre to communities through outreach programs. Encouraging entrepreneurs to leverage JCT venues and marketing expertise. Marketing the program and up and coming artists.



Table 1: Quarterly Risk Management Status Update




 <b>LOW</b>	 <b>MODERATE</b>	 <b>HIGH</b>
--	---	---

 Residual risk remains unchanged	 Residual risk has improved
---	--

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

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

Risk name	Causes/background to the risk	Residual rating				Within risk tolerance	Status of implementation of treatment plan	Horizon
		Q1	Q2	Q3	Q4			
Inconsistent attendance at theatre show.	High cost of productions and the need to recover costs; Effect of the country's economic status; Lack of exposure of potential audiences to the theatre experience; Load shedding; Fear of COVID-19; Fear of crime in the area, Disaster Management regulations and limited audiences allowed in the theatre; Limited public transport to the theatre at night; Ineffective implementation of the marketing strategy.	Moderate	Moderate	Moderate	Moderate	Yes	↔ 	Medium-term
Lack of brand positioning and brand awareness of JCT	Inadequate marketing budget, Shortcoming of the marketing strategy, Inadequate marketing personnel	Moderate	Moderate	Moderate	Moderate	Yes	↔ 	Short-term

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





### Information on emerging / new risks

None.

### Major projects and contracts risk profiles





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

### ICT risk governance & ICT risk management

Risk name	Causes/background to the risk	Impact on the entity	Treatment plan	Q1	Q2	Q3	Q4
Business interruptions	<p>MTC has a backup power now for its network equipment in Jabulani civic centre.</p> <p>JCT entered into a contract agreement with MTC to provide JCT with a VPN between the three Theatres and to access physical rack space in a datacentre for JCT's backup hardware</p>	<p>Damage to fibre cables by third-party contractors around the Soweto Theatre environment has increased in the last quarter of the financial year again. The connectivity supply has been far more inconsistent compared to 2021. JCT is dependent on MTC to connect to the COJ for SAP and to the datacentre for offsite backups via the Fibre links</p>	<p>JCT is constantly in contact with MTC to get outages resolved.</p> <p>JCT requested that MTC do a feasibility study for Air fibre (Radio links) that will overcome the setbacks caused by construction work in the area. MTC will consider the proposal and report back to JCT later with updates</p>				

### Fraud risk management / fraud prevention

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

Risk name	Causes/background to the risk	Impact on the entity	Treatment plan	Q1	Q2	Q3	Q4
Fraud and Corruption	<p>There could be a possibility of Car theft, nepotism, collusion, interception of emails and emails purporting to be someone of higher</p>	<p>Reputational damage and financial loss</p>	<p>Continue doing workshops. Monitoring of compliance</p>				

Risk name	Causes/background to the risk	Impact on the entity	Treatment plan	Q1	Q2	Q3	Q4
	authority requesting payments of invoices, false travel claims, etc.			LOW	LOW	LOW	LOW

## Risk transfer – exposures

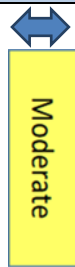
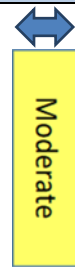

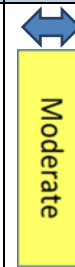
### Information on emerging / new risks

None.

### Major projects and contracts risk profiles





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

### ICT risk governance & ICT risk management

Risk name	Causes/background to the risk	Impact on the entity	Treatment plan	Q1	Q2	Q3	Q4
Business interruptions	<p>MTC has a backup power now for its network equipment in Jabulani civic centre.</p> <p>JCT entered into a contract agreement with MTC to provide JCT with a VPN between the three Theatres and to access physical rack space in a datacentre for JCT's backup hardware</p>	<p>Damage to fibre cables by third-party contractors around the Soweto Theatre environment has increased this the last quarter of the financial year. The connectivity supply has been far more inconsistent compared to 2021. JCT is dependent on MTC to connect to the COJ for SAP and to the datacentre for offsite backups via the Fibre links</p>	<p>JCT is constantly in contact with MTC to get outages resolved.</p> <p>JCT requested that MTC do a feasibility study for Air fibre (Radio links) that will overcome the setbacks caused by construction work in the area. MTC will consider the proposal and report back to JCT later with updates</p>				

### Fraud risk management / fraud prevention

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

Risk name	Causes/background to the risk	Impact on the entity	Treatment plan	Q1	Q2	Q3	Q4
Fraud and Corruption	<p>There could be a possibility of Car theft, nepotism, collusion, interception of emails and emails purporting to be someone of higher</p>	<p>Reputational damage and financial loss</p>	<p>Continue doing workshops. Monitoring of compliance</p>				

Risk name	Causes/background to the risk	Impact on the entity	Treatment plan	Q1	Q2	Q3	Q4
	authority requesting payments of invoices, false travel claims, etc.			LOW	LOW	LOW	LOW



## Internal Audit Function

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

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

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

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

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

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

Internal audit provided assurance on the high risks identified during risk assessments by prioritising these areas during annual planning. Some of the medium and low risk areas were also audited where possible. ***The system of internal controls was reasonably adequate and effective for the 2022/23 financial year.***

The results of the reviews and audits conducted throughout the financial year 2022/23 were communicated to management and management has committed to addressing the issues raised. The mitigating control actions implemented by management will be followed up by the Group Internal Audit Services.

## Corporate Ethics and Organisational Integrity

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

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

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

## Sustainability Report

### JCT Sustainability Statement

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

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

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

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

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

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

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

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

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

#### a) Environmental Management

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

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

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

## b) Economic

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

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

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

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

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

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

## c) Corporate Social Responsibility Report

The Company’s Corporate Social Investment philosophy and function have, over the years been broadly underpinned by the concept of sustainable development. The strategy of the entity is to act as a facilitator rather than as sole sponsor of social investment projects. In this way, the long-term sustainability of projects is encouraged, additional donors attracted and formerly disadvantaged communities are empowered. During the year under review, the entity contributed a total amount of R 1 784 049 towards Corporate and Social Initiatives.

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

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

The key interventions to community and youth development at Joburg City Theatres are through youth development in the arts sphere focusing on drama, dance and music tuition programmes. Community development programmes seek to reduce inequality and poverty by creating economic activity through **arts education** programmes and access to Theatre. **JCT’s youth development programmes in the art sphere cater between 250 and 350 youths attending programmes in drama, dance and music.** The Youth and Community Development department is mandated to provide structured and professional opportunities to aspirant artists and new audiences for in-depth development of the artistic skills.

The focus is acceleration of youth development through programmes that stimulate an interest in the arts as a viable career path and provide opportunities for future arts practitioners and entrepreneurs and over 883 youth were reached, an acceleration from the 500 youth reached in the previous financial year.

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

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

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

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

Joburg Theatre’s School Setworks program took to the schools, Woza Albert and My Children my Africa.

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

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

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

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

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

Ethics Awareness workshops were conducted for all the three theatres, during the period under review. The Ethics Awareness trainings entailed amongst others, making employees aware what ethics is, the expectations or the role employees play in acting ethically as well as provision of guidelines on ethical conduct. During the period under review, the ethics strategy was developed and approved by the board and ethics ambassadors were appointed across all the theatres, thus more eyes on the ground monitoring ethical conduct as well enabling quick detection of unethical conduct and reporting it timeously.

### **Section 6: ICT Governance**

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

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

ICT governance is not just an IT problem; it is at its broadest sense part of the overall governance of an entity with specific focus on improving the management and control of ICT for the benefit of stakeholders.

ICT governance spans the culture, organisation, policy and practises that provide for the management and control of ICT. Creating an environment where ICT governance is an integral part of corporate governance is critical in ensuring alignment with business objectives, value delivery, accountability, risk management and overall performance management.

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

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

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

The Mandela Stage undergone its first technology upgrade since 1992, and the massive installation is now 100% complete. Training is currently being conducted on the new machinery. This mammoth engineering design is of a world-class standard, with the software program created by Mocon Systems being one of the largest PLC programs globally available.

The network system is so complex that Mitsubishi's Japanese engineering team has expressed interest in using this Johannesburg-based installation as a future example of what can be achieved with its technology.

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

JCT is prepared and eagerly anticipating the commencement of the COJ SAP project, which was put on hold until further notice by COJ. The timeline initially provided for JCT to begin payroll migration was scheduled for September 2022. However, the latest update conveyed through the CIO Forum suggested that budgets would only be approved by November 2022. As this financial year comes to a close, there have been no additional progress reports on the SAP project to date.

#### **SAP – Connectivity to COJ**

JCT and MTC have entered into a contract agreement, wherein MTC will provide JCT with a Virtual Private Network (VPN) to connect the three JCT Theatres and access physical rack space in a datacentre for JCT's backup hardware. JCT directly reports outages to MTC, which are typically restored within a few hours. However, outages caused by load shedding can experience longer time outs, as backup power may run out due to the extended time taken to restore the power, especially during Stage 6 load shedding.

JCT is reliant on MTC to connect to the COJ for SAP and to the datacentre for offsite backups via the Fibre links.

With minimal outages were recorded in the last quarter of the financial year. JCT and MTC continue with regular monthly meetings to address any issues that may develop.

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

JCT is consistently enhancing and expanding Wi-Fi accessibility in response to the increasing need for access for staff and patrons. Any future extensions will be carried out as necessary.

The office space at Soweto Theatre was expanded to accommodate new container offices located outside the main building. The project was completed during the quarter. A new Capex project will begin in the new financial year to extend Wi-Fi coverage to the forecourt and Jabulani Amphitheatre at Soweto Theatre.

#### **Internet connectivity**

JCT has successfully upgraded the Internet lines at each theatre.

While the lines remain generally reliable, certain lines have been affected by prolonged load shedding, which requires continuous power supply for proper functioning of the equipment.

The service provider is dedicated to ensuring the infrastructure is well-maintained and operational to the best of their ability.

## **Risk Register**

JCT has issued an advertisement seeking an advanced email security solution. The request for proposal was made public, and JCT has received several promising responses. Currently, the bids are in the assessment phase. Once selected, the chosen service provider will be responsible for setting up and configuring the solution within the JCT environment.

The primary objective of the project is to enhance email security and improve user awareness regarding the risks associated with email systems. JCT plans to procure the solution using a modular approach, starting with security measures, followed by mail archiving, and concluding with user awareness training.

Furthermore, JCT intends to transition from locally archiving mail on their systems to migrating this functionality to the cloud. This move will enable greater efficiency and accessibility in managing archived emails.

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

In order to align with Smart City initiatives, JCT has undertaken the procurement of a facial recognition access control system as a replacement for outdated hardware and software. The implementation of this new biometrics system has been successful, with staff members embracing it effectively. The next step involves expanding the system to replace our existing time and attendance system.

However, the expansion project is still in progress as the assessment of the BIDs is pending. Once the bidding process is completed and the successful bidder is selected, the project will move forward towards its completion.

## **Network improvements**

In the second quarter, JCT initiated the process of replacing outdated and obsolete network switches. Subsequently, a tender was awarded in the third quarter, and JCT received the delivery of new network hardware. The upcoming phase of the project will require a considerable amount of time as the network equipment needs to be configured and systematically replaced, ensuring minimal disruptions to the existing setup.

To further enhance network performance, additional budget will be allocated to replace the outdated cable infrastructure with Fibre optics. This upgrade will enable higher speeds between network equipment, resulting in improved overall network efficiency.

## **2022/2023 Capex**

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

1. Advanced Stage Software has been procured for Roodepoort, Soweto and Joburg Theatres during the year
2. EOL APs have been replaced and some units added throughout the building
3. Network infrastructure has been consolidated between the ticketing and marketing departments
4. New network hardware was purchased and installed during Q2, replacing EOL hardware, and standardising equipment

Generous Capex has been provided for the financial year 2023-2024. JCT looks forward to implementing the new Capex projects. Specifications have been sent through to the SCM department already, in order to advertise in Q1 of 2023-2024.

## **Future Focus Areas**

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

### **Smart City**

The much anticipated gas generator will be commissioned in the 1<sup>st</sup> quarter the new financial year. This project will allow extra power to be used by City Power to assist the power grid during peak periods.

## Readiness for compliance legislation

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

## Section 7: Compliance with Laws and Regulations

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

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

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

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

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

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

## Statement of Compliance

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

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

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

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

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

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

### Subsidiaries or associations with other companies including trusts

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

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

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

### Financial Irregularities

No financial irregularities were reported in the period under review.

### Report of the documentation procedures and processes

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

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

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

JCT does not charge Municipal Taxes and Service Charges.

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

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

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

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

NED - Non-Executive Director

IAC – Independent Audit Committee member

COJ – City of Johannesburg

Name of Director/Senior Managers	Designation	Name of Municipality	Municipal Acc Number	Account Status as at 30/06/2023	Comments
Mr. Godfrey Katsana	NED	Not a municipal account holder			
Ms. Orapeleng Ramagaga	NED	Not a municipal account holder			
Ms. Pamela Ndlovu	NED	COJ	557070907	Current	
Ms. Delisiwe Mabena	NED	COJ	554720941	Current	
Mr. Thapelo Chokobane	NED	Not a municipal account holder			
Ms. Bonga Kweyama	NED	Not a municipal account holder			
Mr. Sbusiso Xaba	NED	Not a municipal account holder			
Ms. Ziyanda Mncanca	NED	Not a municipal account holder			



Mr. Thembinkosi Mbeda	NED	Not a municipal account holder			
Ms. Johanna Mapeko	NED	Not a municipal account holder			
Mr. Ben Mothupi	NED	City of Tshwane	7000155854	Current	Account in Arrears
Mr. Mr. Elfias Muhauli	IAC	COJ	504020694	Current	
Mr. Thomas Sbangwana	IAC	COJ	504107112	Current	
Mr. Vincent Sithole	IAC	Not a municipal account holder			
Adv. Sarika Singh	IAC	Not a municipal account holder			
Ms. Xoliswa Nduneni-Ngema	CEO	COJ	207540933	Current	
Ms. Philipa Maduka	Company Secretary	Not an account holder			
Ms Bridget Mashika	COO	COJ	440859900	Current	

# CHAPTER THREE: SERVICE DELIVERY PERFORMANCE



## KEY ACHIEVEMENTS

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

- The company achieved 96% on the Key Performance Indicators.
- Youth and community development programme
- Contribution to the city's expanded public works programme;
- Contribution towards building the arts, with focus on social cohesion, job creation and inclusion of previously disadvantaged groups
- Delivery according to mandate – create a better life for residents of Johannesburg; Value for money; and Quality productions and service delivery

## Core Business

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

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

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

## Section 1: Highlights and Achievements

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

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

## JOBURG THEATRE

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

During the year under review Joburg Theatre celebrated its **60<sup>th</sup>- Jubilee Anniversary** by unveiling its walk of fame titled–**CELEBRATING STARS IN THE CITY OF GOLD**. Exciting programs were planned as part of this milestone. Third World Express, as part of the 60th Anniversary Celebrations.

**The Greatest Love of All** returned to the Joburg Theatre after two postponements due to Covid-19 restrictions, This was a musical tribute to Whitney Houston, which ran sold out performances at 100% capacity, with 2 additional shows added to satisfy the demand for tickets.

JCT and John Kani Productions' **Kunene and The King**, continued the national tour in Stellenbosch University mid-July.

**Don Giovanni**, another international production was produced in-house presented at the Joburg Theatre with a magnificent cast of well-known international opera singers, the Johannesburg Philharmonic Orchestra and Gauteng Choristers with conductor Johannes Stert.

**Third World Express**, transported the audiences to a new musical that drew its inspiration from the epic poem of the same title by Dr Mongane Wally Serote. This musical featured South Africa's best talent on stage supported by a singing and dancing ensemble. Third World Express took our audience on a captivating 'train ride' through song and dance, rediscovering South Africa on the dawn of democracy to the present and beyond. The music weaved through choreography, reconstructs truths, creating a magnified view of a time and the dream of tomorrow by the talented Andrew Tim with the AV graphics that elevated the whole show.

As per tradition during festive season the theatre presented the **Adventures in Pantoland** – which comprised of five pantomimes in one: Sleeping Beauty, Aladdin, Snow White, Jack and The Beanstalk and Peter Pan. A mystical mystery tour of each and every panto ever seen and loved! The star-studded cast wowed the audience young and old alike with the incredible storyline and hit songs all round.

Joburg Theatre in association with the City of Johannesburg entities Joburg City Parks and Zoo and City Power once again presented the annual **Festival of Lights** at the Joburg Zoo. The Festival marked its fourth year on the Jozi Festive Calendar with added new features to join the magnificent animal sculptures together with illuminated trees within the Zoo, combined with exciting live entertainment presentations, it is certainly one not to be missed. The festival of lights is an event filled with festive atmosphere, food stalls, Crafts night market, and of course beautiful lights complimented by a joyous staging of live entertainment for the entire festive season.

In commemoration of Black History month, Joburg Theatre celebrated the life of the global civil rights activist **Dr Martin Luther King**. This was followed by the launch of the long-awaited production by August Wilson, **Fences**, as well as the long awaited **Fences** at the Iconic Nelson Mandela Stage.

As part of Human Rights day commemoration JCT presented **Tribhangi Dance Theatre**, which has always operated under the tenets of intercultural harmony and cultural variety curated and performed a dance production. The show concentrated on the accomplishments of the Indian people since the time of their arrival as an indenture class and where they are now, 162 years later.

In celebrating International Women's day, the iconic Mandela Theatre was set alight for the 2<sup>nd</sup> year with **MOYA** - by Simphiwe Dana. This was a partnership between Joburg Theatre, Gregory Maqoma and the seasoned Titi Luzipho. All shows were nothing short of amazing as patrons flocked to the theatre in droves, eager to travel down memory lane.

During the period under review, Joburg Ballet' presented **–La Traviata, Classical Cinderella, Dialogues** as well as **the Romeo and Juliet**. All shows brought audiences to their feet to cheer contrasting ballets

In celebrating Africa month the most awaited William Kentridge's show, **The Head and the Load** finally graced the Nelson Mandela Theatre with **sold out performances** after several postponements due to the pandemic. It was exciting to see patrons flocking to see William Kentridge's The Head & the Load, which was thematically influenced by Africa and Africans during World War. This was followed by the five-time Grammy award-winning **Ladysmith Black Mambazo**. The Mambazo's celebrated the life and times of former President Nelson Mandela with a live concert featuring classic hit songs and new music at the Nelson Mandela Theatre.

**The Drakensberg Boys Choir** once again graced the Mandela Stage to close off the Youth Month with a musical weekend. This incredible concert encompassed new music as well as old jams had the patrons singing along in joy. The captivating performance and remarkable artistic rendition by the Drakensberg Boys Choir not only left the audience deeply moved but also filled with joy at the Mandela theatre. Distinguished politicians, renowned television personalities, and accomplished entrepreneurs were among those present to commemorate and share in the celebration of these remarkable young men.

The **Festival of Dramatic Arts (FEDA)** had a phenomenal record breaking 3 weeks run, with 52 school performances taking place. is more than just a theatre festival. It continued to provide a place for learners to express themselves and learn theatre skills. This year was no different for FEDA as it develops year after year, thanks to a growing cooperation with drama schools in Johannesburg and the surrounding areas.

Peoples Theatre had both children and parents on lock with **Suessical the Musical Jr** and King Julien's **Madagascar**. The young audiences entertained as they sang along whilst taking part in the story's revelation.

The **Naledi Theatre Awards** 2023 took place at the Nelson Mandela Theatre with several JCT productions winning awards in this prominent ceremony. Followed by the prestigious **Basadi in Music Awards nominees unvailing** .

The premieres of "**Nikiwe**" and "**Smoke & Mirrors**" showed some of Johannesburg's top acting talent. The Joburg Theatre housed an opulent launch party for "Nikiwe" and "Smoke & Mirrors" in the Nelson Mandela Foyer, which was attended by the city's elite.

**Joburg Choral Music Festival**- graced the Mandela stage for the 2<sup>nd</sup> year in a row. This is one of the City of Johannesburg's premier cultural initiatives aiming to foster the growth of choral music and also a key component of a larger plan to support the city's creative industries took place in the Mandela Theatre. This year featured choirs from the City of Ekurhuleni, KwaZulu Natal, and the Eastern Cape. This festival keeps growing its support every year and is hoping for a prosperous event in the new financial year.

**Thabo Mbeki's 81st celebration- took place at in the renowned Nelson Mandela Square** featuring the likes of Simphiwe Dana, Ringo Madlingozi, Linda Skhakhane, and the Drankensburg Boys Choir. The event was well celebrated, with nothing else to remember but music, dance, and words of wisdom by the South African former president, Thabo Mbeki. One of the highlights of the event was the announcement to build the *Africa Library*, which will be launched in 2025.

## **SOWETO THEATRE**

**HerStory International Theatre Festival** - In celebrating Women's month, Soweto Theatre in partnership with award-winning South African playwright Napo Masheane made history at the theatre with a 7-day festival. The performances included *Elelloang*, a poem by Yamoria the twin poets Fumane and Mfumo Ntlhabane, music sang by Buhle Bendalo, classical music by Caroline Barole, bass player Aus Tebza with the bass guitar, the Fat Black Women Sing who sang and the Winnie Madikizela Mandela documentary narrated by Tekano to commemorate and celebrate women and children. The festival had a successful turnout.

**Ihashe Elimhlophe**, Soweto theatre hosted an electrifying live performance by Ihashe Elimhlophe and Amamaponi (*children and grandchildren of the Ngcobo's*). Ihashe Elimhlophe is a celebrated musician and personality who has collaborated the most with other genres and has performed in over 25 countries around the world. Amongst the VIP Guests were the City of Johannesburg Executive Mayor Dr Mpho Phalatse, Zwelinzima Vavi, Yvonne Chakachaka and Poet Jessica Mbangeni. The master of ceremony was Sello Maake kaNcube.

**An Intimate Evening with Ntsika**- This dynamic performer graced the theatre stage and took the audience through a journey paved with spiritual and magical moments. Subsequent to a successful run at the Pretoria State Theatre Ntsika brought a show that continued to usher in a completely new musical dawn.

**The legends tribute with "HotStix" Mabuza**- A Tribute concert with Siphon "Hotstix" Mabuse featured all-time greats, including Abigail Kubeka, Babsy Mlangeni, PJ Powers, the Soul Brothers, Pappa and Blondie, who will reflect on the history of the theatre and the country's music.

**Take a child to theatre /Mandela Day** - In 2009, when the United Nations General Assembly declared Nelson Mandela's 18 July birthday Nelson Mandela International Day, Madiba called on the people of the world to honour him by helping their communities. With this backdrop, the theatre rolled up their sleeves and invited children to come and enjoy theatre like never before. The children partaken in numerous activities. The day was a culmination of Madiba and JCT's spirit of giving and a sense of community.

**Soweto Theatre** celebrated its **10th year anniversary** with a momentous occasion. A season that included poetry, comedy, and music from thespians and artists who have performed on its stages over the last decade.

**Soweto in Colours Countdown 2023** took place on the eve of the new year with the DJ line-up reflects the diversity that Joburg City Theatres.

**South African Music Week (SAMW)** also took place and was set to acknowledge some of the country's music greats the likes of DJ Black Coffee, Trompies, Master KG, Makhadzi, Jonathan Butler, Jimmy Dlodlu, Zola 7, Yvonne Chaka Chaka, and Lorraine Klassen amongst others.

Industry colleagues, media, family, friends of the late distinguished jazz musician and composer **Gloria Bosman** gathered at Soweto Theatre to celebrate her life at the memorial and funeral service. The smooth-voiced South African jazz musician was praised for her contribution to the country's music industry in a career spanning more than two decades. Billy Monama and Abigail Kubheka, Simphiwe Dana, performed at the memorial service of popular musician.

In its ritual commemoration of the Human Rights Month, the Soweto Theatre presented the 2023 edition of the annual Human Right Month Celebrations with Youth Organisations. **Tokologo The Musical Garment**, written and directed by Zinhle Mbokane. This children's theatre piece follows two boys on a quest of discovery on music notes and the gift of song that was handed down to them mysteriously by an unknown creature.

The play confronts the reality we are faced with as a country, which is the kidnaping and killing of children in South Africa through storytelling.

As part of Youth Month Celebrations Soweto hosted a **Commemorative Dialogue and Musical Concert** under the theme "Embo – Remembering our Essence". The event featured several musical artists for the concert whilst the dialogue delved on the meaning of June 16 towards 30 years into the democratic order with the aim to gauge the lessons that can be drawn to measure if as a country and a city we are closer or further from the aspirations that inspired the youth of 1976 to pay the ultimate price for freedom. This was a collaboration with the COJ department of Arts, Culture and Heritage as well as the Hector Pieterse Museum.

As part of the school network, the theatre presented **Woza Albert**, reaching new audiences amongst our younger audience members. Woza Albert! IEB schools came in numbers as this play was part of their prescribed Network. This great theatre piece came back for a limited run at the Soweto Theatre. It saw schools coming through from around Soweto and as far as Joburg North as it is a great tool for audience development while assisting schools with their school's curriculum. The characters portrayed in this story are everyday people from a vendor to a barber; a domestic worker; manual labourer and soldier. The show remains one of the most vibrant examples of satirical anti-apartheid South Africa theatre.

**Seven Colours Sundays** – This is Soweto's first food market, happening every last Sunday of the month with the aim to promote local goods and services. The event allows friends and families to come together and spend time listening to good music and enjoy a variety of foods, with the little ones kept entertained in the kid's area. The event features home-grown talent, including an amazing line-up of Djs who rock the dance floor with entertaining and soulful music, much to the excitement of the crowd. For this quarter this event saw some of the best chefs and caterers from in and around Johannesburg selling a variety of delicious local gourmet food, township flavoured cuisine and tasty traditional 'seven colour' dishes and desserts.

## ROODEPOORT THEATRE

**The Legend – Don Mattera Hybrid Funeral**, Roodepoort theatre hosted friends, family and colleagues of the late poet, author, journalist and activist for a memorial service to pay tribute to him. Speakers and performers included the likes of Dr Naledi Pandor (*International Relations and Co-operation Minister*); Legendary musicians such as Siphso "Hotstix" Mabuse, and Abigail Kubheka; poets Lebo Mashile and Pitika Ntuli.

The Roodepoort Theatre presented the finest comedy show on the West Rand, **Comedy Jam** featuring established and emerging South African comedians. The two-day mini comedy festival was a huge success with the audience.

Roodepoort Theatre hosted **The Nutcracker** – a captivating ballet performance designed to charm the heart and leave memories that last a lifetime. The Youth Russian Ballet Company with students aged 10 and up worked in perfect harmony. This production was everything needed to get in the holiday spirit.

Mzansi Ballet was proud to announce the return of **The Christmas Show** with some of South Africa's top dancers and singers celebrating a modern-day Christmas. This was a show for the entire family featuring some of the most loved Christmas classics as well as contemporary Christmas hits such as Silent Night, Little Drummer Boy, Oh Holy Night, and many more.

Roodepoort theatre hosted an Afrikaans festival, **My Vrou se Man se Vrou** with the main character being John Smith, a London taxi-driver, who lives with his wife Mary in Highgate and another wife Barbara in Finchley, only four minutes apart!

Of course both Mrs Smiths are blissfully unaware of each other's existence, since John uses irregular working hours as an excuse behind which to hide. The festival was launched with Afrikaans theatre mega stars in the audience, it was a night of the superstars which emulated history and an era of the arts that not many could document and capture in one room.

**WLFDA** – A beautiful Summer Lyrical and Jazz dance competition was hosted at the theatre in celebration of the greatest dancers. This session was for dance qualifiers towards World Championships of dance to take place in

Dublin Ireland from the 28 July to 1st August 2023 as well Dancer of the Year 2022. The dancers demonstrated world class techniques.

**ONCE UPON A TIME-** The cast brought the stories of Beauty and the beast, Snow white, Cinderella, Princess and the frog, Sleeping Beauty and Pocahontas to life in this magical, enchanting and comical dance production. This play followed the classical fairy tales as retold by a very forgetful old granny who ended up mixing all the fairy tales into one elaborate plot and featured a cast ranging in ages from 2 years to adults and included students from the Goudwes School for children with learning disabilities in Carletonville. The audience were blown away by this one-of-a-kind performance featuring a variety of dance styles including ballet, Jazz, contemporary and Gumbo dancing.

Roodepoort Theatre presented **Joseph and the Amazing Technicolor Dreamcoat** based on the Bible’s book of Genesis and originating from a cantata written for a school choir, Joseph is a much-loved family classic. This play provided a unique opportunity for all the dancers, singers and actors of the school to showcase their talents. The production was.

**10 BY Jozi Youth Dance-** presented by Jozi youth in honour and in celebration of turning ten years old. It was befitting for Jozi youth dance to celebrate at our theatre as their first theatre production was at Roodepoort

**The World Lyrical Dance Federation (WLDFA)-** semi-finals of this federation took place at the theatre, giving dancers and teachers a first-hand insight into the professional stage arena. It was an amazing and highly competitive occasion.

**The National Eisteddfod of South Africa® Young Performer Showcase 2023.-** Roodepoort proudly hosted this year’s showcase with sold out performances featuring some of the best young performers in drama, music and dance as identified in the various regions of the National Eisteddfod of South Africa. The importance of this project is building self-esteem and confidence in the youth which cannot be underestimated.

The theatre experience will always be a unique and special one, what lies ahead are opportunities to enhance that experience. The 2023/2024 financial year will be an exceptionally exciting and challenging one with lots of new variables in the process of making and viewing theatre. JCT, with the unwavering support it receives from the City of Johannesburg (CoJ), is well placed to emerge triumphant into the new era theatre globally.

- **Financial**
  - ✓ 13.49% total revenue growth year on year.
  - ✓ JCT’s achieved the target in the fourth quarter by spending 100% of capital expenditure, which is in line with the city’s mandate to ensure that budget allocated for capex is fully spent as at year end

<b>ECONOMIC</b>	<b>Unit</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Total Assets	R	68 415 764	57 284 407	65 958 255	37 726 238	38 529 213
Total Equity	R	25 295 091	23 192 848	12 311 301	7 463 278	19 117 735
Non-Current Assets	R	19 686 180	14 908 225	15 071 655	16 319 452	17 001 972
Bank Balance	R	16 532 950	17 478 917	10 038 804	8 835 684	11 052 694
CAPEX - COJ	R	13 168 400	11 767 000	36 108 000	34 673 591	25 263 446
Earned Revenue	R	107 197 017	85 914 a577	43 008 671	55 694 988	63 843 368
Subsidies	R	179 652 003	166 152 000	163 454 000	128 469 000	116 447 000

- **Non-Financial:**
  - JCT managed to achieve its objectives in a volatile economic climate, both locally and globally with budgets tightened and the City’s focus on delivering basic services especially in deprived communities.
  - 100% achievement on service delivery performance.

- Notable improvements in Youth Development programmes includes enabling tools and opportunities for community theatre groups and individual artists.
- Procurement spend on SMMEs against total procurement expenditure was 63%, well above the target of 30%.
- Procurement spend on BBEEs against total procurement expenditure was 75%, well above the target of 75%.

ENVIRONMENTAL AND SOCIAL									
	Unit	2023	2022	2021	2020	2019	2018	2017	2016
Employees		262	242	5	234	159	145	145	131
Employment equity	%	91	94	91	90.5	91	84	89	86
Gender equity	%	100	37	37	40	38	35	33	29
Training cost	R	994,534.26	429 101.6	1,306,534	1,102,643	1,390,528	596,921	344,889	190,794
BBBEE	%	100	100	100	101	98	97	96	107
Corporate social investment	R		2,840,088	1,619,335	1,553, 282	1,982,206	1,748,025	2,768,539	2,460,064
Electricity, gas and water consumption	R	13,834,442	12,164,344	11,927,810	11,459,175	10,115,592	8,529,216	10,231,298	7,223,313

### Challenges faced during the year

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

### Section 2: Service Delivery Challenges

#### POWER CUTS DUE TO LOAD SHEDDING

Load shedding has been a major business disruption to the theatre this financial year. This consistent load shedding severely affected restaurants as it meant early closure. Load shedding was deemed as a significant risk to the theatre's operations and management has opted to procure a backup generator as an alternative means of power supply to ensure continuity in the theatre operations during the load shedding. The backup generator will be operational in the 2023/24 financial year.

### Section 3: Response to Strategic Direction

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

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



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

The City’s Integrated Development Plan (IDP) and policy imperatives informed the business plan of Joburg City Theatres for the financial year 2022/23. In this regard, Joburg City Theatres is a progressive, complementary and supportive intergovernmental partner of the Department of Arts Culture.

7 Mayoral Priorities were introduced and Joburg City Theatres ensured its programmes and the business plan were aligned to.

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

**Alignment to the New Strategic Agenda -**

For the period 2022/23 and beyond, five (5) Strategic Objectives have been developed in order to enable JCT to effectively focus and prioritise its options in delivering on its mandate and respond to the above strategic focus areas.

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

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

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

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

Set out below, is an analysis of the entities performance against its KPIs for the financial year 2022/23 as set out in the Business Plan.

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

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

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

Twenty seven (27) targets were set for the 2022/23 financial year and **96%** was achieved.

Joburg City Theatres Strategic Objective (Towards achieving the mandate, mission and Strategic Priorities)	Objective Description and Focus Areas	Achievement
<b>1) Provision of opportunities for the youth, including future arts practitioners and entrepreneurs.</b>	<ul style="list-style-type: none"> <li>▪ Support local content development;</li> <li>▪ Support for youth development programmes;</li> <li>▪ Facilitate partnerships and co-productions that widen the participation of local producing partners engaged with JCT;</li> </ul>	<p>1158 Youths attended arts programmes during the year</p> <p>237 of Expanded Public Works programmes (EPWP) work opportunities created at JCT</p>

<b>Joburg City Theatres Strategic Objective</b>  <b>(Towards achieving the mandate, mission and Strategic Priorities)</b>	<b>Objective Description and Focus Areas</b>	<b>Achievement</b>
	<ul style="list-style-type: none"> <li>▪ Implement structured opportunities for the development of the talents and skills of young people in the arts; and</li> <li>▪ Sound and consistent supply chain management processes that support preferential procurement, and enhance the contribution of JCT to enterprise development.</li> </ul>	
<b>2) Quality performing arts and entertainment experiences and facilities.</b>	<ul style="list-style-type: none"> <li>▪ Excellence in delivery of the JCT core business, in support of the mandate, vision and mission;</li> <li>▪ Supporting the development and creation of work;</li> <li>▪ Strengthening the acquiring and hosting of local and international work;</li> <li>▪ Facilitate production partnerships with theatres in South Africa and the African Diaspora for the development of productions from African stories;</li> <li>▪ Ensuring facilities and infrastructure are in excellent condition; and</li> <li>▪ Monitor and enhance customer satisfaction and the achievement of service standards.</li> </ul>	100% achievement of Service Level Standards  80 Arts and Culture festivals and themed productions held / in-house production  4 Ballet seasons were held  4 Philharmonic Orchestra were held
<b>3) Affordable access to and use of theatres by communities.</b>	<ul style="list-style-type: none"> <li>▪ Thematic productions that address issues;</li> <li>▪ Engagement with arts practitioners, private sector and communities in bringing new audiences into contact with JCT programmes;</li> <li>▪ Develop future audiences by providing discounted tickets to learners;</li> <li>▪ Provide access to JCT venues;</li> <li>▪ Accessibility to theatres venues for people living with disabilities; and</li> <li>▪ Mechanisms and approaches that assist to make theatre going practical for various communities;</li> </ul>	193,677 attendees
<b>4) Good governance, financial</b>	<ul style="list-style-type: none"> <li>▪ Balance the imperative for revenue generation with socio-economic development;</li> </ul>	37% / 63%  Earn revenue R106,407m

Joburg City Theatres Strategic Objective  (Towards achieving the mandate, mission and Strategic Priorities)	Objective Description and Focus Areas	Achievement
<b>sustainability and sound management.</b>	<ul style="list-style-type: none"> <li>▪ Grow shareholder value by ensuring sound financial management, financial control and growth in revenue;</li> <li>▪ Increase asset utilisation and leveraging investment;</li> <li>▪ Cost efficiency across value-chain;</li> <li>▪ Customer care improvement;</li> <li>▪ Integrate the programming of the theatres and integrate the value chain of the theatres; and</li> <li>▪ Ensure efficient and effective internal business processes and systems.</li> </ul>	<p>Total revenue R286.059m</p> <p>70% of procurement spend on SMMEs quarterly against total procurement expenditure - target of 30%</p> <p>84% of procurement spend on BBBEE quarterly against total procurement expenditure - target of 75%</p> <p>100% CAPEX budget spent</p> <p>95% of pre-determined objectives achieved</p>
<b>5) Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT.</b>	<ul style="list-style-type: none"> <li>▪ Build JCT brand awareness and grow market share of JCT as a leading brand;</li> <li>▪ Build JCT visibility through enhanced marketing, communication and stakeholder management;</li> <li>▪ Leveraging of mutually beneficial partnering agreements and joint programmes; and</li> <li>▪ Fundraising and donations.</li> </ul>	32 Strategic partnerships created

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

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

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

## Section 4: Performance against Service Standards

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

All shows ran smoothly, safely and on time, with service standards meeting expectations.

### Service Level Standards Performance

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

### Performance Highlights

- JCT prides itself on placing customer service at the forefront of its service delivery to performers, patrons and other visitors to its various sites. Easy accessibility for all citizens, prompt starting times of performances, and providing a safe and healthy environment has long been the calling card of an entity that prides itself on delivering excellent service to all who enter the doors.
- JCT has also changed the delivery of tickets for their productions. Instead of physical tickets needing to be presented to gain access to events, tickets can now be sent to patrons mobile phones. The bar code on the virtual ticket can then be scanned for entry into the event.
- Where payment is made at the restaurants, bars and box offices, JCT encourages a cashless experience, and provides the use of tap-and-pay devices
- Joburg City Theatre continues on its mission to reach new audiences, not only those youngsters who have not yet visited a theatre, but also those communities that may not have had the opportunity to watch a performance at one of our venues.
- Joburg City Theatres continued to work on Audience Development and bring the magic of theatre to an ever increasing number of citizens of Johannesburg and surrounds.
- The Naledi Theatre Awards took place this quarter, with several JCT productions winning awards in this prominent ceremony.

**Performance Challenges and Mitigations** - Extended load shedding schedules once again posed a challenge to the theatre this financial year. Nonetheless, the completion of the installation of the gas generator at Joburg Theatre is fast approaching. This project is a first in South Africa, in conjunction with City Power. The generator will allow for productions to take place during load shedding. In addition, extra power will be used by City Power to assist the power grid during peak periods. Staff, producers and performers are all eagerly awaiting the completion of this project, which is projected to be finalised by the end of the financial year.

The first-time on-stage seating for The Head and the Load resulted in alternative evacuation routes and disabled parking for audiences. Staff were trained on the new routes prior to the first performance. Dedicated ushers and security were strategically placed to assist with the new disabled parking spaces, and subsequent access to the seats. Joburg Theatre is currently renovating its main entrance, necessitating alternative access points to the venue.

### Challenges and mitigations

SLS KPI not achieved	Challenges	Mitigations
NOT APPLICABLE	-	-







## Section 5: Performance against Predetermined objectives

### Performance Information For The Year Ended 30 June 2023

IDP Programme	Key Performance Area	Key Performance Indicator	Key Intervention	Strategic Objective Annual Targets		Means of Verification	2022/23 Performance Targets						Annual	2022/23 Budget
				Baseline as per the 2022/23 business plan	2022/23 Target		Unit Responsible for Reporting	Reporting Period	Q1 Jul - Sep 2022	Q2 Oct - Dec 2022	Q3 Jan - Mar 2023	Q4 Apr - Jun 2023	July 2022- June 2023	Capex Opex
<b>MTSF Priority – 2: Economic transformation and job creation</b> <b>COJ Priorities – 3: A caring City   4: A business-friendly City</b> <b>JCT Strategic Objective – SO1: Provision of opportunities for the youth, including future arts and theatre practitioners and entrepreneurs.</b>														
Promote economic development and attract investment towards achieving 5% economic growth that reduces unemployment, inequality and poverty	Work opportunities created at Joburg City Theatres	Number of Expanded Public Works programmes (EPWP) work opportunities created at JCT	Job opportunities	190 Expanded Public Works programmes (EPWP) work opportunities created at JCT	220 Expanded Public Works programmes (EPWP) work opportunities created at JCT	Employment contracts / HR/ Payroll Information	CFO	Quarterly	Target	Target	Target	Target	Target	Target Achieved
									50	150	180	220	220	
									Actual	Actual	Actual	Actual	Actual	
									53	152	237	237	237	
Youth developed in arts and theatre	Youth attending arts programmes (Non-Cumulative)	Number of youths attending arts programmes (Non-Cumulative)	Youth development in the art sphere	330 of youths attending arts programmes (Non-Cumulative)	250 (Jul-Dec) 350 J(Jan – Jun) of youths attending arts programmes (Non-Cumulative)	Attendance registers Tutor reports on programme content Programme summary	Executive Producer, Artistic Manager	Quarterly	Target	Target	Target	Target	Target	Target Achieved
									250	250	350	350	300	
									Actual	Actual	Actual	Actual	Actual	
									371	413	1588	1158	883	
<b>MTSF Priority – 5: Spatial integration, human settlements and local government   6: Social cohesion and safe communities</b> <b>COJ Priorities – 1: Getting the basics right   5: An inclusive City</b> <b>JCT Strategic Objective – SO2: Quality performing arts and entertainment experiences and facilities</b>														
Create a culture of enhanced service delivery with	Service level standards	Percentage achievement on service level standards	Service standards turnaround time improvement <sup>1</sup>	90% achievement service level standards	90% achievement service level standards	Service Level Standards Report	COO	Quarterly	Target	Target	Target	Target	Target	Target Achieved
									100%	100%	100%	100%	100%	
									Actual	Actual	Actual	Actual	Actual	
								100%	100%	100%	100%	100%		

<sup>1</sup> CORE BUSINESS	SERVICE LEVEL STANDARD
1. Theatres accessible to people with disabilities	100% accessibility
2. Production start times	100% of in-house productions commence within 15 minutes as per schedule
3. Safety of patrons	100% compliance to health and safety legislation






IDP Programme	Key Performance Area	Key Performance Indicator	Key Intervention	Strategic Objective Annual Targets		Means of Verification	2022/23 Performance Targets						Annual	2022/23 Budget
				Baseline as per the 2022/23 business plan	2022/23 Target		Unit Responsible for Reporting	Reporting Period	Q1 Jul - Sep 2022	Q2 Oct - Dec 2022	Q3 Jan - Mar 2023	Q4 Apr - Jun 2023	July 2022- June 2023	Capex Opex
pride and dignity		(Non-Cumulative)												
Arts and culture festivals and themed productions hosted and produced	Improved audience development and accessibility to venues Promote positive social local content	Number of Arts and Culture festivals and themed productions held / in-house production	To make venues more accessible Promotion of positive social local content	19 Arts and Culture festivals and themed productions held / in-house production	50 Arts and Culture festivals and themed productions held / in-house production	Contracts Marketing material Show reports	COO	Quarterly	Target	Target	Target	Target	Target	<b>Target Achieved</b> 
									8	16	35	50	50	
									Actual	Actual	Actual	Actual	Actual	
								19	30	45	61	61		
Joburg Ballet and Philharmonic Orchestra integrated into the group offering	Promote economic development	Number of Ballet seasons	Image building of the CoJ by Joburg Ballet	6 ballet seasons	4 ballet seasons	Quarterly report Contracts and marketing material	COO	Quarterly	Target	Target	Target	Target	Target	<b>Target Achieved</b> 
									1	2	3	4	4	
		Actual	Actual	Actual	Actual	Actual								
		1	2	3	4	4								
	Number of Philharmonic Orchestra seasons	Improved access to professional concerts of classical and choral music	5 Philharmonic Orchestra seasons	4 Philharmonic Orchestra seasons	Quarterly report Contracts and marketing material	Executive Producer	Quarterly	Target	Target	Target	Target	Target	<b>Target Achieved</b> 	
								1	2	3	4	4		
Actual	Actual	Actual	Actual	Actual	Actual	Actual	1	2	3	4	4			
Enhanced Internationalisation of the Joburg City Theatre profile	JCT touring circuit implemented	Number of JCT productions touring nationally/internationally	International /domestic travel of productions	new	1 JCT productions touring nationally/internationally	Business case / SLA	COO/ Artistic Director	Annually	Target	Target	Target	Target	Target	<b>Target Achieved</b> 
									1	-	-	-	1	
									Actual	Actual	Actual	Actual	Actual	
								1	2	-	4	4		
Quality performing arts and entertainment experiences and facilities	Annual legends tribute programme implemented	Number of annual legends productions implemented	Support to enhanced social and cultural life in the COJ	new	2	Contracts with artists/ creatives	COO/ Artistic Director	Bi Annually	Target	Target	Target	Target	Target	<b>Target Achieved</b> 
									-	1	-	2	2	
									Actual	Actual	Actual	Actual	Actual	
								-	1	2	3	3		

IDP Programme	Key Performance Area	Key Performance Indicator	Key Intervention	Strategic Objective Annual Targets		Means of Verification	2022/23 Performance Targets						Annual	2022/23 Budget
				Baseline as per the 2022/23 business plan	2022/23 Target		Unit Responsible for Reporting	Reporting Period	Q1 Jul - Sep 2022	Q2 Oct - Dec 2022	Q3 Jan - Mar 2023	Q4 Apr - Jun 2023	July 2022- June 2023	Capex Opex
						Marketing material Close-out report								

MTSF Priority – 5: Spatial integration, human settlements and local government | 6: Social cohesion and safe communities

COJ Priorities – 1: Getting the basics right | 3: A caring City | 5: An inclusive City





JCT Strategic Objective – SO3: Affordable access to and use of theatres by communities

To conceptualise, manage, host and promote relevant high quality performing arts and entertainment experiences	Audience developed venues accessed	Number of attendees	Public access to theatres	113 201 attendees to theatres	120, 000 attendees	Ticket reports	COO/ Artistic Director	Quarterly	Target	Target	Target	Target	Target	Target Achieved 
									30, 000	80, 000	100, 000	120, 000	120, 000	
									Actual	Actual	Actual	Actual	Actual	
									44, 011	100,735	150,449	193 677	193 677	
Support to enhanced social and cultural life in the COJ	School set work offerings provided across all 3 theatres	Number of school set work programmes implemented	Partnership/c ollaboration with educational institutions	new	3	Contract s with artists/ creatives Marketing material Close-out report	COO/ Artistic Director	Quarterly	Target	Target	Target	Target	Target	Target Achieved 
									1	-	2	3	3	
									Actual	Actual	Actual	Actual	Actual	
									1	-	2	3	3	
Increased accessibility to the theatre by previously disadvantaged communities	City-wide integrated activations implemented	Number of city-wide integrated activations using the Mobile Theatre Truck	Increased utilisation of the Mobile Truck as part of outreach programmes	new	6	Business case Annual calendar Booking forms	COO/ Artistic Director	Quarterly	Target	Target	Target	Target	Target	Target Achieved 
									2	4	5	6	6	
									Actual	Actual	Actual	Actual	Actual	
									3	5	5	8	8	

MTSF Priority – 1: Capable, ethical and developmental State

COJ Priorities – 1: Getting the basics right | 4: A business-friendly City | 6: A well-run City

JCT Strategic Objective – SO4: Good governance, financial sustainability and sound management

IDP Programme	Key Performance Area	Key Performance Indicator	Key Intervention	Strategic Objective Annual Targets		Means of Verification	2022/23 Performance Targets				Annual	2022/23 Budget			
				Baseline as per the 2022/23 business plan	2022/23 Target		Unit Responsible for Reporting	Reporting Period	Q1 Jul - Sep 2022	Q2 Oct - Dec 2022	Q3 Jan - Mar 2023	Q4 Apr - Jun 2023	July 2022- June 2023	Capex Opex	
Financial Management	Improved and sound financial management	Proportion of earned income against total revenue including subsidy	Financial sustainability  Improved and sound financial management	30% / 70% Earn revenue R43.009m  Total revenue R206.463m	25% / 75% Earn revenue R60.155m  Total revenue R239.807m	Financial statements  Income reports	CFO	Quarterly	Target	Target	Target	Target	Target	Target  25% / 75% Earn revenue R60.155m  Total revenue R239.807m	Target Achieved 
									27% / 73% Earn revenue R15.561m	27% / 73% Earn revenue R31.125m	25% / 75% Earn revenue R46.686m	25% / 75% Earn revenue R60.155m	25% / 75% Earn revenue R60.155m		
									Total revenue R56.345m	Total revenue R112.693m	Total revenue R169.037	Total revenue R239.807m	Total revenue R239.807m		
									Actual	Actual	Actual	Actual	Actual		
								22% / 78% Earn revenue R13,312m	31% / 69% Earn revenue R43.762m	33% / 67% Earn revenue R67.604m	37%/63% Earn revenue R106,407 m	37%/63% Earn revenue R107,197 m			
								Total revenue R 61,305	Total revenue R139.747 m	Total revenue R205.422m	Total revenue 286,059 m	Total revenue 286,849 m			
Financial Management	Improved and sound financial management	Percentage spent on operating budget against approved operating budget	Operating project programme	100%	100%	OPEX expenditure report  Financial statements	CFO	Quarterly	Target	Target	Target	Target	Target	Target Achieved 	
									15%	50%	75%	100%	100%		
									Actual	Actual	Actual	Actual	Actual		
									17%	53%	85%	100%	119%		
									Target	Target	Target	Target	Target		
									10%	30%	70%	100%	100%		
	Actual	Actual	Actual	Actual	Actual										
	30%	44%	35%	100%	100%										
	Improved and sound financial management	Percentage spent on repairs and maintenance against the budget	Operating project programme	Capital project programme	100%	100%	CAPEX expenditure report  Financial statements	CFO	Quarterly	Target	Target	Target	Target	Target	Target Achieved 
										0%	4%	6.4%	8%	8%	
										Actual	Actual	Actual	Actual	Actual	
										2%	10%	15%	33%	19%	
Target										Target	Target	Target	Target		
50%										30%	30%	50%	50%		
Improved and sound financial management	Percentage reduction in unauthorized,			new	50%		CFO	Quarterly	Target	Target	Target	Target	Target	Target Achieved 	
									50%	30%	30%	50%	50%		

IDP Programme	Key Performance Area	Key Performance Indicator	Key Intervention	Strategic Objective Annual Targets		Means of Verification	2022/23 Performance Targets				Annual	2022/23 Budget		
				Baseline as per the 2022/23 business plan	2022/23 Target		Unit Responsible for Reporting	Reporting Period	Q1 Jul - Sep 2022	Q2 Oct - Dec 2022	Q3 Jan - Mar 2023	Q4 Apr - Jun 2023	July 2022- June 2023	Capex Opex
		irregular, fruitless and wasteful (UIFW) expenditure incurred				Expenditure report SCM report Financial statements			Actual 33%	Actual 39%	Actual 100%	Actual 100%	Actual 100%	
To grow shareholder value by ensuring sound financial management, good governance and growth in revenue	Financial sustainability and reduced grant dependency	Percentage of valid invoices paid in 30 days after receipt of invoice or statement <sup>2</sup>	Financial sustainability Improved and sound financial management	100%	100%	Expenditure report Financial statements	CFO	Quarterly	Target 100%	Target 100%	Target 100%	Target 100%	Target 100%	Target Achieved 
Internal control improvement process	Governance, internal controls, performance and risks managed	Audit opinion	Clean audit outcome	Unqualified audit opinion with zero audit report findings	Unqualified without material findings	External audit opinion and report Annual financial statement	CFO	Annually	Target -	Target	Target Unqualified without material findings Unqualified Audit Opinion -	Target Unqualified without material findings Unqualified Audit Opinion -	Target Unqualified without material findings Unqualified Audit Opinion -	Target not achieved 
Audit mitigation initiatives		Percentage of resolution of AG findings	Strategy improvement plans	100%	100%	Quarter reports / evidence files	CFO	Quarterly	Target 100%	Target 100%	Target 70%	Target 100%	Target 100%	Target 100%
		Percentage of resolution of	Strategy improvement plans	100%	100%	Quarter reports /	CFO	Quarterly	Target 10%	Target 30%	Target 70%	Target 100%	Target 100%	Target Achieved 

<sup>2</sup> 100% of valid invoices paid in 30 days from receipt of valid Invoices and Statements

IDP Programme	Key Performance Area	Key Performance Indicator	Key Intervention	Strategic Objective Annual Targets		Means of Verification	2022/23 Performance Targets				Annual	2022/23 Budget			
				Baseline as per the 2022/23 business plan	2022/23 Target		Unit Responsible for Reporting	Reporting Period	Q1 Jul - Sep 2022	Q2 Oct - Dec 2022	Q3 Jan - Mar 2023	Q4 Apr - Jun 2023	July 2022- June 2023	Capex Opex	
		Internal Audit (IA) findings				evidence files			63% of 2020/21 findings were resolved	67% of 2020/21 findings were resolved	100% of 2020/2021 findings were resolved	100% of 2020/2021 findings were resolved	100% of 2021/2022 findings were resolved		
		Percentage of the strategic risk management action plans implemented	Strategy improvement plans	100%	100%	Quarter reports / evidence files	CFO	Quarterly	Target	Target	Target	Target	Target	Target Achieved	
									100%	100%	100%	100%	100%		
									Actual	Actual	Actual	Actual	Actual		
									100%	100%	100%	100%	100%		
Financial sustainability and reduced grant dependency	Governance, internal controls, performance and risks managed	Percentage of predetermined objectives achieved	Governance, internal controls, performance and risks managed	85% of predetermined objectives achieved	85%	Quarter reports / evidence files	CFO	Annually	Target	Target	Target	Target	Target	Target Achieved	
									-	85% of predetermined objectives achieved	-	-	85% of predetermined objectives achieved		
									Actual	Actual	Actual	Actual	Actual		
									-	95%	-	-	95% predetermined objectives achieved		
	Small businesses supported through B-BBEE and preferential procurement	Number of SMME's Supported	Business Support to SMME's	new	250	Procurement Reports	CFO	Quarterly	Target	Target	Target	Target	Target	Target Achieved	
									50	150	200	250	250		
									Actual	Actual	Actual	Actual	Actual		
										82	165	202	302	302	
		Percentage of procurement spend on SMME's against total procurement expenditure	Business Support to SMME's	65% of procurement spend on SMME's against total procurement expenditure	30% of procurement spend on SMME's against total procurement expenditure	Procurement reports	CFO	Quarterly	Target	Target	Target	Target	Target	Target Achieved	
									30%	30%	30%	30%	30%		
									Actual	Actual	Actual	Actual	Actual		
										49%	116%	61%	70%	63%	
Percentage of procurement spend on BBEE against total procurement expenditure		Business support to BBEE's	104% of procurement spend on BBEE against total procurement expenditure	75% of procurement spend on BBEE against total procurement expenditure	Procurement reports	CFO	Quarterly	Target	Target	Target	Target	Target	Target Achieved		
	75%							75%	75%	75%	75%				
	Actual							Actual	Actual	Actual	Actual				
								104%	94%	110%	84%	75%			

MTSF Priority – 1: Capable, ethical and developmental State | 5: Spatial integration, human settlements and local government

COJ Priorities – 1: Getting the basics right | 6: A well-run City

IDP Programme	Key Performance Area	Key Performance Indicator	Key Intervention	Strategic Objective Annual Targets		Means of Verification	2022/23 Performance Targets				Annual	2022/23 Budget		
				Baseline as per the 2022/23 business plan	2022/23 Target		Unit Responsible for Reporting	Reporting Period	Q1 Jul - Sep 2022	Q2 Oct - Dec 2022	Q3 Jan - Mar 2023	Q4 Apr - Jun 2023	July 2022- June 2023	Capex Opex
<b>JCT Strategic Objective – S05: Mobilisation of resources to support the mandate, and improved brand recognition and awareness of JCT</b>														
Mobilization of resources to support mandate	Improved stakeholder mobilisation	Number of strategic partnerships created	Partnerships / Collaborations productions / programmes / events	23 strategic partnerships created	20	Signed MoA / MoU / contract	Executive Producer	Quarterly	Target	Target	Target	Target	Target	<b>Target Achieved</b> 
									5	12	15	20	20	
									Actual	Actual	Actual	Actual	Actual	
								11	17	20	23	23		
Support to enhanced social and cultural life in the COJ	Arts and theatre promoted through major milestones and anniversary events	Major milestones and anniversary events celebrated	Arts and theatre promoted through major milestones and anniversary events	new	Joburg Theatre 60th anniversary celebration	Launch programme plan Marketing and branding material, Close-out reports	COO	Quarterly	Target	Target	Target	Target	Target	<b>Target Achieved</b> 
									Joburg Theatre 60th anniversary celebration	-	-	-	Joburg Theatre 60th anniversary celebration	
									Actual	Actual	Actual	Actual	Actual	
									Joburg 60th celebration Soweto 10th Anniversary celebration		-	-	Joburg 60th celebration Soweto 10th Anniversary celebration	

### KPI NOT ACHIEVED AND ACTION PLAN

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

### Summary

<b>Quarterly KPIs</b>	<b>25</b>
<b>Annual KPIs</b>	<b>02</b>
<b>Total number of KPIs</b>	<b>27</b>
<b>Total number of KPIs Measured</b>	<b>27</b>
<b>Number of All KPIs Achieved</b>	<b>26</b>
<b>Number of All KPIs Not Achieved</b>	<b>1</b>
<b>Total achieved constitutes</b>	<b>96%</b>

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

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

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

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

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

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

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

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

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

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

### **Future Areas of Focus**

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

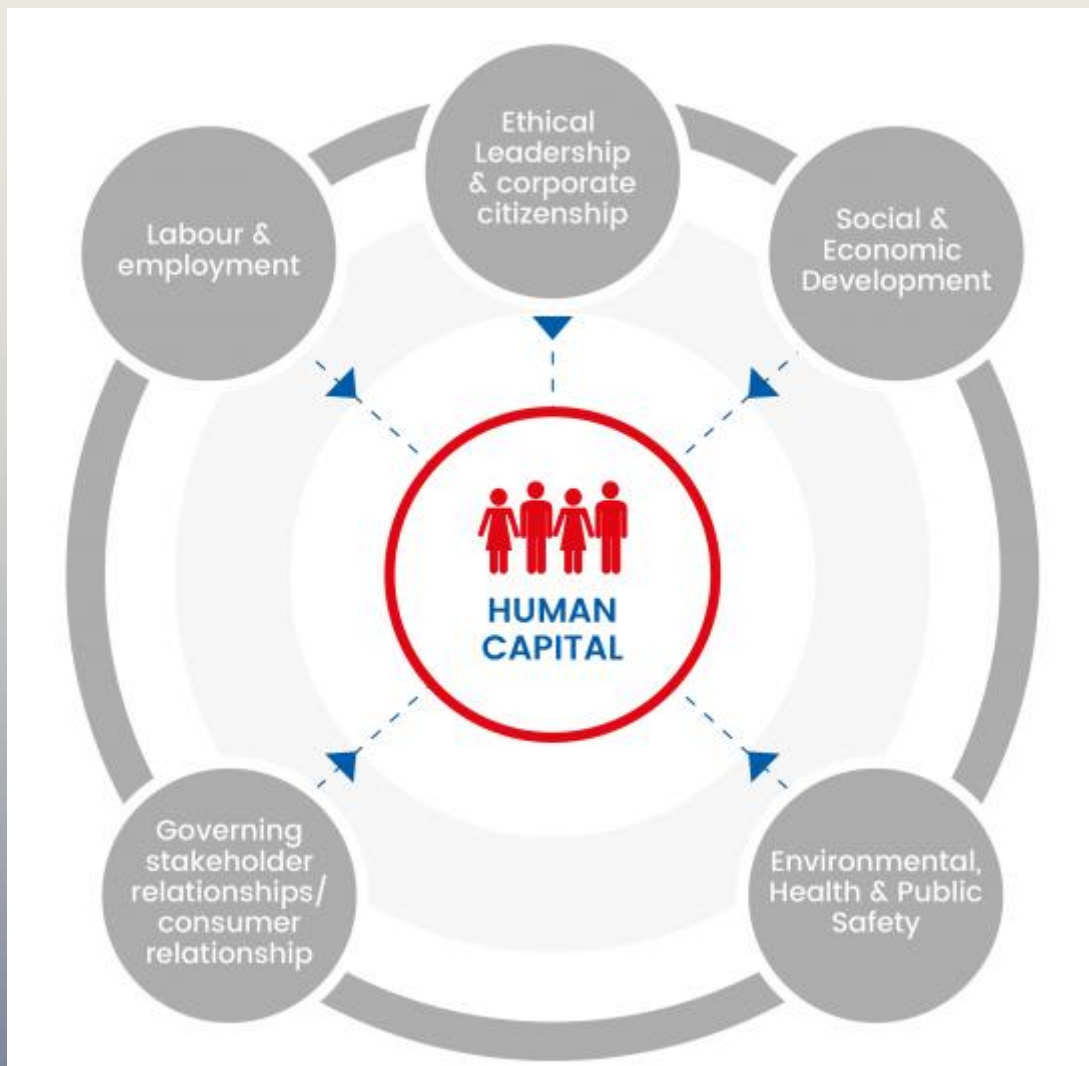
There will be a concerted effort to encourage maximum utilisation our various social media platforms in order to increase our visibility and ensure that our stakeholders are kept abreast of developments.

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

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



# CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT



UNITY. RESPECT. EXCELLENCE. INTEGRITY. GROWTH

## OUR VALUES

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

## Human Resource Management

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

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

## Organisational Structure

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

As at June 30th 2023, the company had a total of **235** permanent employees. Every employee of the theatre is trained to offer services to the clients, namely the entity renting a part of the complex for any relevant core or support business purpose; and the customer, i.e the patron choosing to participate in a core or support business of the theatre.

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

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

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

## Section 1: Employment Remuneration

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

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

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

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

- a) Improved governance and compliance
- b) Creating opportunities for growth
- c) Ensure parity in remuneration and Conditions of Service
- d) Creation of labour Stability
- e) Smart hiring
- f) Human capital capacitation and empowerment
- g) Improve leadership and employee skills within the company to develop a culture of learning
- h) Employee safety, healthy and wellness programme.,
- i) Cultivate a high performance culture

HR Strategy and Framework, Remuneration Policy and other policies are available on the JCT’s website: [www.joburgcitytheatres.com](http://www.joburgcitytheatres.com)

Employee Remuneration	2022/23	Ratio	2021/22	Ratio	2020/21	Ratio	2019/20	Ratio
Net Salary	65 418 839,00	57%	59 049 549,00	57%	53 103 741,00	57%	52 548 602,00	58%
PAYE	18 137 263,00	16%	15 563 003,00	15%	13 252 521,00	14%	13 417 945,00	15%
SDL	954 172,00	0,84%	851 144,00	0,82%	699 379,00	0,75%	785 113,00	0,87%
UIF	1 071 801,00	1%	918 590,00	1%	893 034,00	1%	904 181,00	1%
Medical Aid	6 209 908,00	5%	5 829 065,00	6%	5 611 980,00	6%	5 234 307,00	6%
Pension Contribution	15 885 601,00	14%	14 494 816,00	14%	13 998 014,00	15%	13 055 980,00	14%
Third Parties	1 040 255,00	0,91%	565 806,00	0,55%	370 823,00	0,40%	239 744,00	0,26%
13th Cheque leave accrual and performance bonus	4 523 090,00	3,97%	5 289 214,00	5,13%	5 136 524,00	5,50%	4 337 559,00	4,79%
Other	616 397,00	1%	618 323,00	1%	333 401,00	0%	-	0%
<b>Total</b>	<b>113 857 326,00</b>	<b>100%</b>	<b>103 179 510,00</b>	<b>100%</b>	<b>93 399 417,00</b>	<b>100%</b>	<b>90 523 431,00</b>	<b>100%</b>

	2023	2022	2021
Board Fees	1 718 000,00	1 700 000,00	1 676 500,00
Total Employee Related Costs	113 872 015,00	104 879 510,00	71 479 769,00
Total Revenue	286 849 020,00	244 426 525,00	206 462 671,00
Total Expenditure	283 896 379,00	237 117 099,00	200 290 584,00
Employee Related Cost Ratio	40%	44%	36%
Employee Related Cost Revenue Ration	40%	43%	35%
Number of Employees	482	475	413
Average Related Cost per Employee	588 996,64	499 193,89	484 965,09
Average Revenue per Employee	595 122,45	514 582,16	499 909,62

## Section 2: Key Vacancies

All key vacancies are filled. The current approved structure has **262** positions. **235** positions are filled while **27** positions are vacant. During the financial year **17** permanent appointments and **24** terminations were recorded. There are **220** temporary employees and **17** interns, which are placed within various departments across the JCT.

A detailed staff establishment per department is provided in Table 1 below to indicate occupancy and vacancy percentages as per the approved structure.

Detailed analysis on occupancy and vacancy report as at 30 June 2023:

Department	Approved Positions	Occupied Positions	Vacant Positions	Deferred Positions	Temporary Staff	Interns / Learners	Total
Governance	8	7	1		0	2	9
Human Resources	4	3	0	1	0	1	4
Stage	29	24	5		0	0	24
Finance and SCM	17	17	0		2	3	22
Building & Security	62	57	2	3	2	1	60
Customer Services	9	9	0		30	2	41
Client Services (Programming)	10	8	2		1	3	12
Hospitality & Catering	31	27	3	1	146	0	173
Soweto Theatre	62	56	5	1	22	3	81
Roodepoort Theatre	30	27	3		17	2	46
<b>Total</b>	<b>262</b>	<b>235</b>	<b>21</b>	<b>6</b>	<b>220</b>	<b>17</b>	<b>472</b>

Vacancy and Occupancy %	90%	8%	Vacancy and Occupancy %	90%	8%
-------------------------	-----	----	-------------------------	-----	----

JCT is operating at **90%** occupancy against the approved staff establishment with the remaining **8%** recorded as vacancy rate. The vacancy recorded is exclusive of the deferred positions in the approved structure which will be filled as soon as there is budget availability.

As at the end of the financial year there were **220** temporary employees. **45** appointments and **52** temporarily terminations were recorded. The appointment of temporary employees is dictated by the needs of the business. Some adhoc cleaners were appointed to work during the Festivals of Lights Show and other business operations.

48 cast members were contracted to work in the annual pantomime show, Pantoland, which is an in-house production. The show runs for 3 months.

The second largest group of temporary employees is found in the Hospitality and Catering department. The total number stands at **146**. These groups of employees consist of waiters, scullers, bartenders, commie chefs, kitchen staff, banqueting staff and general assistants, etc. The Department currently utilizes Fixed Term Contract due to the business requirements for the following reasons –

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

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

### **Section 3: Employment Equity**

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

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

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

Section 20 of the Employment Equity Act, 1998, provides that the employer must prepare and implement an employment equity plan, which will help to reach employment equity in the workplace. The company encourages promotion within the core employment base, with particular attention given to the opportunities of promoting those staff members from historically disadvantaged communities.

All the relevant employment equity reports, return of earnings and work skill plans are submitted to the Department of Labour and Culture, Arts, Tourism, Hospitality and Sport SETA (CATHSSETA). The company receives SETA rebates on a regular, fully monitored basis. The Chief Executive Officer, together with the Chief Operating Officer,

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

The Company has employment policies that it believes are appropriate to the business and the market in which it trades. Equal employment opportunities are offered to all employees. The company firmly endorses the four key areas of employment equity identified by the Employment Equity Act:

- elimination of discrimination in decision-making;
- promotion of employee diversity;
- reduction of barriers to advancement of the disadvantaged; and
- Introduction of measures and procedures for transformation.

The implementation of JCT’s five-year employment equity plan is on track. The implementation of the plan is monitored on quarterly and annual basis through the reports submitted to the City and to the Department of Labour to ensure compliance requirements are fully met. The theatre’s management team is inclusive and representative of the demographics of the country. The members of the support management team comprise of staff members from a diverse background.

JCT is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution and the Employment Equity Act. In this context, JCT seeks to create an institution that reflects the diversity of South African society, which contributes to maximising the human resource potential of its entire people. JCT is committed to appointing a fair representation of employees in terms of race and gender in order to comply with its employment equity plan. The tables and graphs below are based on the formats prescribed by the Employment Equity Act, 55 of 1998 and the Department of Labour.

The theatre’s management team is inclusive and representative of the demographics of the country. The members of the support management team comprise of staff members from a diverse background. During the year under review, historically disadvantaged individuals accounted 95% of the permanent staff compliment, 30%% youth and 37% female.

Joburg City Theatres’ Human Capital objective is to have a workforce profile reflective of the demographics of South Africa and Gauteng region. JCT is committed to appointing a fair representation of employees in terms of race and gender in order to comply with its employment equity plan. The Employment Equity is profiled according to gender, disability, race, and by occupational levels. The employment equity targets are aligned to the country’s Economically Active Population (EAP) percentage distribution within the Gauteng region. The EAP includes people from **16 to 65 years of age** who are either employed or unemployed and seeking employment and is used to assist employers in the analysis of their workforce to determine the degree of under-representation of the designated groups. It is important to note that the analysis of the section of this report focuses on the EAP as depicted in the tables below.

## Employment Equity Profile

**Table 7:** Workforce Profile for Joburg Theatre

Occupational Level	Male				Female				Foreign Nationals		Grand Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	0	0	0	0	1	0	0	0	0	0	1
Senior Management	1	0	0	0	2	0	0	0	0	0	3

Professionally Qualified / Middle Management	10	1	0	5	3	1	0	1	0	0	<b>21</b>
Skilled Technically and Academically	16	0	1	4	12	0	0	0	0	0	<b>33</b>
Semi-Skilled	23	0	0	0	14	0	0	0	0	0	<b>37</b>
Unskilled	17	0	0	0	13	0	0	0	0	0	<b>30</b>
<b>Total</b>	<b>67</b>	<b>1</b>	<b>1</b>	<b>9</b>	<b>45</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>125</b>
<b>% of Gender Representation</b>	<b>54%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>7%</b>	<b>36%</b>	<b>0.8%</b>	<b>0%</b>	<b>0.8%</b>	<b>0%</b>	<b>0%</b>	

#### Employment Equity Profile Soweto Theatre

Occupational Level	Male				Female				Foreign Nationals		Grand Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Senior Management	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Professionally Qualified / Middle Management	1	0	0	0	0	0	0	0	0	0	<b>1</b>
Skilled Technically and Academically Qualified	1	0	0	0	5	0	0	0	0	0	<b>6</b>
Semi-Skilled	7	0	0	0	2	0	0	0	0	0	<b>9</b>
Unskilled	28	0	0	0	12	0	0	0	0	0	<b>40</b>
<b>Total</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>56</b>
<b>% of Gender Representation</b>	<b>66%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>34%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	

#### Employment Equity Profile Roodepoort Theatre

Occupational Level	Male				Female				Foreign Nationals		Grand Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Senior Management	0	0	0	0	0	0	0	0	0	0	<b>0</b>
Professionally Qualified / Middle Management	0	0	1	0	0	0	0	0	0	0	<b>1</b>
Skilled Technically and Academically Qualified	1	0	0	0	3	1	0	0	0	0	<b>5</b>
Semi-Skilled	3	0	0	0	2	0	0	0	0	0	<b>5</b>
Unskilled	11	0	0	0	5	0	0	0	0	0	<b>16</b>
<b>Total</b>	<b>15</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>10</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27</b>
<b>% of Gender Representation</b>	<b>56%</b>	<b>0%</b>	<b>4%</b>	<b>0%</b>	<b>37%</b>	<b>4%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	

### Employment Equity Profile Catering and Hospitality

Occupational Level	Male				Female				Foreign Nationals		Grand Total
	A	C	I	W	A	C	I	W	Male	Female	
Top Management	0	0	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0	0	0
Professionally Qualified / Middle Management	0	0	1	1	1	0	0	0	0	0	3
Skilled Technically and Academically Qualified	4	0	0	2	2	0	0	0	1	0	9
Semi-Skilled	6	0	0	0	7	0	1	0	1	0	15
Unskilled	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>10</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>10</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>27</b>
<b>% of Gender Representation</b>	<b>37%</b>	<b>0%</b>	<b>4%</b>	<b>11%</b>	<b>37%</b>	<b>0%</b>	<b>4%</b>	<b>0%</b>	<b>7%</b>	<b>0%</b>	

### Employment Equity and Economically Active Population (EAP) Targets

Description	Total employees	Gauteng EAP EE Target %	JCT EE Actual %	Variance
Africans	215	81.0%	91%	+10%
Coloureds	3	2.6%	1.3%	-1.6%
Indians	5	2.9%	2%	-0.8%
Whites	12	13.5%	5%	-8.5%
Persons with disability	5	2.0%	2%	-0%
Male	145	55.9%	62%	+6%
Female	90	44.1%	38%	-6%

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

### Disability Profile

Occupational levels	Males				Female				Total PWDs
	A	C	I	W	A	C	I	W	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally Qualified / Middle Management	-	-	-	-	-	1	-	-	1
Skilled Technically and Academically Qualified	-	-	-	-	1	-	-	-	1
Semi-Skilled	-	-	-	-	-	-	-	-	-
Unskilled	2	-	-	-	1	-	-	-	3
<b>Total</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>5</b>

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



The employment of Persons with disability target is 2.0%. JCT has reached the disability target of 2% of Persons with Disability in this quarter under review.

As of 30 June 2023, the company has implemented various policies and practices which have made possible to achieve the following goals:

As we look to 2022/23 and beyond, the company's success will depend on the quality of the strategic objectives set. These decisions will need to be made in an organisational culture which is fully representative of our society in terms of race, gender, disability and other forms of diversity. Hence we promote ongoing transformation at all levels of the company in line with our objectives for employment equity.

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

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

#### Employment Equity and Economically Active Population (EAP) Targets

Description	Total employees	Gauteng EAP EE Target %	JCT EE Actual %	Variance
Africans	215	81.0%	91%	+10%
Coloureds	3	2.6%	1.3%	-1.6%
Indians	5	2.9%	2%	-0.8%
Whites	12	13.5%	5%	-8.5%
Persons with disability	5	2.0%	2%	-0%
Male	145	55.9%	62%	+6%
Female	90	44.1%	38%	-6%

During the reporting period, overall African representation stands at 91% which is above the set target of 81.0%, Coloureds at 1.3% which is also below a target with 2.6%. Indians representatives has increased to 2% while Whites are still underrepresented by 8.5%

#### Gender Profile

Gender	TOTAL		African		Coloured		Indian		White	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
Male	55.9%	63%	45.3%	56%	1,3%	0.4%	1,9%	1.2%	7.4%	5%
Female	44.1%	37%	35.7%	36%	1,3%	0.9%	1,0%	0.9%	6.1%	0.4%
Total	100%	100%	81.0%	92%	2.6%	1.3%	2.9%	2.1%	13.5%	5%
						Target achieved				
						Requires improvement				

## Gender representation

During the reporting period, overall African representation stands at **92%** which is above the set target of **81.0%**, Coloureds at **1.3%** which is also below a target of **2.6%**, Indians at **2.1%** which is below the target of **2.9%**, and the under representation of White employees by **5%**, which is below the set target of **13.5%**.

Males form **63%** of the staff profile and are over represented while women in general are underrepresented at **37%**.

**Gender Equity** - With the recent insourced security and cleaners across the three theatres, it was noticed that the Gender Equity was not balanced. The company will give preference to females to ensure equitable representation in all occupational categories and levels in the workforce when opportunities arise.

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

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

## Employee Age Profile

Age			Gender		Race			
Age Groups	Number of staff	% representation	Male	Female	A	C	I	W
18-25	0	0%	0	0	0	0	0	0
26-35	65	28%	33	32	62	0	2	1
36-45	93	40%	62	31	86	3	2	2
46-55	53	22%	31	22	47	0	1	5
56-65	24	10%	19	5	20	0	0	4
<b>Total</b>	<b>235</b>	<b>100%</b>	<b>145</b>	<b>90</b>	<b>215</b>	<b>3</b>	<b>5</b>	<b>12</b>

The majority of JCT employees are aged between 26-45 years of age, which represents 68% of the JCT staff establishment. This group is largely represented by African employees at 92%.

## Section 4: Skills Development and Training

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

In line with Training and Development Policy, JCT is committed to sustaining a continuous programme of training and development for its management and staff to improve either job performance and/or competitiveness for promotion.

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

In partnership with Drama for Life, JCT launched a strategic intervention programme called Introduction to Applied Performing Arts And Arts Management (APAAM). APAAM is an intense outcome-based training programme that encompasses business, technical and artistic skills. This programme is aimed at empowering the youth artistically, develop their business skills and ensure that they create employment within their own communities. The programme is accredited by Wits University.

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

The company has a policy in respect of paid assistance for skills development courses, which help in enhancing the skills of previously disadvantaged individuals. Fifteen (15) employees were given financial study assistance to enable their career development and are furthering their studies in different fields in order to attain their qualifications The table below summarises employees' studies.

**Table: Financial Study Assistance**

DISCIPLINE	DESIGNATION	NUMBER OF LEARNERS	INSTITUTION	DURATION
Postgraduate Diploma in Labour Law	Administrator: Human resources	1	North West University	1 Year
Masters in Commerce – Development and Inequality studies	Community Development Manager	1	University of the Witwatersrand	1 Year
Postgraduate Diploma in Digital Marketing	Online Content Publicity & Relations Coordinator	1	Regent Business School	1 Year
Advanced Diploma in Performing Arts	Sound Technician	1	Tshwane University of Technology	1 Year
Diploma in Systems Development	Security Officer	1	Boston City Campus	3 Years
Diploma in Supply Chain	Assistant Manager: SCM	1	Chartered institute of procurement and supply (CIPS)	1 Year
Bachelor of Business Administration	Office Administrator	1	MANCOSA	3 Years
Certified Information Systems Security Professional	Information Technology Technician	1	Torque it	1 Year
Bachelor of Laws (LLB)	Committee Officer	1	University of KwaZulu-Natal	4 Years
NEBOSH International Diploma In Safety Management	SHE Specialist	1	SHEilds	1 Year
Bachelor for Business Administration	Administrator: Ticketing	1	MANCOSA	3 Year
Wireman's licence	Electronic Technician	1	MPK Electrical and Projects	1 Year

Master's in Business Administration	Chief Operating Officer	1	Henley Business School	1 Year
Diploma in Creative Producing for Theatre and live events	Senior Producer	1	Maverick Academy	1 Year
Technical Team Management	Senior Sound Technician	1	University of Cape Town	1 Year
<b>TOTAL BENEFICIARIES</b>		<b>15</b>		

The annual training report for 2022/23 was submitted on 30 May 2023 accompanied by certificates of competency and or attendance registers as proof of training conducted. The Workplace Skills Plan (WSP) for 2023/24 was also submitted to CATHSSETA on the same dates.

During the quarter a number of employees attended training which is summarised in the table below.

**Table: Workplace Skills Plan(WSP)Training attended**

Occupational Levels	Training intervention	Number of staff	Costs
Top Management	0	0	R00.00
Senior Management	Problem Analysis and Decision Making	3	R14 150.00
Professionally Qualified / Middle Management	Targeted Selection: Trainer Workshop, Ethics of the Legal Profession and Legal Opinion Writing Social media and Website management, Administrative Diligence, Relations Building and Collaboration, Stakeholder Engagement, Problem Analysis and Decision Making, Communications Skills, Report Writing Skills & Storage and Warehouse Stage Rigging Training, Scaffolding Erector Training, Lift Tackle Inspection Training.	25	R149 990.66
Skilled Technically and Academically Qualified	Targeted Selection: Trainer Workshop Ethics of the Legal Profession and Legal Opinion Writing Social media and Website management Administrative Diligence, Relations Building and Collaboration, Stakeholder Engagement & Problem Analysis and Decision Making Communications Skills, Report Writing Skills, Storage and Warehouse, Planning and Organising, Records Management & Secretarial Services Stage Rigging Training, Scaffolding Erector Training, Lift Tackle Inspection Training.	75	R524 359.26
Semi-skilled	Planning and Organising, Administrative Diligence, Storage and Warehouse, Records management, Communications Skills & Secretarial Skills Stage Rigging Training, Scaffolding Erector Training, Lift Tackle Inspection Training.	22	R123 832.10

Unskilled	Customer Services, Planning and Organising & Storage and Warehouse Stage Rigging Training, Scaffolding Erector Training, Lift Tackle Inspection Training.	14	R75 182.90
<b>Temporary employees</b>	Customer Services Training, Records management, Quality Control and Assurance, Secretarial Services, Storage and Warehouse, Administrative Diligence, Social media and Website management	24	R107 020.00
<b>TOTAL</b>		<b>163</b>	<b>R994 534.26</b>

## Section 5: Performance Management

**JCT has a well-embedded standardised performance management policy and procedure for setting performance objectives, which is aligned to the Business Plan. Formal performance reviews are conducted annually and year-end performance scores are the determinant of a performance reward. An enhanced performance development and coaching approach is being conducted on a continuous basis to ensure that employee performance is consistently and fairly reviewed.**

**Performance reviews for level 7 to 11 will be finalised in the Q1 of 2023/24 financial year. Performance reviews for EXCO and Level 4 to 6 will be finalised after the AG. The performance information will be presented in the Q2.**

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

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

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

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

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

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

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

## Section 6: Disciplinary Matters and Outcomes

JCT's Human Resources Manager's office deals with employee / employer related issues and thereby maintaining direct lines of communication with employees. All entity's labour disputes are referred to South African Local Government Bargaining Council (SALGBC) for conciliation and/or arbitration. The Human Resources Manager's office deals with employee / employer related issues and thereby maintaining direct lines of communication with employees.

### Union Membership

In terms of the South African Local Bargaining Council's Main Collective Agreement, South African Municipal Workers 'Union (SAMWU) and Independent Municipal and Allied Trade Union (IMATU) are the only two registered trade union operating in the sector. Employees have the right to join one of the Unions. A total of 171 employees belong to trade unions of which 41 subscribe to IMATU and 130 to SAMWU.

Trade unions always allocate shop stewards to represent their interests and its members. JCT employees who are members of trade unions have union representation via shop stewards of either SAMWU or IMATU. Shop stewards represent their members in misconduct cases.

The company does have an effective consultative committee, Employment Equity & Skills Development (EESD), which provides a platform to engage as well as consult with employees on key issues affecting them and the business at large.

107 employees who are not affiliated to any trade union pay Agency Shop Fees to the Council. 3 Senior Managers do not pay Agency Shop fees.

**Table: Union membership**

Municipal Entity	Trade Unions	SAMWU	IMATU	Grand Total
JCT	SAMWU & IMATU	130	41	171

### Labour Relations matters

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

### Labour Relations cases

Department	Designation	Nature of Misconduct	Progress and/or Outcome/Sanction
Roodepoort Theatre	Security Officer x 2	Dishonesty	Final Written Warning and suspension without pay for a period of 10 days
	Security Officer	False accusations against fellow employee & insolent, rude, provocative and aggressive behaviour	Final Written Warning
Soweto Theatre	Security Officer x 3	Being under the influence of alcohol whilst on duty	Final Written Warning

Hospitality & Catering	Bartender (Fixed Term employee)	Fraud and consumption of alcohol whilst on duty	Dismissal.
	Waitresses, bartenders & Waiters x 12	Fraud	Dismissals
	Chefs	Allegations of drinking alcohol or being under the influence of alcohol whilst on duty	DC hearing scheduled for July 2023. JCT is searching Chairperson and Prosecutor.
	Stages Supervisor	Allegations of theft & being under the influence of alcohol whilst on duty	The accused resigned on 28 June 2023.
Stage	Sound Technician	Dishonesty	DC hearing scheduled for July 2023. JCT is searching Chairperson and Prosecutor.
Building & Security	Cleaner	Abscondment	Dismissal

Despite the challenge, All disciplinary matters were handled in line with the approved disciplinary code policy of the organisation. The majority of JCT staff uphold the policies, procedures and values of the organisation. This conclusion is drawn from the total number of disciplinary cases that were conducted within the financial year.

### Section 7: Leave and productivity Management

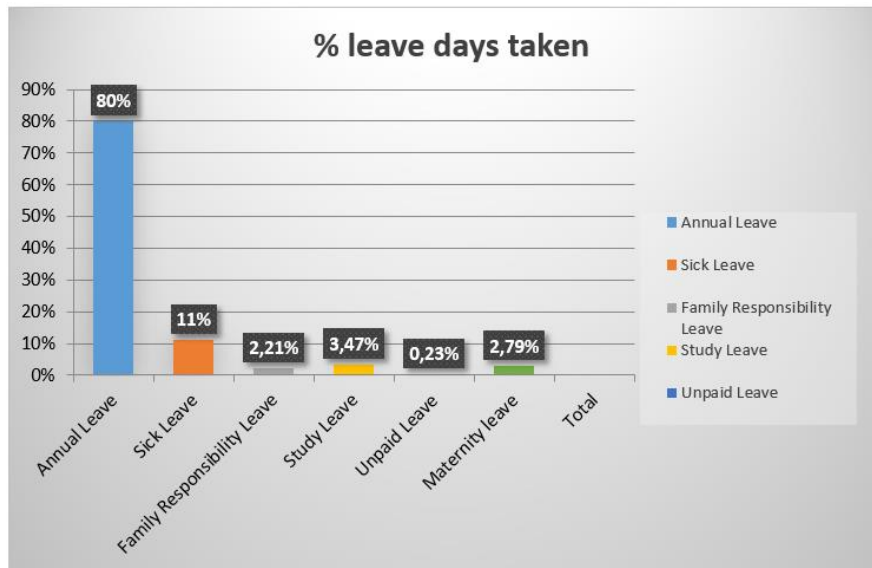
In line with the approved Leave policy, JCT employees are entitled to 21/24 days leave per annum to be taken at a time convenient to JCT and agreed upon by line management. 80 sick leave days in a three (3) year cycle are also provided. The section below provides a detailed overall leave management and analysis per theatre.

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

### Overall Company Leave Analysis as at 30 June 2023

Type of leave	Q1 (Jul - Sep)	Q2 (Oct- Dec)	Q3 (Jan - Mar)	Q4 (Apr - Jun)	Total Leave Taken	% Leave days taken
Annual Leave	954	286	813	301	<b>2354</b>	<b>80%</b>
Sick Leave	121	60	58	88	<b>327</b>	<b>11%</b>
Family Responsibility Leave	28	6	8	23	<b>65</b>	<b>2.21%</b>
Study Leave	4	57	8	33	<b>102</b>	<b>3.47%</b>
Unpaid Leave	1	0	0	6	<b>7</b>	<b>0.23%</b>
Maternity Leave	2	0	26	54	<b>82</b>	<b>2.79%</b>
<b>Total</b>	<b>1110</b>	<b>409</b>	<b>913</b>	<b>505</b>	<b>2937</b>	<b>99.7%</b>

As at June 2023, a combined total of **2937** leave days were taken by employees. Employees are encouraged to take time off to rest whenever operations require to enable them to rest and come back being more productive. There were no adverse effects on operations during their absence.



### Leave Analysis

Annual leave was the most leave taken by employees as per figure 1 above by 80%, Sick Leave at 11%, Family Responsibility at 2,21%, Study leaves at 3.47%, Maternity leave at 2,79% and unauthorised Leave recorded at 0.23% respectively.

### Section 8: Employee Wellness

JCT has an outsourced Employee Assistance Programme through ICAS, whereby employees and their immediate families can access the service free of charge. The Service Provider provides 24 hours online (internet, website, WhatsApp, call-back, etc.), inbound telephonic, and face to face health and wellness information and counselling to staff members.

Employees are continuously encouraged to access the online services in an effort to address their psychosocial and lifestyle challenges and benefit from a customised comprehensive health risk assessment programme. Even though during the year under review there was a significant decrease in utilisation recorded as compared to the previous year.

Mental health issues and stress mostly associated with challenges in primary intimate relationships, were the top two (2) amongst the employees during this reporting period.

### Overall Engagement

The overall engagement rate, which includes uptake of all services provided, amounted to 4, 9% during the period under review, which compares to 16.0% during the comparable previous period.

**Table: Programme Engagement Overview**

Programme Engagement Overview	Current Number	Projected Annualised %	Previous Number -	Projected Annualised %	ICAS Average
Total Engagement Rate	12	4.9%	27	16.0%	7.9%
Individual Cases	12	4.9%	19	11.2%	6.2%
Number of problems managed	43	0.0%	60	-	-
Number of services provided	19	-	27	-	-

During the period under review and the preceding period, the most commonly utilized service was **Professional Counselling** which constitutes 68.4%of the total engagement compared to the 74.1% in the previous period.



**Table1: Services types used most frequently (as %)**

Service Types	Current	Previous
Professional Counselling	68.4	74.1
Life Management	15.8	0.0
Absenteeism & Incapacity Assessment	10.5	0.0
Managerial Services	5.3	18.5

During the period under review, **Mental Health** constituted the most commonly presenting class of problems at Joburg Theatre, accounting for **25.6%** of all difficulties. The table below shows the number and proportion of problems presented as at 30 June 2023.

**Table 21 (c): Problem Cluster**

Problem Cluster	2022/23 Numbers	2022/23 %	2021/22 Numbers	2021/22 %	CAS Average
Mental Health	11	25.6%	12	20.0%	26.7%
Organisational & Managerial issues	7	16.3%	13	21.7%	10.1%
Addictive Behaviours	5	11.6%	6	10.0%	2.4%
Child & Family Care	3	7.0%	6	10.0%	3.9%
HR Issues	3	7.0%	6	10.0%	2.5%
Relationship Issues	3	7.0%	6	10.0%	18.4%
Personal Development	2	4.7%	2	3.3%	8.8%
Health & Lifestyle	2	4.7%	0	0.0%	2.6
Loss Issues	2	4.7%	0	0.0%	5.0%
Legal Issues	1	2.3%	1	1.7%	3.1%
Life Threat	1	2.3%	1	1.7%	2.5%
Financial – Planning & Payments	1	2.3%	0	0.0%	1.2%
Financial-Protection Elements	1	2.3%	0	0.0%	1.2%
Musculoskeletal	1	2.3%	0	0.0%	0.2%
<b>Total</b>	<b>43</b>	<b>100.0%</b>	<b>53</b>	<b>100.0%</b>	

**Table: Detailed Problem Breakdown**

Problem Cluster	Problem type	2022/23 Numbers	2022/23 %	2021/22 Numbers	2021/22 %
<b>Mental Health</b>	Stress	7	16.3%	5	8.3%
	Depression	2	4.7%	5	8.3%
	Anxiety	2	4.7%	0	0.0%
<b>Organisational &amp; Managerial Issues</b>	Work discontent	2	4.7%	1	1.7%
	Absenteeism	1	2.3%	6	10.0%
	Personal Problems	1	2.3%	5	8.3%
	Work conflict with Management	1	2.3%	1	1.7%
	Work conflict with colleagues	1	2.3%	0	0.0%
<b>Addictive Behaviours</b>	Drug Use/Misuse/Abuse	4	9.3%	2	3.3%
	Alcohol Use/Misuse/Abuse	1	2.3%	4	6.7%
<b>Total</b>		<b>22</b>	<b>48.9%</b>	<b>29</b>	<b>48.3%</b>

## Employee Wellness Programme and Events

JCT will hold its Employee Wellness day on 22 September 2023 at Soweto Theatre. Discovery Health and ICAS will conduct the following screenings per each participants:

- **Online questionnaire** i.e. Medical History, Emotional Wellbeing, Physical Wellbeing & Lifestyle
- **Body metrics** i.e. Height, weight, waist circumference, Blood mass index (BMI), body fat percentage & Blood pressure.
- **Biometrics (bloods tests)** i.e. Glucose, Blood Cholesterol, Voluntary HIV testing and counselling.

### 8.1 Employee satisfaction

Joburg Theatre strives to pay salaries that are not disparate with the standard and has in place strategies and practices to deal with remuneration management and salary parity resolution.

### 8.2 Employee retention

Succession planning within the company has been implemented for all senior management. The succession and retention policy was reviewed. The salaries of executive management are regulated by COGTA and accordingly the upper limits for the CEO and managers directly accountable to the CEO are published from time to time in the government gazette. Remuneration packages are classified from minimum, midpoint and maximum thereby allowing for flexibility in negotiations for attraction and retention of managers based on competencies, qualifications, experience and knowledge.

### 8.3 HIV/AIDS on the Workplace

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

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

#### HIV/Aids Structures

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

#### Prevalence rate

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

#### Awareness of the disease

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

## Education

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

## **Section 9: Employee Benefits**

JCT is a participating employer in one of the retirement and medical aid benefit schemes to provide post-employment benefits to all its eligible employees. Depending of the nature of employment, employees have an option of belonging to the City of Johannesburg accredited medical aid schemes where the Company contributes 60% and the member (employee) contributes (40%) towards membership medical aid only for permanent staff members and fixed term contribute 100%; and 18% Company contribution and 7.5% member (employee) for retirement benefits.

JCT currently operates three retirement funds and 236 employees are members of the funds as indicated in the table below.

**Table: Retirement Funds**

NO	NAME OF RETIREMENT FUND	NO. OF FUND MEMBERS
1	eJoburg Fund	219
2	Johannesburg Municipal Pension Fund (NMG)	11
3	Municipal Gratuity Fund (MGF)	6

The company also administers three accredited medical aid schemes. 62 employees are members of the schemes as follows:

**Table: Medical Aid Funds**

NO	NAME OF MEDICAL AID SCHEME	NO. OF MEMBERS	COMPANY CONTRIBUTIONS (%)	CTC (%)
1	Discovery Health	51	60%	-
		18	75%	-
		2	-	100%
2	LA Health	1	60%	-
3	Key Health	1	60%	-

## **Company Allowances**

72 employees receive subsidy as homeowners' allowance. 65 employees receive handset devices (cell phones), data and voice services towards the use for business purposes. The provision of the allocation of Tools of Trade to identified selected categories of employees is guided by; seniority in the Company and by the nature and demands of the job responsibilities, and the extent to which such employees' responsibilities require them to be accessible even beyond normal working hours.

## **Section 10: Occupational Health & Safety Programmes**

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

Occupational Health and Safety in the workplace is regulated by the Occupational Health and Safety Act, (85 of 1993). Section (16)1 places the responsibility and liability on the Chief Executive Officer (CEO) to ensure that the duties imposed on the employer are properly discharged. The implication hereof is that the CEO has to ensure that an occupational health and safety management system is implemented which will give effect to the provisions of this Act.

Joburg City Theatres has appointed Health and Safety Manager as the Liaison with the COJ Group SHE Directories as the company's current Occupational Health and Safety Manager. The General Managers of both Soweto and Roodepoort Theatre were also appointed as the Health and Safety Coordinators at their respective theatres. 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 has been established during the reporting period and holds regular monthly and quarterly meetings.

### **Emergency Evacuation Drills**

Three emergency evacuation drills were conducted during the financial year with the intention to monitor the level of compliance with the OHS Act as well as to assist with all the requirements that need to be implemented to ensure that employees are working in a safe area and without any risk to their health. The first drills was conducted at Joburg Theatre on 18 April 2023 at 7h30. 61 staff members and stages patrons were evacuated in 1 minute, 49 seconds. All areas were evacuated safely. The second drill was conducted at the Front of House & Mandela Theatre on 18 June 2023. 4 SAPS with the assistance of Health and Safety Manager had to perform a bomb sweep of the facility and declared the facility safe for the former President Thabo Mbeki's arrival for his birthday party. On the 13<sup>th</sup> of June 2023, an Emergency Evacuation Drill was also conducted at the Soweto Theatre Complex at 10:00am. It took 12 minutes for 37 staff members and 90 patrons to leave the building to a safe area. Two Amphitheatre Guards officers did not evacuate as they were in the Amphitheatre separated from the Soweto Theatre. They mentioned that they did not hear the Siren. It was found that the siren speakers on the third (3<sup>rd</sup>) floor was damaged during the flooding and is under maintenance. Super sounds are being used while the Siren speakers are repaired or replaced. It was then recommended that two radios be supplied to the guards in the main theatre and the amphitheatre for communication purposes.

### **Injuries on Duty (IOD)**

Two (2) employees were injured on duty during the quarter under review. The Commie Chef, stationed at Joburg Theatre, was moving a food warmer when he got cut on the hand while putting it on the floor. The incident happened on 5 April 2023. He was rushed to Milpark Hospital where he was treated and discharged the same day.

The second incident happened at Soweto Theatre on 26 April 2023. The Usher slipped and fell on the concrete ground of the forecourt on the premises during the team building exercises. He sustained a cut above the left eye and was taken to Netcare Garden City for treatment. According to the progress report the employee still has pain and discomfort from the injury, which requires medication following the injury. He still waiting for authorization for CT Scan F for the brain to treat the continuous headaches.

### **Covid-19**

Hand Sanitizers were installed at all three Theatres and Stages facilities. The hand sanitizers are continuously filled or repaired if needed. The sanitizing machines are kept in place so that the public and staff have access to it.

## CHAPTER FIVE: FINANCIAL PERFORMANCE



### KEY ACHIEVEMENTS

- ✓ 12% total revenue growth year on year.
- ✓ Back-Up Generator commissioning in progress
- ✓ 100% resolution of AG findings.
- ✓ R17m cash in the bank at year end.
- ✓ 100% spend of Capex budget.
- ✓ 100% BBBEE spend

## Section 1: Statement of Financial Position and Highlevel Notes

### Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	9 970 452	5 014 302
Receivables from exchange transactions	3	20 577 902	16 524 543
VAT receivable	4	1 648 280	3 358 420
Cash and cash equivalents	5	16 532 950	17 478 917
		<b>48 729 584</b>	<b>42 376 182</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	17 698 276	12 971 575
Intangible assets	7	385 204	333 950
Heritage assets	8	1 602 700	1 602 700
		<b>19 686 180</b>	<b>14 908 225</b>
<b>Total Assets</b>		<b>68 415 764</b>	<b>57 284 407</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	33 317 451	25 352 875
Provisions	10	3 931 848	3 717 707
		<b>37 249 299</b>	<b>29 070 582</b>
<b>Non-Current Liabilities</b>			
Deferred tax	11	5 871 374	5 020 977
<b>Total Liabilities</b>		<b>43 120 673</b>	<b>34 091 559</b>
<b>Net Assets</b>		<b>25 295 091</b>	<b>23 192 848</b>
Share capital	31	10	10
Investment from Shareholder		1 784 049	1 784 049
Accumulated surplus		23 511 032	21 408 789
<b>Total Net Assets</b>		<b>25 295 091</b>	<b>23 192 848</b>

### High level Notes

Current ratio for the entity has slightly decline from 1.46:1 in 2022 to 1.31:1 in 2023. However it is still above the target of 1:1, The solvency ratio has slightly declined from 1.68:1 in 2022 to 1.59:1 in 2023, this performance is below the industry norm of 2:1, this does not pose a challenge for the entity as the asset base does not grow because a lot of asset improvements are funded by the shareholder and are capitalised at COJ. Current assets have increased by 15% year on year and current liabilities increased by 28%. Total assets strengthened by 19.43% year on year while total liabilities also increased by 26% year on year.

## Section 2: Statement of Financial Performance and Highlevel Notes

### Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Ticketing Services	12	1 069 252	499 583
Hospitality and Catering Services	12	65 760 257	54 040 931
Rental of facilities and equipment	12	6 232 201	4 644 966
Arts Alive	12	12 803 314	8 611 747
Sponsorship	12	126 500	478 261
In-house ticket sales	12	7 371 298	5 380 057
Other income	13	8 058 058	8 243 624
Interest received - investment	14	5 776 137	4 015 408
<b>Total revenue from exchange transactions</b>		<b>107 197 017</b>	<b>85 914 577</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Subsidy	15	179 652 003	166 152 000
<b>Total revenue</b>	12	<b>286 849 020</b>	<b>252 066 577</b>
<b>Expenditure</b>			
Employee related costs	16	(115 574 610)	(104 879 510)
Depreciation and amortisation	17	(1 671 846)	(1 807 333)
Transfers and Subsidies	18	(22 551 296)	(22 884 193)
General Expenses	19	(144 098 627)	(107 917 084)
<b>Total expenditure</b>		<b>(283 896 379)</b>	<b>(237 488 120)</b>
<b>Surplus before taxation</b>		<b>2 952 641</b>	<b>14 578 457</b>
Taxation	20	(850 397)	(3 696 908)
<b>Surplus for the year</b>		<b>2 102 244</b>	<b>10 881 549</b>

### High High level Notes

The company posted a surplus of R2.1m after taxation for the year under review, inclusive of COJ subsidy.

Earned Income consists of:

- Ticket sales from in-house productions R7.3m;
- Theatre rentals R6.2 million,
- Ticketing services of R1million,
- Income from hospitality, bars, restaurant, refreshments, merchandise R65m,
- Interest earned R5.7 million
- Earned income calculation excludes the City of Joburg subsidy of R106 million,
- Other income is R8m.

During the year under review earned revenue increased by 23.26% to R106.4 million as compared to prior year R86 million. Expenditure totalled R283 million, as compared to the prior year R237 million. The entity exercises prudence in its judicious management of expenditure.

### Section 3: Cashflow Statement and Highlevel Notes

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Cash Flow Statement

Figures in Rand	Note(s)	2023	2022
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		97 279 316	100 791 531
Grants		179 652 003	166 152 000
Interest income		5 776 137	4 015 408
		<u>282 707 456</u>	<u>270 958 939</u>
<b>Payments</b>			
Employee costs		(115 574 610)	(104 189 164)
Suppliers		(161 629 013)	(157 684 536)
		<u>(277 203 623)</u>	<u>(261 873 700)</u>
<b>Net cash flows from operating activities</b>	21	<u>5 503 833</u>	<u>9 085 239</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(6 309 285)	(1 457 532)
Purchase of other intangible assets	7	(140 515)	(187 594)
<b>Net cash flows from investing activities</b>		<u>(6 449 800)</u>	<u>(1 645 126)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(945 967)</u>	<u>7 440 113</u>
Cash and cash equivalents at the beginning of the year		17 478 917	10 038 804
<b>Cash and cash equivalents at the end of the year</b>	5	<u>16 532 950</u>	<u>17 478 917</u>

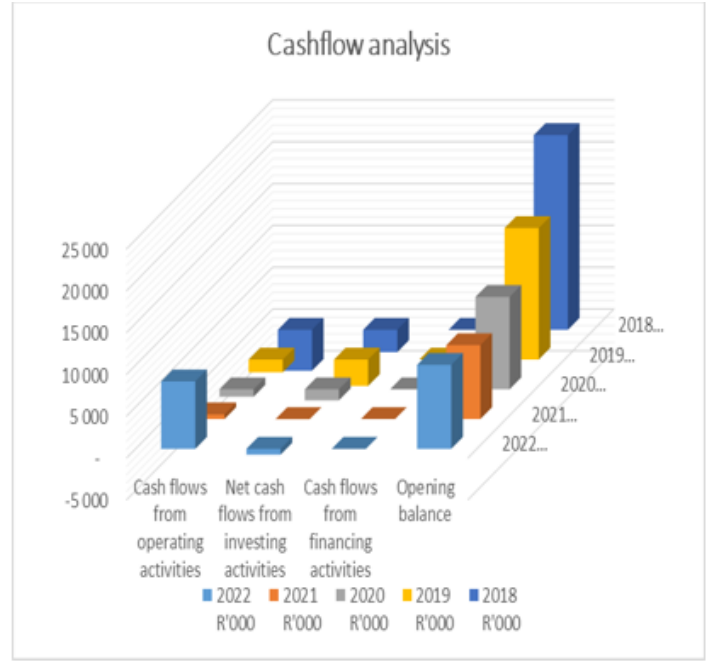
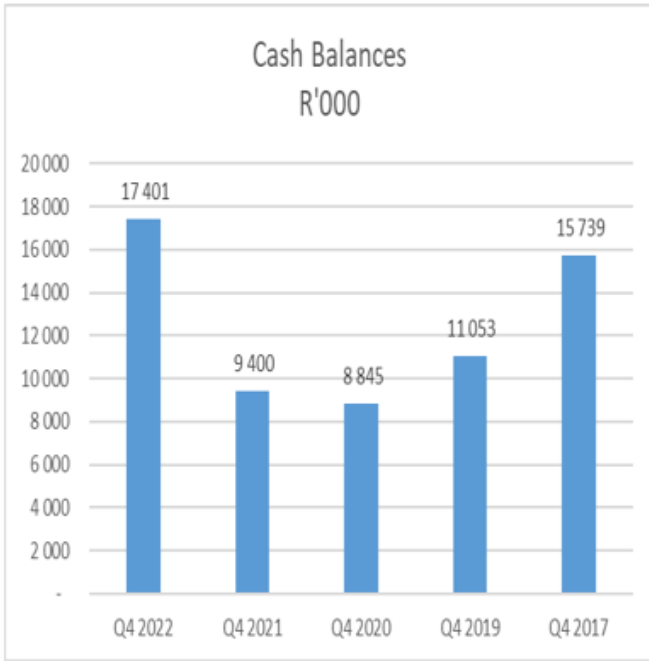
### High level Notes

Cash and cash equivalents improved by 74% year on year

### Cash flow results for year Financial Year

Cash Flow Statement	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
Cash flows from operating activities	8 067	557 -	889 -	1 515 -	4 891
Net cash flows from investing activities	- 706 -	2 -	1 318 -	3 162 -	2 663
Cash flows from financing activities	-	-	-	-	-
Opening balance	10 039	8 845	11 053	15 729	23 284
<b>Cash and cash equivalents at the end of the</b>	<b>17 400</b>	<b>9 400</b>	<b>8 846</b>	<b>11 052</b>	<b>15 730</b>

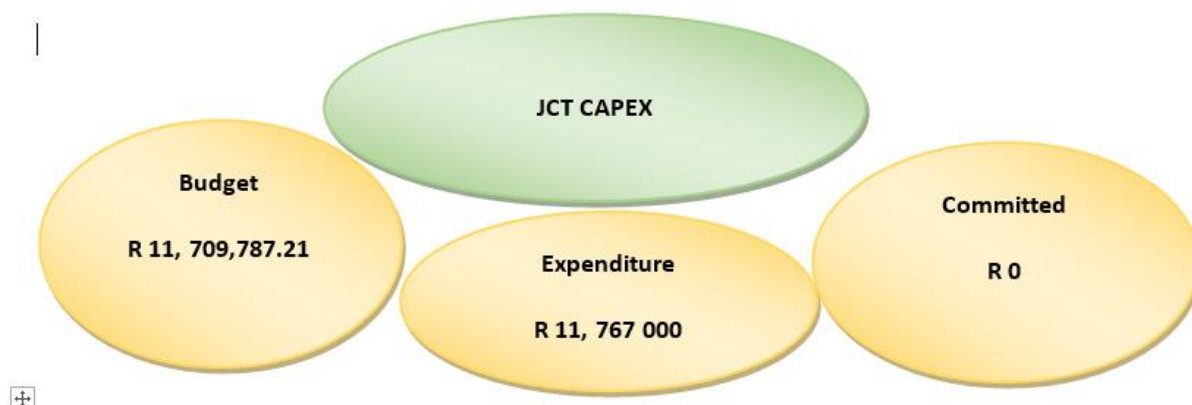




## Section 4: Capital Projects and Expenditure

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

The diagram below depicts the status for JCT capital expenditure.



	Budget	Expenditure	Committed	Available balance	Total
BUILDING RENOVATIONS AND UPGRADES OF NEW BUILDING ALTERACTIONS (JT)	2 188 319.54	2 108 965.18	-	80 354.36	96%
UPGRADE OF STAGE MACHINERY , RENEWAL PLANT & EQUIPMENT (JT)	4 514 680.46	4 514 680.46	-	-	100%
TECHNICAL EQUIPMENT NEW OPERATIONAL (JT)	955 000.00	955 000.00	-	-	100%
INFORMATION TECHNOLOGY NEW COMPUTER SOFTWARE (JCT)	955 000.00	944 342.63	-	10 657.37	95%
BUILDING RENOVATIONS AND UPGRADES OF NEW BUILDING ALTERACTIONS (RT)	575 248.83	575 248.83	-	-	100%
UPGRADING OF TECHNICAL EQUIPMENT (SOUND & LIGHTING)(RT)	582 247.30	581 458.34	-	1 388,96	100%
BUILDING RENOVATIONS AND UPGRADES (ST)	1 101251.17	1 101251.17	-	-	100%
UPGRADING OF TECHNICAL EQUIPMENT (ST)	894 652.70	929 840.60	-	-35 187.90	100%
	<b>11 767 000</b>	<b>11 709 787</b>	<b>-</b>	<b>57 212.79</b>	<b>100%</b>

<b>Spent to date</b>	<b>R 11, 709,787.21</b>	<b>100%</b>
<b>Committed Budget</b>	<b>R -</b>	<b>0%</b>
<b>Total</b>	<b>R 11, 709,787.21</b>	<b>100%</b>

## Section 5: Ratio Analysis

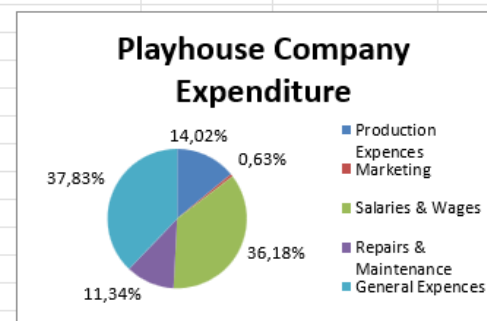
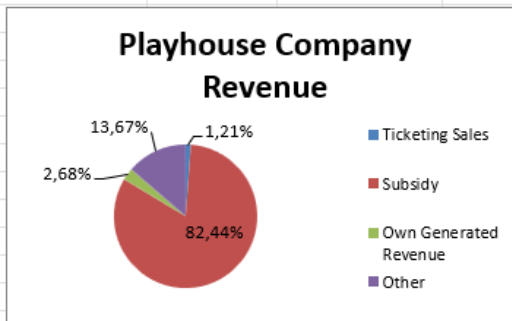
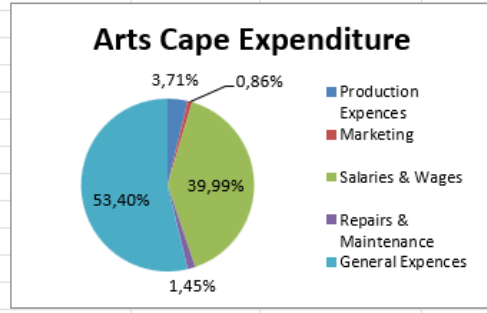
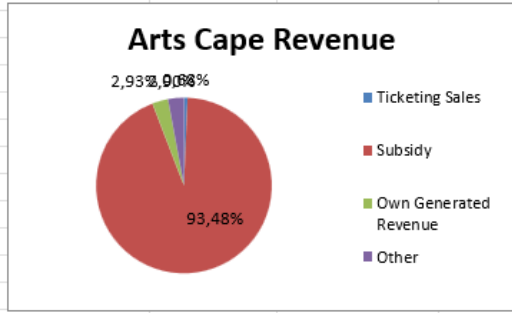
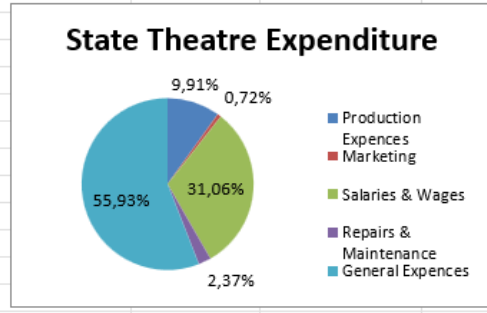
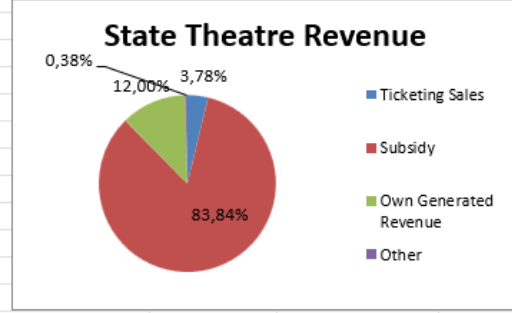
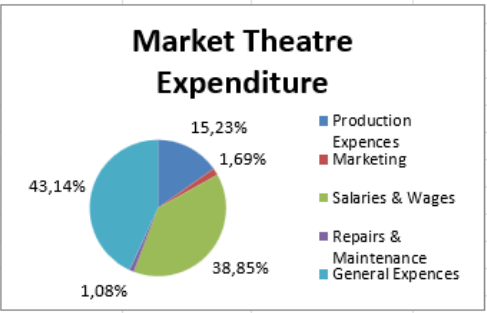
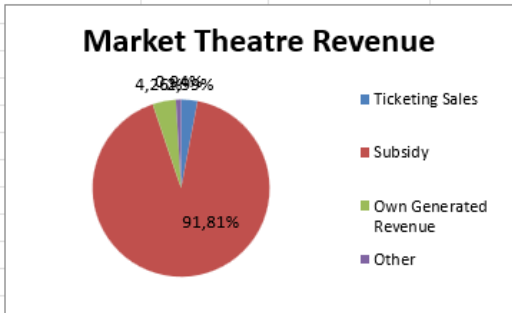
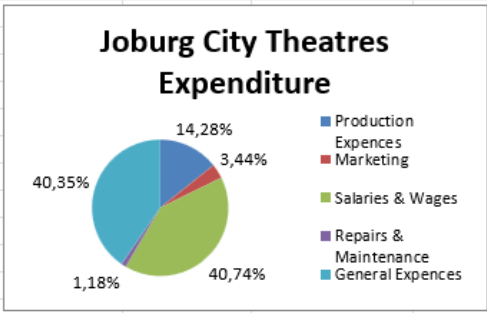
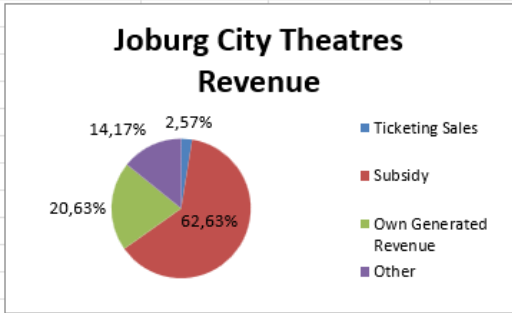
Financial Ratios	30 Jun 23	30 Jun 21	Target	Norm	Interpretation
Current Ratio	1.12:1	1.12:1	> 1.00	1.5 to 2.1	The current ratio is above the City's norm of 1:1
Solvency Ratio	1.59:1	1.39:1	> 2.00	02:01	The solvency ratio is 13% better than the same period last year at 1.39:1 from the 1.23:1 however it's still below the norm of 2:1, this does not pose a challenge for the entity as the asset base does not grow because a lot of asset improvements are funded by the shareholder and are capitalised at COJ.
Debt: Revenue	19%	19%	< 45%	45%	The ratio is within the target above the target range as the entity does not raise its funds from borrowings.
Remuneration	45%	45%	At least 30%	25% - 40%	The ratio has worsed in the current year and not within the largest range, this is due to salary increase of casual employees in Hospitality and Catering and further additional staff intake from the insourcing project on security and cleaners.
Repairs & Maintenance	30%	30%	8%	8%	The ratio is above the norm of 8%.
Interest: Expenditure	0%	0%	< 7%	<7%	The entity is not financed by interest bearing borrowings hence a lower ratio on interest hence target was achieved.
Net Operating surplus	2%	2%	At least 15%	= or > 0%	The entity did not achieve its target however the ratio is above that the norm
Cost Coverage Ratio	1Month	1Month	> 45 Days	1 – 3 Months	The entity ratio is above the norm of 1 - 3 months which means the entity will be able to meet its obligations to provide basic services

### Benchmarking Ratios

Below is the 2022/23 financial year benchmarking ratios to other entities within the industry based on revenue and expenditure:

	Joburg City Theatres	Joburg City Theatres %	The Market Theatre	The Market Theatre %	The S A State Theatre	The S A State Theatre %	Arts Cape	Arts Cape %	The Playhouse Company	The Playhouse Company %	TOTAL	
<b>Revenue</b>												
Ticketing Sales	7 371 298,00	2,57%	2 332 401,00	2,99%	5 417 876,00	3,78%	670 963,00	0,68%	1 127 728,00	1,21%	16 920 266,00	
Subsidy	179 652 003,00	62,63%	71 499 298,00	91,81%	120 168 083,00	83,84%	92 474 138,00	93,48%	77 087 537,00	82,44%	540 881 059,00	
Own Generated Revenue	59 185 480,00	20,63%	3 316 042,00	4,26%	17 192 665,00	12,00%	2 902 796,00	2,93%	2 507 473,00	2,68%	85 104 456,00	
Other	40 650 133,00	14,17%	731 449,00	0,94%	548 407,00	0,38%	2 872 002,00	2,90%	12 784 905,00	13,67%	57 586 896,00	
	208 979 724,00	<b>286 858 914,00</b>	100,00%	<b>77 879 190,00</b>	100,00%	<b>143 327 031,00</b>	100,00%	<b>98 919 899,00</b>	100,00%	<b>93 507 643,00</b>	100,00%	<b>700 492 677,00</b>
<b>Expenditure</b>												
Production Expences	40 506 112,00	14,28%	12 046 392,90	15,23%	14 623 553,00	9,91%	3 471 906,00	3,71%	14 299 828,00	14,02%	84 947 791,90	
Marketing	9 766 898,00	3,44%	1 338 488,10	1,69%	1 062 531,00	0,72%	809 601,00	0,86%	640 464,00	0,63%	13 617 982,10	
Salaries & Wages	115 574 610,00	40,74%	30 727 691,00	38,85%	45 818 084,00	31,06%	37 457 611,00	39,99%	36 899 430,00	36,18%	266 477 426,00	
Repairs & Maintenance	3 356 908,00	1,18%	857 746,00	1,08%	3 502 500,00	2,37%	1 358 970,00	1,45%	11 569 223,00	11,34%	20 645 347,00	
General Expences	114 460 956,00	40,35%	34 114 974,00	43,14%	82 495 986,00	55,93%	50 024 854,00	53,40%	38 579 248,00	37,83%	319 676 018,00	
	<b>283 665 484,00</b>	100,00%	<b>79 085 292,00</b>	100,00%	<b>147 502 654,00</b>	100,00%	<b>93 678 109,00</b>	100,00%	<b>101 988 193,00</b>	100,00%	<b>705 919 732,00</b>	
Surplus/(Defecit)	<b>3 193 430,00</b>		<b>-1 206 102,00</b>		<b>-4 175 623,00</b>		<b>5 241 790,00</b>		<b>-8 480 550,00</b>			

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



## **Section 6: Supply Chain Management and Black Economic Empowerment**

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

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

The company SCM policy contains the following fundamental aspects:

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

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

The Bid Adjudication Committees were established in terms of the provisions of Local Government Municipal Finance Management Act (MFMA). This Committee consist of officials with delegated authority to recommend bids in accordance with their terms of reference. The Bid Adjudication Committee considers the bids and makes recommendation to the Accounting Officer / CEO to make final awards.

Bids were evaluated in accordance with criteria set out in the Preferential Procurement Policy Framework Act (Act No: 5 of 2000) and the Preferential Procurement Regulations 2011, published in terms of Government Gazette No 34350, JCT's approved Supply Chain Management (SCM) Policy and also in terms of the criteria set out in the Construction Industry Development Board (Act No 38 of 2000).

In terms of Regulation 6 (1) read with Regulation 6(2) of the MSCMR issued in terms of the Local Government MFMA 56 of 2003, the Board of Directors of the Municipal entity must maintain an oversight role over the implementation of its SCM Policy. This report has been compiled in compliance thereto.

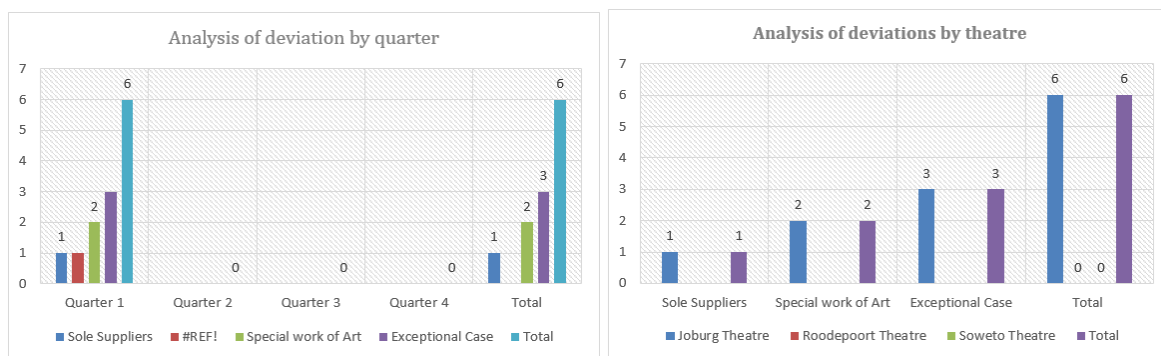
All bids approved by the CEO are in accordance with the approved budget provisions.

### **PROCUREMENT FROM RELATED PARTIES**

During the period under review, there were no payments processed on procurement from related parties.

### **Deviations report**

Joburg City Theatres approved a total of 6 deviations during the 2022/2023 financial year ending June 2023. All the deviations raised were classified as Special work of Art, Exceptional case, sole supplier, emergency where it is impractical to follow a procurement process. The deviations include goods and services relating to Renewal of licenses, in-house productions, marketing partners or barter arrangements, repairs and maintenance and Sole Suppliers. All details provided on page 4 and 13 of this report.



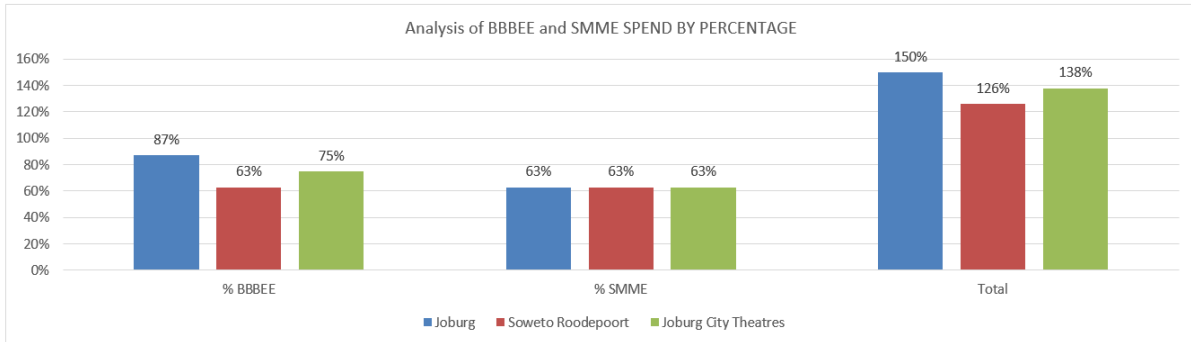
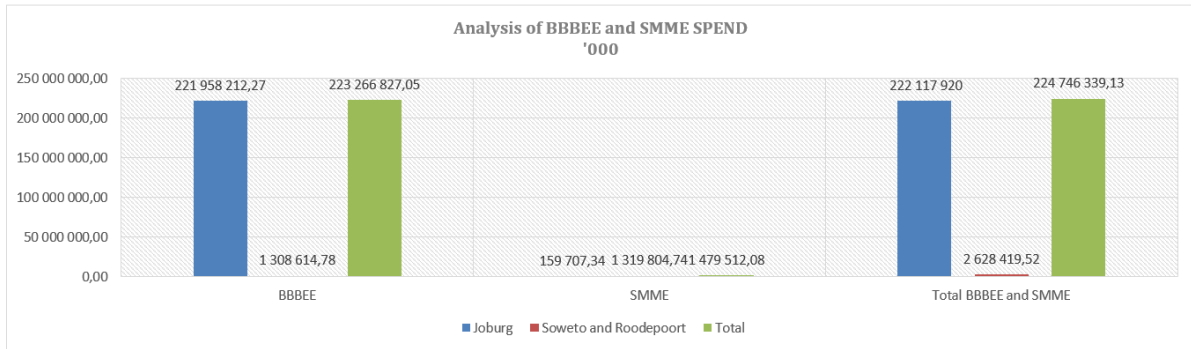
Category	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Sole Suppliers	1				1
Special work of Art	2				2
Exceptional Case	3				3
<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>

Category	Joburg Theatre	Roodepoort Theatre	Soweto Theatre	Total
Sole Suppliers	1			1
Special work of Art	2			2
Exceptional Case	3			3
<b>Total</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>

### Tenders and RFQs awarded and the contribution to BBBEE AND SMMEs

Joburg City Theatres awarded RFQs amounting to R1 421 405.68 and tenders amounting to R1 908 Joburg City Theatres awarded RFQs amounting to R 4 964 812.05 and awarded tenders estimating and amounting to R17 949 835.14, during the quarter under review. The expenditure to both BBBEE and SMME has increased exponentially. Both Joburg theatre and its other sister theatres do primarily spend on BBBEE and SMME. The average spend for Joburg City Theatres on -BBBEE is 75% which is 0% less than the scorecard target while spend on SMMEs averages at 63% and this is 33% above the scorecard target of 30%. Joburg City Theatres have supported 252 companies during the 2022/2023 financial year.

This achievement has been consistent throughout the years and maintenance of phenomenon is critical for the advancement of the objectives of South African Constitution, Preferential Procurement Framework Policy Act, MFMA, BBBEE codes. This ultimately translates into the economic transformation of citizens of the city of Johannesburg. This contributes towards job creation and the reduction of poverty as one of the imperatives and priorities of the City of Johannesburg.



Theatres	% BBBEE	% SMME	Total
Joburg	87%	63%	150%
Soweto Roodepoort	63%	63%	126%
Joburg City Theatres	75%	63%	138%

## Spent Report

The percentage of BBBEE and SMME companies respectively, supported during the period 01 July 2022 - 30 June 2023 are as follow:

JOBURG THEATRE					
TOTAL SPEND	BBBEE CONTRIBUTORS	NON COMPLIANT CONTRIBUTORS	SMME CONTRIBUTIONS	WOMEN CONTRIBUTION	YOUTH CONTRIBUTION
R 253 968 818.10	R 221 958 212.27	R 32 010 605.83	R 159 707 502.34	R 52 062 212.38	R 39 683 631.43
	87%	14%	63%	21%	16%
220 suppliers	191 suppliers	29 suppliers	138 suppliers	52 suppliers	56 suppliers
ROODEPOORT & SOWETO THEATRE & ZOO					
TOTAL SPEND	BBBEE CONTRIBUTORS	NON COMPLIANT CONTRIBUTORS	SMME CONTRIBUTIONS	WOMEN CONTRIBUTION	YOUTH CONTRIBUTION
R 2 089 007.91	R 1 308 614.78	R 780 393.13	R 1 319 804.74	R 1 319 804.74	R 106 637.38
	63%	60%	63%	63%	5%
102 suppliers	96 suppliers	6 suppliers	72 suppliers	20 suppliers	33 suppliers
JOBURG CITY THEATRES (CONSOLIDATED)					
TOTAL SPEND	BBBEE CONTRIBUTORS	NON COMPLIANT CONTRIBUTORS	SMME CONTRIBUTIONS	WOMEN CONTRIBUTION	YOUTH CONTRIBUTION
R 256 057 826.01	R 223 266 827.05	R 32 790 998.96	R 161 027 307.08	R 53 382 017.12	R 39 790 268.81
	75%	37%	63%	42%	10%
252 suppliers	228 suppliers	26 suppliers	161 suppliers	58 suppliers	70 suppliers



## Irregular Expenditure

There were no instances of irregular expenditure incurred during the quarter under review.

## Fruitless and wasteful expenditure

No incidents incurred for the quarter under review

## Section 7: Pending Litigations and Possible Liabilities

There were no new litigation claims that arose during the quarter under review.

Regarding the Bosch family matter, JCT through its lawyers appointed by the City's insurance, will be engaging the Bosch family's attorney on the possibility of referring the litigation to mediation. At the same time, JCT's lawyers will continue with finalising its investigation into the merits and quantum of the claim. Monthly meetings have been introduced with the attorneys to ensure a speedy and conclusive resolution of the matter, in light of the time that has elapsed since the cause of action arose.

## Section 8: Insurance Claims against/to MOE/Department

There were no incidence of insurance claims reported during the quarter under review.

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

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

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	19,857,302.05	92.46% is sitting under 30 days on the debtors age analysis , 0.51% on 60 days 1.25% is sitting 90days 5.29% is sitting in over 120 days	100% of this balance is for COJ department and COJ entities The amount relates to catering services provide to COJ, Arts & Culture Programs
Gauteng eGovernment	7 650.01	100% is sitting in over 120days	The amount relates to catering services

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

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	5,809,397.61	100% is sitting under 30 days	The amount relates to insourcing, CAPEX, utilities, fibre & rental.

## CHAPTER SIX: *INTERNAL & EXTERNAL AUDIT FINDINGS*



### KEY ACHIEVEMENTS

- 100% resolution of 2021/22 external audit findings

## **Section 1: Progress on Internal Audit Plan**

### **Purpose**

The purpose of this report is to communicate to the Joburg City Theatres Audit and Risk Committee the activities and outcomes of internal audits conducted as per the approved audit coverage plan for 2021/2022 financial year.

### **Executive Summary**

The mandate of the City's Internal Audit Services is to provide an independent and objective assurance on the adequacy, effectiveness and efficiency of the systems of internal controls that have been designed and implemented by management to ensure that the associated inherent risks are mitigated to acceptable levels, thereby enabling the achievement of the entity's strategic objectives. Internal Audit is responsible for the performance of risk based internal audit projects as approved by the Joburg City Theatres Audit and Risk Committee.

The internal audit function carries out its functions as required in terms of the Municipal Finance Management Act, the Municipal Systems Act for the audit of performance information as well as the approved Internal Audit Charter. By performing its functions effectively and reporting to the Joburg City Theatres Audit and Risk Committee, the Internal Audit Function enables the Committee to exercise its legislative mandate of independent oversight and advisories to the Board.

The scope of internal audit work to which this report relates, is the year ending 30 June 2023.

### **Coverage Plan for 2022/2023 Financial Year**

The audits were conducted as part of the 2022/2023 Audit Coverage Plan presented to and approved by Executive Management and the Audit and Risk Committee. The timing of the audits was concurred with Management. Findings raised are discussed with management and action plans provided by management are included in the final reports.

The progress status schedule below indicates the status of the audits on the coverage plan for the 2021/2022 financial year.

No.	AUDIT AREA		STATUS
<b>1</b>	<b>FINANCE</b>		
	• Revenue Management	Q4	Completed
	• Petty Cash	Q3	Completed
	• Accounts Payable	Q4	Completed
	• Accounts Receivable	Q3	Completed
	• Asset Management	Q4	Completed
	• Supply Chain Management	Q4	Rolled-over
	• Quality Assurance on Annual Financial Statement including compliance with related legislation	Q4 Q1	Completed
<b>2.</b>	<b>HUMAN RESOURCES</b>		
	• Human Capital	Q3	Completed
	• Leave Management	Q3	Completed
	• Payroll Management	Q3	Rolled-over
<b>3</b>	<b>PERFORMANCE INFORMATION</b>		
	• Quarterly	Quarterly	
<b>4.</b>	<b>MARKETING</b>		
	• Marketing	Q3	Rolled-over
<b>5.</b>	<b>EXTERNAL ENVIRONMENT</b>		
	• Youth Development	Q3	Completed
<b>6.</b>	<b>MAINTENANCE</b>		
	• Security	Q3	Completed
	• Health and Safety	Q3	Completed
	• Repairs and Maintenance	Q3	Completed
<b>7.</b>	<b>INFORMATION TECHNOLOGY</b>		
	• General Controls review	Q4	Completed
	• Application Controls review	Q4	Completed
<b>8.</b>	<b>CODE OF CONDUCT</b>		
	Compliance to the Code of Conduct	Q4	Not started

No.	AUDIT AREA		STATUS
1	<b>FINANCE</b>		
	• Revenue Management	Q4	Execution Stage
	• Petty Cash	Q3	Completed
	• Accounts Payable	Q4	Completed
	• Accounts Receivable	Q3	Completed
	• Asset Management	Q4	Execution Stage
	• Supply Chain Management	Q4	Execution Stage
	• Quality Assurance on Annual Financial Statement including compliance with related legislation	Q4 Q1	Completed
2.	<b>HUMAN RESOURCES</b>		
	• Human Capital	Q3	Completed
	• Leave Management	Q3	Completed
	• Payroll Management	Q3	Completed
3	<b>PERFORMANCE INFORMATION</b>		
	• Quarterly	Quarterly	Completed
4.	<b>MARKETING</b>		
	• Marketing	Q3	Completed
5.	<b>EXTERNAL ENVIRONMENT</b>		
	• Youth Development	Q3	Completed
6.	<b>MAINTENANCE</b>		
	• Security	Q3	Completed
	• Health and Safety	Q3	Completed
	• Repairs and Maintenance	Q3	Completed
7.	<b>INFORMATION TECHNOLOGY</b>		
	• General Controls review	Q4	Reporting Stage
	• Application Controls review	Q4	Reporting Stage
8.	<b>CODE OF CONDUCT</b>		
	Compliance to the Code of Conduct	Q4	Completed

**Section 2: Progress on Resolution of Internal Audit Findings**

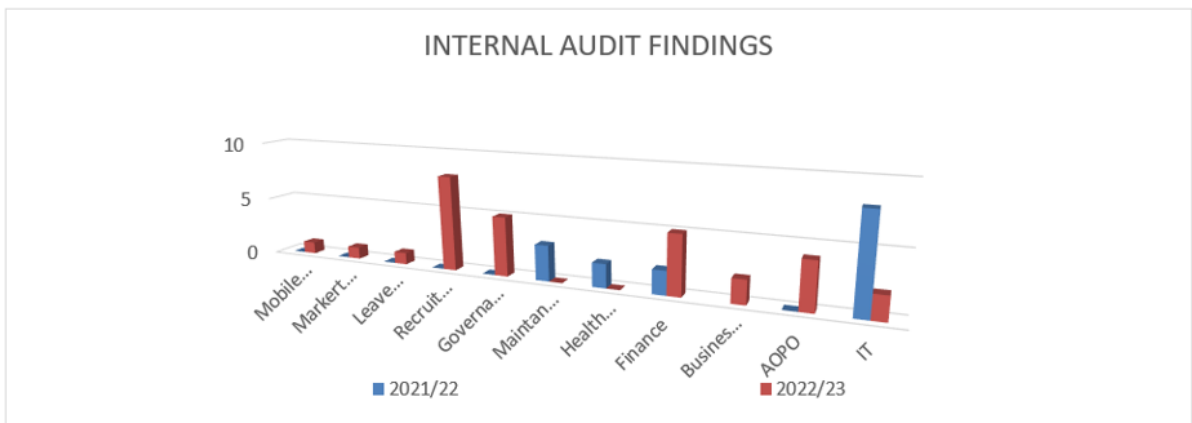
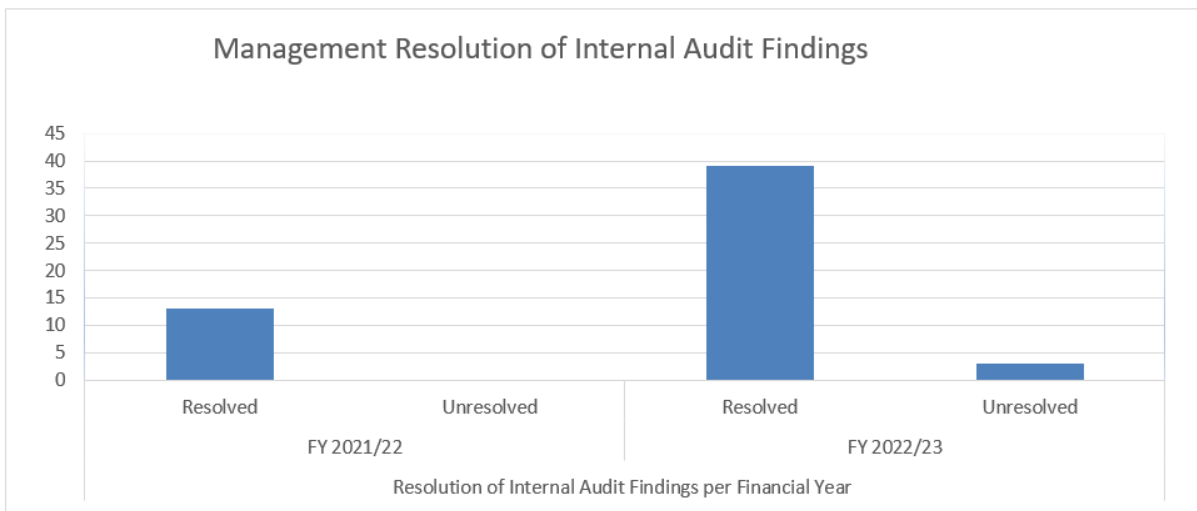
Group Risk Assurance Services (GRAS) The internal audit for 2022/23 financial year has 29 audit findings in total of which 13 are from previous financial years and the external audit for 2021/22 financial year has 15 audit findings.

Description	Findings raised during 2021/22	New Findings raised during 2022/23	Total Finding	Total resolved as per management	Total resolved as per IA verifications	% resolved as per Management	% resolved as per IA verifications
Internal Audit Findings	13	29	42	39	27	93%	64%

Internal auditors raised 29 findings in the 2022/23 financial year while balance of the findings (13) is coming from the previous year. All findings relating to the previous financial year were resolved and the unresolved findings relates to the findings issued at year end (June 2023) which will be resolved in the 1<sup>st</sup> quarter of the new financial year. With regards to the current year’s coverage plan, the internal audit process is in progress and will be finalised in July 2023.

**PROGRESS ON THE RESOLUTION OF INTERNAL AUDIT FINDINGS**

Out of the 42 audit findings that were issued for the financial years 2021/22 & 2022/23, management has resolved 93% of the internal audit findings while internal auditors have verified and closed 64% of the internal audit findings raised to date. The graph below depicts analysis of findings by department and resolution of the findings.



The table below illustrate the details of the findings raised to date and action plans implemented to mitigate the risks raised by internal Auditors:

No	Department	Finding	Due Date	Action Implemented	Status
1	Mobile Theatre Truck	<ul style="list-style-type: none"> <li>Internal audit could not trace information of site visits prior to events taking place.</li> <li>Internal audit could not review the number of paid or unpaid City's Outreach programs where the Mobile Theatre was used.</li> </ul>	19 December 2022	Management created a checklist that goes with the booking information which includes record of site visit conducted for all bookings.	Resolved
2	Marketing Management	When performing an audit review of the Marketing Management, Internal Audit noted that the position of the Marketing Manager has not been filled yet	30 June 2023	The position was re-advertised in Nov/Dec 2022 and interviews were conducted on. 02 February 2023.	Resolved
3	Leave Management	When reviewing the Termination process as part of Leave Management Audit review, Internal audit noted that Mr IS Nhlengethwa had resigned on the 02/09/22. As a participant of the subsidized education, he had an outstanding debt of R79 000.00 which to date has not been recovered. He had 10.5 days of leave prior to his resignation.	02 February 2023	<p>JCT has recovered the money from the ex-employee. Innocent Nhlengethwa signed an agreement with JCT whereby the full amount owed will be recovered over a period of 12 months as per the Training and Development Policy's Agreement. R4,517 was recovered via leave due to him in February. Innocent made a once off payment of cash deposit of R44 834.00 in February 2023. The balance is being paid off in equal monthly instalment of R2,470.00</p> <p><b>Internal Audit Comments</b> The 12 months recovery agreement only caters for the current employees and not for ex-employees. For example, the ex-employee may renege on the debt recovery arrangements. Management will not have any recourse to demand payment.</p>	Resolved
4	Recruitment and Selection	When performing an audit review on Recruitment and Selection, Internal Audit noted that a written motivation and request to fill vacant or new posts were not placed in the recruitment and selection files of all new recruited employees.	13 February 2023	A written motivation and request to fill the vacant or new posts are placed in individual files.	Resolved
5	Recruitment and Selection	When reviewing the Recruitment and Selection files, Internal Audit noted that interview panel did not consist of employment equity or trade union representatives.	13 February 2023	The two duties are separated when conducting an interview and comply with Section 16 (1) (a) of the Employment Equity Act.	Resolved

6.	Recruitment and Selection	When reviewing the recruitment and selection files, Internal Audit noted there were documents that were not signed by relevant HOD's. Documents such as Job description and Performance Evaluation	13 February 2023	All documents were signed by relevant HOD's effective 13 February 2023. We have ensured that the required documents were signed and filled accordingly.	Resolved
7.	Recruitment and Selection	When reviewing Recruitment and Selection files, Internal Audit noted that there were critical documents that were not in the files.  Requirements of the advert were not fully adhered to in some posts as requested documents were not submitted as it states, "interested persons are required to send their cover letter, detailed CV, recently certified copies of their qualifications and identity documents not longer than three months, quoting the relevant reference number to Mr. Thomas Sadiki, the Human Resources Manager, Joburg City Theatres, via email".	13 February 2023	We have already placed the documents in each employee's file. We have also created a checklist to be used in all future recruitment. <b>Internal Audit Comment</b> Independent Service providers must conduct their business in accordance with the applicable laws and regulations. The services of the independent service provider must be monitored in terms of the Local Government: Municipal Systems Act 32 of 2000 (3) (g), under <b>Executive and legislative authority</b> , "monitoring and, where appropriate, regulating municipal services where those services are provided by service providers other than the municipality."	Resolved
8.	Recruitment and Selection	Internal Audit requested an approved budget for trainings to be conducted for the period under review and were provided with just a figure of R 2 034 849 by Human resource management. We couldn't assess if the amount was approved as no documentation was provided.  Furthermore, Internal Audit also noted that human resource management does not keep records of trainings attended. When information was requested, the unit passed the request to employees who attended the training. As a result, Internal audit was provided with only TS Trainer training register which also wrongly indicated a three days training as a one-day training	13 February 2023	Management ensures that attendance registers are filled accordingly. The movement of budget is monitored with the cost of each training.	Resolved



9.	Recruitment and Selection	During the audit of Recruitment and Selection, Internal Audit observed that some appointments were made more than four months after interviews and there was no proof that the positions were re-advertised.	13 February 2023	JCT has appointed the following service providers on tender 00258/22 Appointment of service provider for the provision of recruitment services on an as and when basis: Affirmative Portfolios (PTY) LTD Makhado Consulting (PTY) LTD Pinpoint One Human Resources (PTY) LTD Multi Lead Consulting Services Commencing on 22 March 2023 for a 36-month period. With the appointment of the above service providers there should not be any delays in the recruitment and selection processes.	Resolved
10.	Recruitment and Selection	When reviewing the Recruitment and Selection files, Internal Audit noted that scores on the candidates score sheets by panel members were inaccurately calculated.	13 February 2023	Management has noted minor human errors in the calculation of scores on the candidates score sheets by panel members. We have since rectified the incorrect calculation of scores on the score sheets of the identified files. We have also introduced a checklist which will be signed by two different individuals after recalculations, checking the accuracy and completeness of the score sheets.	Resolved
11.	Recruitment and Selection	When reviewing the Recruitment and Selection files, Internal Audit noted that there were no indications that unsuccessful candidates were notified in writing.	13 February 23	We have since filled all regret letters in the file of the appointed employee.	Resolved
12.	Governance and Ethics	Governance Framework for JCT is not in place including the Standard Operating Procedure (SOP) for governance processes.	30 June 2023	JCT has drafted an internal governance framework. Governance cuts across several areas and processes in different departments and therefore it will not be practical to draft a standard operating procedure for governance. For example, the administering and implementation of policies is governance so there can't be one SOP for all policies.	Resolved
13.	Governance and Ethics	Notwithstanding several requests made, Governance and ethics information required for audit purposes was not provided by the auditee at the time of the audit; certain reviews could therefore not be performed or corroborated with the required audit evidence.		There are minutes of special meetings. There is no policy requirement for the Chairperson to approve a special meeting. Approval is sought from Group Governance should the meetings exceed three (3) as per the CoJ Governance Policy attached-reference paragraph 9.3. This finding has no basis in law.  <b>Internal Audit Comment</b> Management comment noted, however the finding stands as "paragraph 7.1 Number of meetings of ARC Terms of Reference "states that a minimum of four (4) meetings shall be held during each financial year (one meeting per quarter). Special meetings may be convened on good cause shown and with chairperson's approval as well as in accordance with the City of	Resolved

				Johannesburg Group Policy on the Governance of Group Advisory Committees, Interim Municipal Entities Board of Directors and Independent Audit Committee or its successive policy.	
14.	Governance and Ethics	<p>a). Internal Audit noted that in the Remuneration Social and Ethics Committee (REMSEC) omitted the following critical elements pertaining to the content of the terms of references:</p> <p>Duration/term of office for REMSEC was not stated within the ToR.</p> <p>b). Furthermore, Board of Directors TOR omitted the following critical elements pertaining to the content of the terms of references:</p> <p>Duration/term of office for Board was not stated within the ToR</p>	30 June 2023	We have reviewed the REMSEC Charter to include meeting proceedings in detail as there is a provision in the terms of reference and duration or term	Resolved
15.	Governance and Ethics	<p>During the review of the oversight committees meeting attendance the following was noted:</p> <p><b>Social and Ethics Committee (REMSEC)</b> Internal Audit Noted that the meeting pack/materials were distributed 6 weekdays prior to the meeting as opposed to 7 weekdays prior to the meeting, refer to the table below:</p>	On-going	We had discussions with Executive management in EXCO meetings to consider closing the books early to accommodate review time for quarterly reports.	Resolved

16.	Governance and Ethics	<p>During the governance and ethics review under the ethics awareness and training process the following deficiencies were noted:</p> <ul style="list-style-type: none"> <li>• Awareness training/workshop program for all employees was not yet fully developed.</li> <li>• Training attendance register, and the training report for fraud and ethics workshops were not developed.</li> <li>• Induction training programs material and registers for new employees was not provided.</li> </ul>	30 June 2023	<p>Ethics programs are implemented, and they are ongoing.</p> <p>The appointment of ethics officer, ethics ambassador, and committee members are concluded.</p> <p>Workshops are monitored and enforced and are held quarterly.</p> <p>Ethics training is included on the WSP.</p>	Resolved
17.	Asset Management	<p>Internal audit noted that there were assets from the fixed asset register, were not physical verified on the floor. From a sample of 48 at Rodepoort theatre 8 were not found on the floor.</p>	30 June 2023	<p>Audit finding is noted, A storage container unit is obstructing the only access door to the old storage room that is keeping redundant assets. However, the fact that they are in a storeroom, they will be written off.</p> <p>Alternate access door has been created for the auditors to verify the redundant assets.</p>	Resolved
18.	Asset Management	<p>Internal Audit noted that the additional assets barcodes were not recorded on the Asset Register while the assets have been barcoded.</p>	30 June 2023	<p>All new assets have been added to the asset register.</p>	Resolved
19.	Debtors Management/ Related Parties	<p>Policy stipulation that states that debtors' bookings who owe for more than 60 days should not be accepted has not been implemented.</p>	30 October 2023	<p>The policy will be revised to consider the current arrangement with the city of Johannesburg and its MOE's.</p>	Unresolved
20.	Capex Review	<p>Some declaration of interest by officials was not circled to choose the relevant answer of YES or NO by some officials.</p>	30 May 2023	<p>Going forward management will ensure completeness of declarations in the required spaces.</p>	Resolved

21.	Business Continuity Plan	Internal noted that some emergency numbers not displayed at the control room. The safe to store guns was not operational at Roodepoort and Soweto Theatres	31 May 2023	We will ensure that emergency numbers displayed at the control room, and safe to store guns are operational.	Resolved
22.	Business Continuity Plan	During our Business Continuity Plan review at Soweto Theatre, internal Audit noted that the Theatre gets flooded when it rains.	Immediately	Management has already done water proofing as reflected in the repairs and maintenance activities to stop the flooding in the buildings.	Resolved
23.	Cash/Revenue Management	During the audit review of Revenue/Cash Management internal audit noted that the policy was last reviewed on the 14 April 2021 (Finance Management Policy and Procedure Manual).  The policy does not accommodate the new cashless system in the stages restaurant as well as the new system of payment of tips.	30 October 2023	Updating the Cash/Revenue Policy with relevant changes N.R.O cashless system, invoicing, tips.	Unresolved
24.	Audit of Predetermined objectives (AOPO)	Three (3) of 27(11%) KPI's instance were supporting evidence submitted was not adequate to substantiate the performance reported in Quarter 1, 2 and 3 Quarterly Performance Report (QPR).	Immediately	Summary of all evidence for each KPI will be attached to the portfolio of evidence.	Resolved
25.	Audit of Predetermined objectives (AOPO)	Standard Operating Procedure (SOP) that provide guidance on how to collect, collate, verify and storing information and reporting on the programme performance information for planning, implementation, monitoring, and reporting on each Key Performance Information (KPI) is not in place (End to End process).	01 July 2023	Standard Operating Procedure (SOP) that provides guidance on how to collect, collate, verify and storing information and reporting on the programme performance information for planning, implementation, monitoring, and reporting on each Key Performance Information (KPI) is in place. However, may not be adequate to satisfy the audit standard. To avoid inconsistent application of processes on the KPIs. Management has embarked on a process of developing Operational Plans for each KPI detailing step by step activities for each KPI. Development and Implementation of Operational Plans for each KPI.	Resolved

26.	Audit of Predetermined objectives (AOPO)	<ul style="list-style-type: none"> <li>An Annual Targets from the 2022/23 JCT Business Plan is not clear.</li> <li>The target for the first six months was set below the baseline.</li> </ul>	January 2024 as part of the Draft 24/25 Business Plan	KPI: Number of youths attending arts programmes Target setting for this KPI will be reviewed during next planning cycle.	Unresolved
27.	Audit of Predetermined objectives (AOPO)	Four (5) out of 27 (15%) KPI's instances were noted where source documents (evidence) to support the performance progress reported in the Q1-Q3 Quarter Performance Assessment Report could not be provided for audit purposes.	Immediately	Summary of all evidence for each KPI is attached to the portfolio of evidence. The finding is noted.	Resolved
28.	Information Technology	Internal Audit noted that JCT is still being serviced by Praxis Computing (PTY)LTD even though the contract had expired on 07 June 2022.	03 July 2023	The contract was extended for another year until 07 June 2023.	Resolved
29.	Information Technology	<ul style="list-style-type: none"> <li>Formal process was not followed when creating users for the Forbtech system account on the Active Directory</li> <li>The request for new user authorisation changes form for some users was not in place.</li> </ul>	Changes will be implemented by 31 July 2023	<ul style="list-style-type: none"> <li>All new user request has been filed as hardcopies and scanned in so that there is a digital copy</li> <li>Interns must be included in the list of new staff/staff who have left-even if this list is separate from permanent staff.</li> <li>Departments will be more vigilant in signing off on authorizations.</li> </ul>	Resolved

### Section 3: Progress on Resolution of External Audit Findings

Auditor General (SA) raised fifteen audit findings in the 2021/22 financial year. The entity has resolved 15 raised findings below:

CLASSIFICATION	TOTAL NUMBER OF FINDINGS RAISED	NUMBER OF FINDINGS RESOLVED	NUMBER OF FINDINGS NOT RESOLVED
Audit Findings	15	15	0
<b>TOTAL</b>	<b>15</b>	<b>15</b>	<b>0</b>
<b>%</b>	<b>100 %</b>	<b>100%</b>	<b>0%</b>

Description	Total Open Findings 01 July 2021	Findings raised during 2021/22	Total Findings	Total resolved as per management	Total Resolved as per IA verifications	% resolved as per management	% resolved as per IA verifications
<b>Auditor General Findings</b>	<b>0</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>14</b>	<b>100%</b>	<b>93%</b>

The only finding that has not been closed by internal audit relates to the awards made to the service providers who are in the service of the state as neither the entity nor COJ have a tool to detect service providers whose directors are in the state and reliance is placed on a service provider to declare.

The table below provides the details of the external audit findings raised by Auditor General and action plans implemented.

AGSA Finding Ref	Finding heading	Audit Review Area	Cluster	Dept.	Person Responsible	Finding Rating	Management Action Plan	Status	Implementation Date	Repeat Finding (Number of Years)
1.	Differences on the COJ Related Parties Disclosure Note and MOEs Financials	Finance	HSD	JCT	Acting CFO Vukani Magubane	Misstatement in Financial statements – Other important matters	The management has made the adjustment	Resolved	30 November 2022	New
2.	Material misstatements on the audit of integrated report	Governance	HSD	JCT	Acting CFO Vukani Magubane	Misstatement in annual performance report – other important matters	Adjustment has been done. Management prepares an integrated report that is accurate, complete and is reporting actual achievements consistent with the objectives, key	Resolved	30 November 2022	New

							performance indicators, targets and baseline in the business plan			
3.	Noncompliance with local content requirement	SCM	HSD	JCT	Acting CFO Vukani Magubane	Non-compliance with legislation - Matters affecting the auditor's report	Management have fully implemented local content requirement in accordance with Regulation PPPFA. Management have trained all staff on this matter and have created checklist to identify all goods that qualify for local content and that the specifications include a requirement for local content and the advert contains such	Resolved	30 November 2022	2
4.	Differences noted between underlying records and reported performance achievements	Finance	HSD	JCT	Acting CFO Vukani Magubane	Misstatement in the annual performance report – other important matters	The management has made the adjustment on the Financial reports	Resolved	30 November 2022	new

5.	Depreciation and carrying values as per asset register are not accurate	Finance	HSD	JC T	Acting CFO Vukani Magubane	Misstatement in the financial statements – other important matters	The Management has made the adjustment on the asset register	Resolved	30 November 2022	new
6.	failure to prevent the incurrance of irregular expenditure	Finance	HSD	JC T	Acting CFO Vukani Magubane	Non-compliance with legislation - Matters affecting the auditors opinion	Management has put controls in place to ensure that these instances are prevented from reoccurring. The controls include the centralization of the SCM function and to train the SCM and related staff to prevent to reoccurring of such non-compliance. Management has applied section 32 and section 102 of the MFMA regarding the identification, reporting and disclosure of irregular expenditure	Resolved	30 November 2022	new
7.	Internal Control Deficiency - Management did not ensure that there are updated IT and Artistic Programming Policies and Procedures in	Finance	HSD	JC T	Acting CFO Vukani Magubane	Internal control deficiency – Other important matters	. The policy has been updated to consider all key aspects highlighted.	Resolved	31 March 2023	New



	place which indicates a risk of the entity's internal controls might not be effective as required by section 38(1)(a)(i) of the PFMA									
8.	Awards made to persons in service of the state	Finance	HSD	JCT	Acting CFO Vukani Magubane	Internal control deficiency - Other Important matters	Management relies on the declarations made by service providers on MBD4 form. There is currently no other system that can identify whether any of the service provider's directors are actually in the service of the state. It is only after the CAATs audit test from the AG has identified such and as management, we then conduct investigations and take appropriate actions on case-by-case basis	Resolved	30 November 2022	5
9.	Audit of predetermined objectives : Number of ballets seasons at JCT incorrectly reported	Finance	HSD	JCT	Acting CFO Vukani Magubane	Misstatement in the annual performance report – Other important matters	The management has made the adjustment on the report by recording the correct number of	Resolved	30 November 2022	new

							ballets seasons			
10.	Audit of predetermined objectives :Number of live streaming/online productions incompletely reported	Finance	HSD	JC T	Acting CFO Vukani Magubane	Misstatement in the annual performance report – Other important matters	The management has made the adjustment on the report by recording the correct number of live streaming/online productions	Resolved	30 November 2022	new
11.	Declaration of interest not disclosed in the AFS	Finance	HSD	JC T	Acting CFO Vukani Magubane	Misstatement in the annual Financial Statements – Other important matters	Management does not agree with the audit finding, Mr. Bernard Jay resigned from the council of the Playhouse Theatre on September 29 <sup>th</sup> , 2018 and from the council of the State Theatre on November 18 <sup>th</sup> 2018. Resignation letters are attached	Resolved	30 November 2022	New
12.	Heritage assets - it was noted that differences were identified between the disclosed amounts computed by the auditors in comparison to the amounts computed by the client on the heritage	Finance	HSD	JC T	Acting CFO Vukani Magubane	Misstatement in the annual Financial statements – Other important matters	Management has made the adjustment on the Financial statements by correcting the error on the Heritage assets notes	Resolved	30 November 2022	New

	assets reconciliation									
13.	Deferred tax - differences were identified between the amounts computed by the auditors in comparison to the amounts computed by the client as disclosed in the deferred tax note. See below for details	Finance	HSD	JCT	Acting CFO Vukani Magubane	Misstatement in the annual Financial statements – Other important matters	Management has made the adjustment on the Financial statements by recording the correct deferred tax amount	resolved	30 November 2022	new
14.	Receivables from exchange transactions differences	Finance	HSD	JCT	Acting CFO Vukani Magubane	Misstatement in the annual Financial statements – Other important matters	Management has made the adjustment on the Financial statements by recording the correct Receivables from exchange amount	Resolved	30 November 2022	New
15.	Non-adjustment of the irregular expenditure note with the write off	Finance	HSD	JCT	Acting CFO Vukani Magubane	Misstatement in the annual Financial statement – Other important matters	Management has made the adjustment on the Financial statements by correcting the irregular expenditure note	Resolved	30 November 2022	New

### History of Auditor General Findings

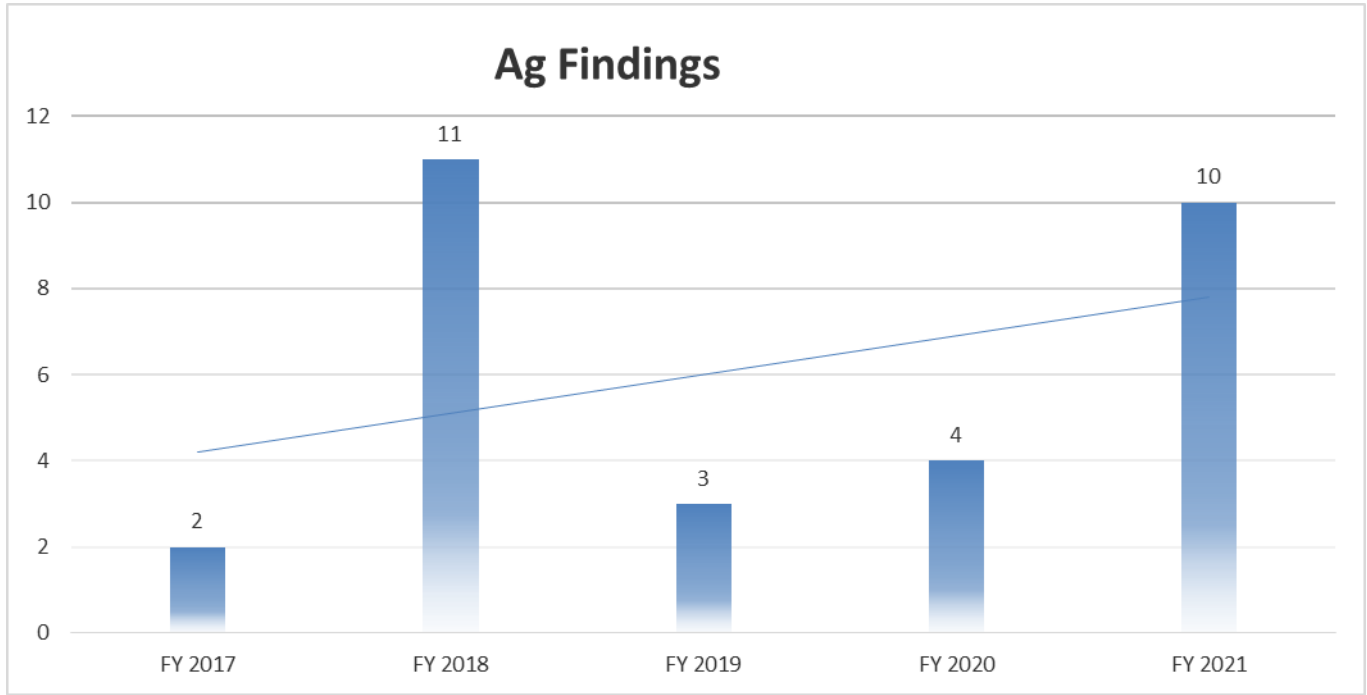
The constitution S188 (1) (b) states that the functions of the Auditor General includes the auditing and reporting on the accounts, financial statements and financial statement and management statement of all municipalities. MSA section 45 states that the results of performance measurement must be audited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

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Financial Audit Opinion	Clean	Clean	Clean	Clean	Unqualified Audit	Unqualified Audit with material findings	Clean
Performance Audit Opinion	Clean	Clean	Clean	Clean	Material Adjustment	Material adjustment	Clean

					to the Annual Report	to the annual report	
--	--	--	--	--	----------------------	----------------------	--

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

The graph below depicts the number of findings for the previous five years.



## **Particulars of any corrective action taken to or to be taken in response to Auditor General's Report**

Corrective actions taken and responses to Auditor's General's Report are captured in the table on page 166- 177

### **Section 121(4)(g) Recommendations of the audit committee**

During the year under review the audit and risk committee has in line with section 166 of the MFMA and King IV reviewed and recommended the following to the board of directors;

- The internal audit plan for the 2022/23 financial year
- The annual financial statements of the entity
- Risk and compliance plans and related quarterly reports
- Combined assurance plan and the related quarterly reports
- Recommendation on the audit fees for auditor general
- Internal audit reports on the status of internal controls within JCT.

### **Section 4: Overall State of Internal Controls**










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

In line with best practice and Municipal Management Finance Act (MFMA) requirements, Group Risk and Assurance Services (GRAS) compiled a risk-based audit coverage plan for the Joburg City Theatres which was approved by the Audit and Risk Committee on July 2022. This audit coverage plan has taken into consideration areas that are perceived to be of high risk as per the risk registers for the three theatres and areas identified by management. The timelines indicated on the plan were discussed and agreed with management.

Internal Audit provided assurance on high risks identified during risk assessments by prioritising these areas during annual planning. Some of the medium and low risk areas were also audited where possible. The system of internal control was reasonably adequate and effective, for the quarter under review.

**Section 5: Dashboard Report – Drivers of Internal Control to Achieve Clean Administration**

AUDITEE NAME:		Joburg City Theatres SOC LTD				ASSESSMENT PERFORMED ON:		30 June 2023	
ASSESSMENT PERIOD COVERED: (Tick as appropriate)		PFMA	Apr – Jun 21	Jul – Sep 21	Oct – Dec 21	Jan – Mar 23	Apr 21 – Mar 23		
		MFMA	Jul – Sep 21	Oct – Dec 21	Jan – Mar 22	Apr – Jun 23	Jul 21 – Jun 23		
No.	DRIVERS	<p>Required controls that are able to prevent, or detect and correct misstatements / control deviations / instances of non-compliance in a timely manner, are currently in place; care is required to maintain the situation for changes in conditions</p> <p>Progress in the implementation of controls that are able to prevent, or detect and correct, misstatements / control deviations / instances of non-compliance in a timely manner is noted, but improvement is still required</p> <p>Required controls that are able to prevent, or detect and correct, misstatements / control deviations / instances of non-compliance in a timely manner, are not in place; intervention is required to design and implement appropriate controls</p>				ASSESSMENT			
	<p> Improved</p> <p> Unchanged</p> <p> Regressed</p>					<p>Good </p> <p>In progress </p> <p>Intervention required </p>	Financial	Performance	Compliance
LEADERSHIP									
	<b>Movement from previous assessment:</b>								
1.a	Provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the entity								
1.b	Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls								
1.c	Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored								
1.d	Establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities								
1.e	Develop and monitor the implementation of action plans to address internal control deficiencies								
1.f	Establish an IT governance framework that supports and enables the business, delivers value and improves performance								
FINANCIAL AND PERFORMANCE MANAGEMENT									
	<b>Movement from previous assessment:</b>								
2.a	Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting								
2.b	Implement controls over daily and monthly processing and reconciling of transactions								
2.c	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information								
2.d	Review and monitor compliance with applicable legislation								
2.e	Design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information								
GOVERNANCE									
	<b>Movement from previous assessment:</b>								
3.a	Implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored								
3.b	Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively								

<b>AUDITEE NAME:</b>		Joburg City Theatres SOC LTD			<b>ASSESSMENT PERFORMED ON:</b>			30 June 2023		
<b>ASSESSMENT PERIOD COVERED:</b> (Tick as appropriate)		<b>PFMA</b>	Apr – Jun 21	Jul – Sep 21	Oct – Dec 21	Jan – Mar 23	Apr 21 – Mar 23			
		<b>MFMA</b>	Jul – Sep 21	Oct – Dec 21	Jan – Mar 22	Apr – Jun 23	Jul 21 – Jun 23			
<b>No.</b>	<b>DRIVERS</b>	 <b>Improved</b>   <b>Unchanged</b>   <b>Regressed</b>	<p>Required controls that are able to prevent, or detect and correct misstatements / control deviations / instances of non-compliance in a timely manner, are currently in place; care is required to maintain the situation for changes in conditions</p> <p>Progress in the implementation of controls that are able to prevent, or detect and correct, misstatements / control deviations / instances of non-compliance in a timely manner is noted, but improvement is still required</p> <p>Required controls that are able to prevent, or detect and correct, misstatements / control deviations / instances of non-compliance in a timely manner, are not in place; intervention is required to design and implement appropriate controls</p>			<p><b>Good</b> </p> <p><b>In progress</b> </p> <p><b>Intervention required</b> </p>		<b>ASSESSMENT</b>		
						<b>Financial</b>	<b>Performance</b>	<b>Compliance</b>		
<b>3.c</b>	Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of									

<b>AUDITEE NAME:</b>	Joburg City Theatres SOC LTD				<b>ASSESSMENT PERFORMED ON:</b>			30 June 2023
<b>ASSESSMENT PERIOD COVERED:</b> (Tick as appropriate)	<b>PFMA</b>	Apr – Jun 21	Jul – Sep 21	Oct – Dec 21	Jan – Mar 23	Apr 21 – Mar 23		
	<b>MFMA</b>	Jul – Sep 21	Oct – Dec 21	Jan – Mar 22	Apr – Jun 23	Jul 21 – Jun 23		

No.	DRIVERS	COMMITMENTS
1.a	Provide effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the entity	Maintain the performance-through-out
1.b	Exercise oversight responsibility regarding financial and performance reporting and compliance and related internal controls	Maintain the performance-through-out
1.c	Implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored	Maintain the performance through-out
1.d	Establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities	Maintain the performance through-out
1.e	Develop and monitor the implementation of action plans to address internal control deficiencies	Maintain the performance-through-out
1.f	Establish an IT governance framework that supports and enables the business, delivers value and improves performance	Maintain the performance-through-out
<b>FINANCIAL AND PERFORMANCE MANAGEMENT</b>		
2.a	Implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting	Maintain the performance-through-out
2.b	Implement controls over daily and monthly processing and reconciling of transactions	Maintain the performance-through-out
2.c	Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information	Maintain the performance-through-out
2.d	Review and monitor compliance with applicable legislation	Auditor General identified products designated for local production, which were not classified as such by management. This resulted into an irregular expenditure
2.e	Design and implement formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information	Maintain the performance-through-out
<b>GOVERNANCE</b>		
3.a	Implement appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, are conducted and that a risk strategy to address the risks is developed and monitored	Maintain the performance through-out
3.b	Ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends corrective action effectively	Maintain the performance through-out
3.c	Ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring	Maintain the performance through-out



	responses to risks and providing oversight over the effectiveness of the internal control environment including financial and performance reporting and compliance with legislation.	
--	--	--

As at 30 June 2023 internal audit provided assurance on high risks identified during risk assessments by prioritising these areas during annual planning. Some of the medium and low risk areas were also audited where possible. The system of internal control was reasonably adequate and effective, for the year under review.

### **Commitment by the Board of Directors**

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



P.P. Chetty  
Board Chairperson

As submitted to the Auditor General on 30 November 2023

# APPENDICES AND ANNEXURES

## Section 1: Report of the Auditor General

### Report of the Auditor-General to the Gauteng Provincial Legislature and the council of the City of Johannesburg Metropolitan Municipality on Joburg Theatre (SOC) Limited

#### Report on the audit of the financial statements

#### Opinion

1. We have audited the financial statements of the Joburg Theatre SOC Limited set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Joburg Theatre SOC Limited as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 71 of 2008 (Companies Act).

#### Basis for opinion

3. I conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
4. We are independent of the Joburg Theatre SOC Limited in accordance with the *Code of professional conduct for auditors* of the Independent Regulatory Board for Auditors (IRBA) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)*.
5. I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Key audit matters

6. Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements for the current period. I have determined that there are no key audit matters to communicate in this auditor's report.

## **Emphasis of matter**

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

### **Uncertainty relating to the future outcomes of exceptional litigations**

8. With reference to note 37 to the financial statements, the municipal entity is the defendant in a lawsuit. The municipal entity is opposing the claims. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

## **Other matter**

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

### **Unaudited disclosure note**

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

## **Responsibilities of accounting officer for the financial statements**

11. The accounting officer, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Companies Act and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the accounting authority either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

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

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

14. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected objective presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. We selected the following objective presented in the annual performance report for the year ended 30 June 2023 for auditing. We selected a objective that measures the municipal entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Strategic Objective	Page numbers
<b>Strategic objective 2: Quality performing arts and entertainment experiences and facilities</b>	[XX]

17. We evaluated the reported performance information for the selected objective against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.
18. We performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
  - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
  - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
  - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
  - the reported performance information is presented in the annual performance report in the prescribed manner
  - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

20. I did not identify any material findings on the reported performance information for this strategic objective:

- Strategic objective 2: Quality performing arts and entertainment experiences and facilities

### Other matters

21. We draw attention to the matters below.

#### Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievements. This information should be considered in the context of the material findings on the reported performance information.

#### Material misstatements

23. I did not identify material misstatements in the annual performance report submitted for auditing.

### Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.

25. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

26. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

### Other information in the annual report

28. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate as required by the Companies Act 71 of 2008. The other information does not include the financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

29. My opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
30. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or I knowledge obtained in the audit, or otherwise appears to be materially misstated.
31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information. If I conclude that there is a material misstatement therein. I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected. I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### Internal control deficiencies

32. I considered internal control relevant to our audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in the internal control.

#### Other reports

33. I draw attention to the following engagements conducted by various. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.
34. I draw attention to the following engagements conducted by Group Forensic and Investigative Services (GFIS) which had, or could have, an impact on the matters reported in the municipal entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

Johannesburg

30 November 2023



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure : Auditor Generals responsibility for the Audit

### Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements and the procedures performed on reported performance information for selected objectives and on the municipal entity's compliance with selected requirements in key legislation.

### Financial statements

In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Joburg Theatre (SOC) Limited to continue as a going concern. If I conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation



## Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the accounting officer with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# JOBURG THEATRE

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



City of Johannesburg Metropolitan Municipality

Annual Financial Statements  
for the year ended 30 June 2023

Auditor General of South Africa  
Registered Auditors

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### General Information

---

<b>Nature of business and principal activities</b>	Entertainment and Hospitality
<b>Directors</b>	<p>Ms. Ashley Hayden Retired on 27 March 2023 Ms Dineo Sitole (Majavu) Retired on 27 March 2023 Mr Sean Kreusch Resigned on 1 August 2022 Mr Zane Meas Retired on 27 March 2023 Ms Itumeleng Malope Retired on 27 March 2023 Mr Jabu Goodman Hlongwane Retired on 27 March 2023 Mr Jabu Love Mathebula Retired on 27 March 2023 Mr Godfrey Katsana (Chairperson) Appointed on 27 March 2023 Mr Orapeleng Ramagaga Appointed on 27 March 2023 Ms Pamela Ndlovu (State Official) Appointed on 27 March 2023 Ms Bonga Kweyama Appointed on 27 March 2023 Mr Sibusiso Xaba (State Official) Appointed on 27 March 2023 Ms Delisiwe Mabena (State Official) Appointed on 27 March 2023 Mr Thembinkosi Mbeda Appointed on 27 March 2023 Ms Ziyanda Mncanca Appointed on 27 March 2023 Mr Thapelo Chokobane Appointed on 27 March 2023 Ms Johanna Mapeko Appointed on 27 March 2023 Mr Ben Mothupi Appointed on 27 March 2023 Ms Xoliswa Nduneni-Ngema (CEO) Mr. Solomon Mphakathi CA(SA) (CFO)</p>
<b>Registered office</b>	163 Civic Boulevard Braamfontein Johannesburg 2017
<b>Business address</b>	163 Civic Boulevard Braamfontein Johannesburg 2017
<b>Postal address</b>	PO BOX 31900 Braamfontein Johannesburg 2017
<b>Controlling entity</b>	The City of Johannesburg Metropolitan Municipality incorporated in South Africa
<b>Bankers</b>	Nedbank Limited Investec Limited
<b>Auditors</b>	Auditor General of South Africa Registered Auditors
<b>Secretary</b>	Philipa Maduka
<b>Company Registration</b>	2000/013032/07

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### **Index**

---

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

	<b>Page</b>
Directors' Responsibilities and Approval	4
Audit and Risk Committee Report	5 - 7
Director's Report	8 - 12
Company Secretary's Certification	13
Statement of Financial Position	14
Statement of Financial Performance	15
Statement of Changes in Net Assets	16
Cash Flow Statement	17
Statement of Comparison of Budget and Actual Amounts	18 - 19
Appropriation Statement	20
Accounting Policies	21 - 43
Notes to the Annual Financial Statements	44 - 72

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Index

---

#### Abbreviations and Definitions

AGM	Annual General Meeting
ARC	Audit and Risk Committee
ASB	Accounting Standards Board
BOARD	Board of Directors
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CJMM	City of Johannesburg Metropolitan Municipality
COID	Compensation for Occupational Injuries and Diseases
COJ	City of Johannesburg
EPWP	Expanded Public Works Programme
GRAP	Generally Recognised Accounting Practice
IAC	Independent Audit Committee
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
JCT	Joburg City Theatres
JT	Joburg Theatre
KING IV	Principals of Corporate Governance
ME's	Municipal Entities
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act
NED	Non-Executive Director
OHASA	Oral Hygienist Association of South Africa
PAYE	Pay As You Earn
PSIRA	Private Security Industry Regulatory Authority
RT	Roodeport Theatre
SAMWU	South African Municipal Workers Union
SDL	Skills Development Levy
ST	Soweto Theatre
UIF	Unemployment Insurance Fund

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Audit and Risk Committee Report

---

The Audit and Risk Committee Chairperson, acting on behalf of the committee, is pleased to present the committee's report on the annual financial statements for the year ended 30 June 2023 as per Companies Act 71 of 2008 Sec 94 Paragraph 2 and King IV Paragraph 51.

#### Audit and Risk Committee members and attendance

Name of Member	Number of Meetings Attended	
Ms. Ashley Hayden (Non-Executive Director)(Chairperson)	6	Retired on 15 February 2022
Mr Orapeleng Ramagaga (Non-Executive Director) (Chairperson) CA(SA)	2	Appointed on 27 March 2023
Ms Ziyanda Mncanca (Non-Executive Director)	1	Appointed on 27 March 2023
Mr Ben Mothupi (Non-Executive Director)	2	Appointed on 27 March 2023
Ms Sarika Singh (Independent Audit Committee Member)	2	
Mr Elfas Muhauli (Independent Audit Committee Member)	2	Appointed on 27 March 2023
Mr Vincent Sithole (Independent Audit Committee Member)	2	Appointed on 27 March 2023
Mr Thomas Sbangwana (Independent Audit Committee Member)	2	Appointed on 27 March 2023
Mr. Sean Kreusch (Non-executive Director)	1	Resigned in August 2022
Mr. Mnikelo Moses Mazwane (Independent Audit Committee Member)	5	Retired on 27 March 2023
Mr. Nditsheni Tshithavhalani (Independent Audit Committee Member)	5	Retired on 27 March 2023
Mr. Krishen Sukdev(Independent Audit Committee Member)	5	Retired on 27 March 2023

#### Audit and Risk Committee responsibility

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

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

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

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### **Audit and Risk Committee Report**

---

#### **The effectiveness of internal control**

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

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

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

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

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

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

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

#### **Internal audit**

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

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

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

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

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Audit and Risk Committee Report

---

#### Audit and Risk Committee Report

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

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

#### External audit

Joburg Theatre (SOC) Ltd's external auditor is Auditor General of South Africa. Fees paid to the auditor are detailed in note 22 of Joburg Theatre (SOC) Ltd's annual financial statements.

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

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

#### Chief Financial Officer's expertise and experience

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

#### Finance function expertise, resources and experience

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

#### Annual Financial Statements

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



Mr. Orapeleng Ramagaga  
Chairperson of the Audit and Risk Committee

Date: 04/12/2023



# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Director's Report

---

The accounting officers submit their report for the year ended 30 June 2023.

### 1. Incorporation

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

### 2. Review of activities

#### Main business and operations

The entity operates under four business units: Joburg Theatre, Soweto Theatre, Roodepoort Theatre and hospitality and catering. The primary business of Joburg City Theatres is to present and host productions from internally developed to externally produced shows. Hospitality and catering as a secondary business has grown substantially over the last 8(Eight) years. Joburg Theatre (SOC) Ltd trading as JCT is a wholly owned subsidiary (ME- Municipal Entity) of the City of Johannesburg Metropolitan Municipality.

Net surplus of the municipal entity was R 2 102 244 (2022: surplus R 10 881 549), after taxation of R 2 693 575 (2022: R3 696 908).

### 3. Going concern

We draw attention to the fact that at 30 June 2023, the municipal entity had an accumulated surplus of R 23 511 032 and that the municipal entity's total assets exceed its liabilities by R 25 295 091.

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

The ability of the municipal entity to continue as a going concern is dependent on a number of factors. The entity is substantially funded by subsidy from the shareholder and in the 2022/23 financial year. JCT also generates revenue from its operations including interest on investments.

The Board of Directors of Joburg Theatre has considered the budgets and forecasts for the 2022/23 financial year approved by Council of the City of Johannesburg, and has satisfied itself that these were sufficient for the continued existence of operations of the entity at least in the foreseeable future, and therefore has concluded that the use of a going concern basis in its preparation of financial statements was appropriate.

The entity occupies the buildings it operates based on lease agreement from Joburg Property Company as the landlord of the City of Johannesburg Properties. The contractual period of Joburg Theatre's lease agreement on the use of the building has been extended for 20 years which commenced on the 17 September 2020. The agreement for Soweto Theatre has been extended to include the management and use of the newly revamped Amphitheatre. The lease rental of R1 per annum payable to the landlord. The right of use of the building for Soweto Theatre is 20 years with a commencement date of 21 October 2020. The agreement for Roodepoort Theatre on the right of use of the building is 20 years.

### 4. Subsequent events

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

### 5. Accounting policies

The annual financial statements are prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

### 6. Share capital / contributed capital

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

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Director's Report

---

### 7. Borrowing limitations

In terms of section 108(1) of the MFMA JCT may borrow money, but only in accordance with the entity's multi-year business plan referred to in section 87 (5)(d) , and the provision of chapter 6 of the MFMA to the extent that those provisions can be applied to JCT. (2) In applying chapter 6 to JCT, a reference in that chapter to a municipality, a municipal council or an accounting officer must be read as referring to JCT, the board of directors of JCT or the accounting officer of JCT, respectively.

### 8. Distributions to owners

Joburg City Theatres as a Municipal Entity does not declare dividends.

### 9. Directors

The Directors of the municipal entity during the year under review are as follows:

Name	Nationality	Changes
Ms. Ashley Hayden	South African	Retired on 27 March 2023
Ms Dineo Sitole (Majavu)	South African	Retired on 27 March 2023
Mr Sean Kreusch	South African	Resigned in August 2022
Mr Zane Meas	South African	Retired on 27 March 2023
Ms Itumeleng Malope	South African	Retired on 27 March 2023
Mr Jabu Goodman Hlongwane	South African	Retired on 27 March 2023
Mr Jabu Love Mathebula	South African	Retired on 27 March 2023
Mr Godfrey Katsana (Chairperson)	South African	Appointment on 27 March 2023
Mr Orapeleng Ramagaga	South African	Appointment on 27 March 2023
Ms Pamela Ndlovu (State Official)	South African	Appointment on 27 March 2023
Ms Bonga Kweyama	South African	Appointment on 27 March 2023
Mr Sibusiso Xaba (State Official)	South African	Appointment on 27 March 2023
Ms Delisiwe Mabena (State Official)	South African	Appointment on 27 March 2023
Mr Thembinkosi Mbeda	South African	Appointment on 27 March 2023
Ms Ziyanda Mncanca	South African	Appointment on 27 March 2023
Mr Thapelo Chokobane	South African	Appointment on 27 March 2023
Ms Johanna Mapeko	South African	Appointment on 27 March 2023
Mr Ben Mothupi	South African	Appointment on 27 March 2023
Ms Xoliswa Nduneni-Ngema (CEO)	South African	
Mr. Solomon Mphakathi CA(SA) (CFO)	South African	

### 10. Secretary

The secretary of the municipal entity is Philipa Maduka.

Business address

Joburg Theatre Complex  
163 Civic Boulevard  
Braamfontein  
Johannesburg  
2017

Postal address

P O Box 31900  
Braamfontein  
Johannesburg  
2017

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### **Director's 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 IV code on Corporate Governance. As part of this commitment, the board supports the highest standards of corporate governance and the ongoing development of best practice.

##### **Board of Directors**

The Board:

- retains full control over the municipal 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 municipal entity;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors as defined in the King IV Code; and
  - two executive directors.

Non-Executive Directors have access to all members of management of the entity.

##### **Chairperson and Chief Executive Officer**

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

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

##### **Remuneration**

The remuneration of the executive directors of the entity; the Chief Executive Officer and the Chief Financial Officer, is determined by the Board of directors in consultation with the parent municipality (CJMM).

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Director's Report

#### Non-Executive Director's Meetings

The Board of Directors were scheduled to meet at least 4 times per annum and in the current financial year the Board met on 12 occasions.

Name	Board Meeting	Audit and Risk committee meeting	Remunerations, Social & Ethics Committee meeting	Other	Chairperson's Meetings
Total number of meetings held	12	7	5	12	2
Ms Ashley Hayden	6	6	0	9	-
Ms Dineo Sitole	6	-	4	1	-
Mr Zane Maes (Chairperson)	6	-	-	4	2
Mr Sean Kreuzsch (Resigned)	1	1	-	-	-
Ms Itumeleng Malope	6	-	4	-	-
Mr Jabu Hlongwane	6	-	4	4	-
Mr Jabu Love Mathebula	6	-	3	-	-
Mr Godfrey Katsama (Chairperson)	6	-	-	1	-
Mr Orapeleng Ramagaga	6	2	0	2	-
Ms Pamela Ndlovu	5	-	1	1	-
Ms Bonga Kweyama	6	-	-	-	-
Mr Sibusiso Xaba	6	-	-	-	-
Ms Delisiwe Mabena (State Official)	5	-	1	-	-
Mr Thembikosi Mbeda (State Official)	6	-	-	-	-
Ms Ziyanda Mncanca	5	1	1	-	-
Mr Thapelo Chokobane	6	-	1	-	-
Ms Joanna Mapeko	6	-	1	-	-
Mr Ben Mapeko	6	2	0	-	-
Ms Xoliswa Nduneni-Ngema (CEO)	12	7	5	2	-
Mr Solomon Mphakathi CA(SA) (CFO)	3	2	1	-	-

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Director's Report

---

#### Audit and Risk Committee

For the current financial year the members of the Audit and Risk Committee are Mr. Orapeleng Ramagaga (NED Member - Chairperson), Ms. Ziyanda Mncanca (NED Member), Mr. Ben Mothupi (NED Member), Ms. Sarika Singh (IAC Member), Mr. Eifas Muhauli (IAC Member), Mr. Vincent Sithole (IAC Member), Mr. Thomas Sbangwana (IAC Member) - all appointed 27 March 2023. Ms. Ashley Hayden, (NED Member - Chairperson), Mr. Mnikelo Moses Mazwane (IAC Member), Mr. Dylan Tshithavhalani (IAC Member), Mr. Krishen Sukdev (IAC member), Mr Sean Kreuzsch (NED Member - Resigned in August 2022) - all retired on 27 March 2023.

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 27 March 2023 by the City of Johannesburg Metropolitan Municipality, the City of Johannesburg, as a parent municipality, must appoint members of the Audit and Risk Committee. Notwithstanding that non-executive directors appointed by the parent municipality constituted the municipal entities' Audit and Risk Committees, National Treasury policy requires that parent municipalities should appoint further members of the entity's Audit and Risk Committees who are not directors of the municipal entity onto the Audit and Risk Committee.

#### Internal audit

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

#### 12. Controlling entity

The municipal entity's controlling entity is The City of Johannesburg Metropolitan Municipality incorporated in South Africa.

#### 13. Bankers

Nedbank Limited

Investec Limited

#### 14. Auditors

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

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

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

---

#### **Declaration by the company secretary in respect of Section 86(2)(e) of the Companies Act**

In terms of Section 86(2) (e) of the Companies Act 71 of 2008, as amended and the Municipal Finance Management Act 56 of 2003, I certify that to the best of my knowledge and belief, the company has lodged and/or filed, for the financial year under review, all such returns and notices as are required and that all such returns and notices are true, correct and up to date.

---

**Philippe Maduka**  
Company Secretary

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	9 970 452	5 014 302
Receivables from exchange transactions	3	20 577 902	16 524 543
VAT receivable	4	1 648 280	3 358 420
Cash and cash equivalents	5	16 532 950	17 478 917
		<b>48 729 584</b>	<b>42 376 182</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	17 698 276	12 971 575
Intangible assets	7	385 204	333 950
Heritage assets	8	1 602 700	1 602 700
		<b>19 686 180</b>	<b>14 908 225</b>
<b>Total Assets</b>		<b>68 415 764</b>	<b>57 284 407</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	33 317 451	25 352 875
Provisions	10	3 931 848	3 717 707
		<b>37 249 299</b>	<b>29 070 582</b>
<b>Non-Current Liabilities</b>			
Deferred tax	11	5 871 374	5 020 977
<b>Total Liabilities</b>		<b>43 120 673</b>	<b>34 091 559</b>
<b>Net Assets</b>		<b>25 295 091</b>	<b>23 192 848</b>
Share capital	31	10	10
Investment from Shareholder		1 784 049	1 784 049
Accumulated surplus		23 511 032	21 408 789
<b>Total Net Assets</b>		<b>25 295 091</b>	<b>23 192 848</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Ticketing Services	12	1 069 252	499 583
Hospitality and Catering Services	12	65 760 257	54 040 931
Rental of facilities and equipment	12	6 232 201	4 644 966
Arts Alive	12	12 803 314	8 611 747
Sponsorship	12	126 500	478 261
In-house ticket sales	12	7 371 298	5 380 057
Other income	13	8 058 058	8 243 624
Interest received - investment	14	5 776 137	4 015 408
<b>Total revenue from exchange transactions</b>		<b>107 197 017</b>	<b>85 914 577</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Subsidy	15	179 652 003	166 152 000
<b>Total revenue</b>	12	<b>286 849 020</b>	<b>252 066 577</b>
<b>Expenditure</b>			
Employee related costs	16	(115 574 610)	(104 879 510)
Depreciation and amortisation	17	(1 671 846)	(1 807 333)
Transfers and Subsidies	18	(22 551 296)	(22 884 193)
General Expenses	19	(144 098 627)	(107 917 084)
<b>Total expenditure</b>		<b>(283 896 379)</b>	<b>(237 488 120)</b>
<b>Surplus before taxation</b>		<b>2 952 641</b>	<b>14 578 457</b>
Taxation	20	(850 397)	(3 696 908)
<b>Surplus for the year</b>		<b>2 102 244</b>	<b>10 881 549</b>



## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Statement of Changes in Net Assets

	Share Capital	Investment from Shareholder	Accumulated surplus	Total net assets
Figures in Rand				
<b>Balance at 01 July 2021</b>	<b>10</b>	<b>1 784 049</b>	<b>10 527 240</b>	<b>12 311 299</b>
Changes in net assets				
Surplus for the year	-	-	10 881 549	10 881 549
Total changes	-	-	10 881 549	10 881 549
<b>Balance at 01 July 2022</b>	<b>10</b>	<b>1 784 049</b>	<b>21 408 788</b>	<b>23 192 847</b>
Changes in net assets				
Surplus for the year	-	-	2 102 244	2 102 244
Total changes	-	-	2 102 244	2 102 244
<b>Balance at 30 June 2023</b>	<b>10</b>	<b>1 784 049</b>	<b>23 511 032</b>	<b>25 295 091</b>
Note(s)	31			

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Cash Flow Statement

Figures in Rand	Note(s)	2023	2022
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		97 279 316	100 791 531
Grants		179 652 003	166 152 000
Interest income		5 776 137	4 015 408
		<u>282 707 456</u>	<u>270 958 939</u>
<b>Payments</b>			
Employee costs		(115 574 610)	(104 189 164)
Suppliers		(161 629 013)	(157 684 536)
		<u>(277 203 623)</u>	<u>(261 873 700)</u>
<b>Net cash flows from operating activities</b>	21	<b>5 503 833</b>	<b>9 085 239</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(6 309 285)	(1 457 532)
Purchase of other intangible assets	7	(140 515)	(187 594)
		<u>(6 449 800)</u>	<u>(1 645 126)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(945 967)</b>	<b>7 440 113</b>
Cash and cash equivalents at the beginning of the year		17 478 917	10 038 804
<b>Cash and cash equivalents at the end of the year</b>	5	<b>16 532 950</b>	<b>17 478 917</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--	-----------------	-------------	--------------	------------------------------------	--	-----------

Figures in Rand

#### Statement of Financial Performance

##### Revenue

##### Revenue from exchange transactions

Ticketing services	1 199 794	-	1 199 794	1 069 252	(130 542)	1
Hospitality and Catering Services	29 423 650	-	29 423 650	65 760 257	36 336 607	2
Rental of facilities and equipment	4 728 001	-	4 728 001	6 232 201	1 504 200	3
Arts Alive	11 193 000	-	11 193 000	12 803 314	1 610 314	
Sponsorship	-	-	-	126 500	126 500	
In-house ticket sales	8 981 356	-	8 981 356	7 371 298	(1 610 058)	5
Other income	5 819 027	(5 000 000)	819 027	8 058 058	7 239 031	6
Interest received - investment	3 810 169	-	3 810 169	5 776 137	1 965 968	4
<b>Total revenue from exchange transactions</b>	<b>65 154 997</b>	<b>(5 000 000)</b>	<b>60 154 997</b>	<b>107 197 017</b>	<b>47 042 020</b>	

##### Revenue from non-exchange transactions

##### Transfer revenue

Subsidy	179 652 003	-	179 652 003	179 652 003	-	
<b>Total revenue</b>	<b>244 807 000</b>	<b>(5 000 000)</b>	<b>239 807 000</b>	<b>286 849 020</b>	<b>47 042 020</b>	

##### Expenditure

Employee related cost	(107 761 000)	-	(107 761 000)	(115 574 610)	(7 813 610)	7
Depreciation and amortisation	(2 586 000)	-	(2 586 000)	(1 671 846)	914 154	
Transfers and Subsidies	(23 559 000)	-	(23 559 000)	(22 551 296)	1 007 704	
General Expenses	(110 901 000)	5 000 000	(105 901 000)	(144 098 627)	(38 197 627)	8
<b>Total expenditure</b>	<b>(244 807 000)</b>	<b>5 000 000</b>	<b>(239 807 000)</b>	<b>(283 896 379)</b>	<b>(44 089 379)</b>	

##### Surplus before taxation

	-	-	-	2 952 641	2 952 641	
--	---	---	---	-----------	-----------	--

##### Taxation

	-	-	-	850 397	850 397	
--	---	---	---	---------	---------	--

##### Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

	-	-	-	2 102 244	2 102 244	
--	---	---	---	-----------	-----------	--

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Explanation of major variances between budget and actual

**1. Ticketing Services** - The entity operates as both receiving house (rental of facilities and equipment) and producing house (In-house stage productions). The entity does not earn ticketing income on in-house stage productions hence the variance of 10.88% represent fees charged on rented production.

**2. Hospitality & Catering Services** - This revenue line item shows a favourable variance of 123.49%. This much higher than anticipated revenue on hospitality and catering was due to several service level agreements (SLA) signed and executed, most notably an SLA framework order with COJ's Community Development on arts culture and heritage programs as well as SLA's for Sports and Libraries and Office of the Speaker. Another contributor to the strong performance on this unit is the performances of the shows in this financial year where most of the performances were sold out.

**3. Rental of Facilities and Equipment** - The entity recorded a strong performance on Rental of facilities and equipment, the achievement was 31.81% (R1.5m) better than planned. This positive variance is largely attributable to the income earned from the fixed rental shows and door deals with the show producers.

**4. Interest received from Investments** - The target of R3.8m was achieved and exceeded by 51.6% (R1.9m) due to better rates negotiated with the banks and increased revenue in the current financial year.

**5. In-house Ticket Sales** - Ticket sales were slightly below the target by 17.93% however outperformed last year's performance by 37.01% (R1.9m). This performance reflects an increase in Ticket Sales compared to Pre-Covid Sales.

**6. Other Income** - The R5m budget which was allocated for Newtown Revitalisation program was rebased during the budget adjustment process by the budget steering committee at COJ metro however the entity was able to raise more funds from the special programmes that were implemented on behalf of the Arts Culture and Heritage department at COJ Metro. Hence a favourable variance was reported on this line item.

**7. Employee related costs** - The unfavourable variance on this line item was caused by the level of activities in the hospitality and catering department as well as in the core business of the theatre, furthermore, the City of Johannesburg metro has implemented more allowances to be paid to insourced employees and that includes amongst others night shift allowance, Sunday shift allowance and danger allowance.

**8. General Expenditure** - The actual is above the budget which is attributable to the cost of sales and hiring expenses, which are linked to the favourable revenue variance of 123.49%. Hospitality and Catering department entered into Agreements with the City of Johannesburg which were revenue generating activities in the period hence significant increase on the revenue, cost of sales and other variable expenses.

The other line items contributing to the increase on general expenditure includes amongst others transportation - universal contracts (Afrirent) and special projects undertaken by the entity on behalf of the Community Development department, consumables (uniforms for the cleaners and security), productions and other variable expenditure linked to the volume of the revenue generating activities in the financial year. The average Nett effect is a Surplus.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2023</b>											
<b>Financial Performance</b>											
Investment revenue	3 810 169	-	3 810 169	-	-	3 810 169	5 776 137	-	1 965 968	152 %	152 %
Transfers recognised - operational	179 652 003	-	179 652 003	-	-	179 652 003	179 652 003	-	-	100 %	100 %
Other own revenue	61 344 828	(5 000 000)	56 344 828	-	-	56 344 828	101 420 880	-	45 076 052	180 %	165 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>244 807 000</b>	<b>(5 000 000)</b>	<b>239 807 000</b>	<b>-</b>	<b>-</b>	<b>239 807 000</b>	<b>286 849 020</b>	<b>-</b>	<b>47 042 020</b>	<b>120 %</b>	<b>117 %</b>
Employee related costs	(107 761 000)	-	(107 761 000)	-	-	(107 761 000)	(115 574 610)	-	(7 813 610)	107 %	107 %
Depreciation and asset impairment	(2 586 000)	-	(2 586 000)	-	-	(2 586 000)	(1 671 846)	-	914 154	65 %	65 %
Transfers and subsidies	(23 559 000)	-	(23 559 000)	-	-	(23 559 000)	(22 551 296)	-	1 007 704	96 %	96 %
General expenses	(110 901 000)	5 000 000	(105 901 000)	-	-	(105 901 000)	(144 098 627)	-	(38 197 627)	136 %	130 %
<b>Total expenditure</b>	<b>(244 807 000)</b>	<b>5 000 000</b>	<b>(239 807 000)</b>	<b>-</b>	<b>-</b>	<b>(239 807 000)</b>	<b>(283 896 379)</b>	<b>-</b>	<b>(44 089 379)</b>	<b>118 %</b>	<b>116 %</b>
Taxation	-	-	-	-	-	-	850 397	-	850 397		
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 102 244</b>	<b>-</b>	<b>2 102 244</b>		

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Going concern assumption

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

#### 1.2 Significant judgements and sources of estimation uncertainty

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

#### Other

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

#### Accounting by principals and agent

The inventories makes assessments on whether it is the principal or agent in principal-agent relationships. There were no significant judgements applied.

#### Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipal entity measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the inventories considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the municipal entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.2 Significant judgements and sources of estimation uncertainty (continued)

#### Accounting for adjustments to revenue

Determining whether an adjustment to revenue charged in terms of legislation or similar means is a correction of an error or a change in an accounting estimate requires the application of judgement by management. When adjustments to revenue already recognised arise from new information that becomes known to the 2023, the following considerations are applied to determine whether the adjustment to revenue already recognised is a correction of an error or a change in an accounting estimate:

(a) If information becomes known to the inventories, and the inventories could reasonably have been expected to know of the information and/or the information used was incorrect, the adjustment to revenue is likely to be a correction of an error.

(b) If information becomes known to the municipal entity, but the municipal entity could not reasonably have been expected to know of this information when the revenue was charged, the adjustment to revenue is likely to be a change in an accounting estimate.

#### Accounting for adjustments to revenue that correct an error or prior period error

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipal entity, the municipal entity accounts for an adjustment to revenue already recognised, including interest and penalties, as the correction of an error or prior period error where the entity:

(a) has not followed a proper due process to promulgate the tariff, basis, percentage or formula to charge the revenue; and/or

(b) incorrectly applied the tariff, basis, percentage or formula in charging revenue.

Errors discovered within the reporting period which relates to that period are corrected before the municipal entity are authorised for issue. The principles in GRAP 3 are applied to account for the adjustment to revenue already recognised as a result of the correction of a prior period error.

#### Accounting for adjustments to revenue as a change in an accounting estimate

Following the outcome of the determination processes noted above, and assessing whether this is new information that becomes known to the municipal entity, the municipal entity accounts for any adjustment to revenue already recognised, including interest and penalties, as a change in an accounting estimate if changes occur in the circumstances that led to the recognition of the revenue.

The principles in GRAP 3 are applied to account for a change in an accounting estimate.

### 1.3 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

---

#### 1.3 Property, plant and equipment (continued)

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	12-15 years
Motor vehicles	Straight line	10-15 years
IT equipment	Straight line	10-13 years
Leasehold improvements	Straight line	5-15 years
Stage equipment	Straight line	15-20 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipal entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipal entity assesses at each reporting date whether there is any indication that the municipal entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipal entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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



# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.3 Property, plant and equipment (continued)

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

Assets which the municipal entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

The municipal entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6).

### 1.4 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.4 Intangible assets (continued)

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

---

Item	Depreciation method	Average useful life
Computer software, other	Straight line	5-8

The municipal entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 7).

### 1.5 Heritage assets

Assets are resources controlled by an municipal entity as a result of past events and from which future economic benefits or service potential are expected to flow to the municipal 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 municipal entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

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

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

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

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

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

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

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

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

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

Average useful life of Heritage assets is Indefinite

The municipal entity separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 8).

The municipal entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.5 Heritage assets (continued)

#### Recognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

The heritage assets held by JCT are artworks and other paintings of value to the entity.

### 1.6 Financial instruments

#### Initial recognition and measurement

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

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

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

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

#### Subsequent measurement

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

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

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

#### Receivables from exchange transactions

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.6 Financial instruments (continued)

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

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

#### Payables from exchange transactions

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

#### Cash and cash equivalents

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

The Financial instruments held by JCT are Trade receivables, Trade payables and Cash and Cash equipments.

### 1.7 Statutory receivables

#### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The municipal entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Subsequent measurement

The municipal entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.7 Inventories (continued)

- impairment losses; and
- amounts derecognised.

### Other charges

Where the municipal entity is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

### Impairment losses

The municipal entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipal entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipal entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an municipal entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

### Derecognition

The municipal entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipal entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipal entity, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.7 Inventories (continued)

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

### 1.8 Tax

#### Current tax assets and liabilities

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

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

#### Deferred tax assets and liabilities

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

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

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

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

The deferred tax asset in the current year is as a result of donated assets, for which there were no allowances claimed resulting in deferred tax asset which was immediately impaired.

#### Tax expenses

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

- a transaction or event which is recognised, in the same or a different period, 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.

### 1.9 Leases

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

#### Finance leases - lessee

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

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### **Accounting Policies**

---

#### **1.9 Leases (continued)**

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.

There were no finance leases recorded for JCT in the year under review.

#### **Operating leases - lessee**

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

The operating leases relate to cash vault machines and digital printing machines.

#### **1.10 Inventories**

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

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

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

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

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

Current replacement cost is the cost the municipal 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 municipal entity.

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

Inventories include consumable stores and trading stock for food and beverages operation.

#### **1.11 Impairment of cash-generating assets**

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

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

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

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

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

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

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

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

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

Useful life is either:

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

#### Identification

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

The municipal 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 municipal entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipal 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 municipal entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

There were no impairment of cash generating assets from JCT for the year under review.

#### Reversal of impairment loss

The municipal 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.



## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

---

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

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.

#### 1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

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

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

Useful life is either:

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

---

#### 1.12 Impairment of non-cash-generating assets (continued)

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

#### Identification

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

The municipal 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 municipal 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 municipal 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.

There were no impairment of non-generating assets for JCT in the year under review.

#### Reversal of an impairment loss

The municipal 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 municipal entity estimates the recoverable service amount of that asset.

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

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

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

#### Redesignation

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

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

---

#### 1.13 Share capital / contributed capital

Net assets instrument is any contract that evidences a residual interest in the assets of an municipal 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.

#### 1.14 Employee benefits

##### Short-term employee benefits

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

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

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

##### Defined contribution plans

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

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

#### 1.15 Provisions and contingencies

Provisions are recognised when:

- the municipal 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 municipal entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Provisions for JCT includes performance bonuses and Coida..

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.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

---

#### 1.15 Provisions and contingencies (continued)

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

Provisions are not recognised for future operating surplus (deficit).

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

The provision as at end of the period under review is the performance bonuses.

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

The municipal 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 municipal 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 municipal entity considers that an outflow of economic resources is probable, an municipal 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.

Contingent liabilities include pending litigations brought by Sarah Elizabeth Bosch (amount - R 9,020,000) for alleged negligence by JT.

#### 1.16 Revenue from exchange transactions

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

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

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

#### Measurement

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

---

#### 1.16 Revenue from exchange transactions (continued)

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.

Revenue from sale of goods for JCT includes banqueting sales, bar sales and restaurant sales.

##### Rendering of services

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipal 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.

Revenue from rendering services include in house productions, ticket sales and rental of facilities .

##### Interest, royalties and dividends

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

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipal 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.

Interest revenue include the interest on fixed deposits and call accounts with the bankers.

#### 1.17 Revenue from non-exchange transactions

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

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

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.17 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 municipal 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 municipal 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 municipal 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.

### 1.18 Investment income

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

### 1.19 Comparative figures

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

### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

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

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

JCT had no unauthorised expenditure in the year under review.

### 1.21 Fruitless and wasteful expenditure

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

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.21 Fruitless and wasteful expenditure (continued)

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

### 1.22 Irregular expenditure

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the Board of Directors or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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

### 1.23 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

### 1.24 Budget information

Municipal 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 municipal 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 economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01 Jul 2022 to 30 Jun 2023 while the approved opex budget covers 2022/23 financial year and indicatives for the two outer years.

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

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

### 1.25 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Accounting Policies

---

### 1.25 Related parties (continued)

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The municipal entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipal entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipal entity is exempt from the disclosures in accordance with the above, the municipal entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

Related parties are detailed on note 24 together with their transactions and balances.

### 1.26 Service concession arrangements: Entity as grantor

#### Identification

Service concession arrangement is a contractual arrangement between a grantor and an operator in which an operator uses the services concession asset to provide a mandated function on behalf of a grantor for a specified period, where the operator is compensated for its services over the period of service concession arrangement.

A grantor is the entity that grants the right to use the service concession asset to the operator.

A mandated function involves the delivery of a public service by an operator on behalf of a grantor that falls within the grantor's mandate.

An operator is the entity that uses the service concession asset to provide a mandated function subject to the grantor's control of the asset.

A service concession asset is an asset used to provide a mandated function in a service concession arrangement that:

- is provided by the operator which:
  - the operator constructs, develops, or acquires from a third party; or
  - is an existing asset of the operator; or
- is provided by the grantor which:
  - is an existing asset of the grantor; or
  - is an upgrade to an existing asset of the grantor.

#### Measurement of asset and liability

The entity initially measures the service concession asset as follows:

- Where the asset is not an existing asset of the entity, the asset is measured at its fair value.



## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

---

#### 1.26 Service concession arrangements: Entity as grantor (continued)

- Where the asset is an existing asset of the entity and it meets the recognition criteria of a service concession asset, the asset is reclassified as a service concession asset, and the asset is accounted for in accordance with the policy on Investment property, Property, plant and equipment, Intangible assets, or Heritage assets, as appropriate.

The entity initially measures the liability at the same amount as the service concession asset, adjusted by the amount of any other consideration from the entity to the operator, or from the operator to the entity.

#### Recognition of the performance obligation and the right to receive a significant interest in a service concession asset

If the entity controls a significant residual interest in a service concession asset at the end of the service concession arrangement through ownership, beneficial entitlement or otherwise, and the arrangement does not constitute a finance or an operating lease, the entity recognises its right to receive the residual interest (i.e. a receivable) in the service concession asset at the commencement of the arrangement.

The right to receive a residual interest in the service concession asset to be received at the end of the arrangement, is an exchange consideration. This is because the entity will receive an asset in exchange for granting the operator access to the asset while providing a mandated function on its behalf in accordance with the substance of the arrangement.

In terms of the policy on Revenue from exchange transactions, the exchange consideration is recognised and measured at fair value. The value of the receivable (the right to the residual interest in the asset), receivable at the end of the service concession arrangement, reflects the value of the service concession asset as if it were already in the age and in the condition expected at the end of the service concession arrangement.

When the entity recognises the right to receive a residual interest in the service concession asset, it also recognises its performance obligation for granting the operator access to the service concession asset in accordance with the substance of the arrangement. The value of the performance obligation is the same as the receivable interest recognised at the commencement of the service concession arrangement.

The performance obligation is reduced and revenue is recognised based on the substance of the arrangement.

Where service concession arrangements include provisions to adjust the arrangement for changes, the effect of such changes is deemed to have taken place at the inception of the service concession arrangements.

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### **Accounting Policies**

---

#### **1.27 GRAP Standards Approved and Not Yet Effective**

GRAP 1	Presentation on Financial Statements
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

---

#### 1.28 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 20	Related Party Disclosures
GRAP 21	Impairment of Non Cash Generating Assets
GRAP 23	Revenue from Non Exchange Transactions
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits (Revised Standard)
GRAP 26	Impairment of Cash Generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures

## **Joburg Theatre (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### **Accounting Policies**

---

#### **1.28 GRAP Standards Approved and Effective (continued)**

GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 100	Discontinued Operations
GRAP 103	Heritage Assets (Revised Standard)
GRAP 104	Financial Instruments (Revised Standard)
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principal and Agent
GRAP 110	Living and Non-living Resources

# Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

## Notes to the Annual Financial Statements

Figures in Rand	30 June 2023	30 June 2022
<b>2. Inventories</b>		
Work in progress	7 865 465	3 657 951
Consumable stores	296 567	331 800
Trading Stock - Food and Beverage	1 808 420	1 024 551
	<b>9 970 452</b>	<b>5 014 302</b>
<b>Work in progress</b>		
Opening balance	3 657 951	882 096
Prior year WIP transferred	(3 657 951)	(882 096)
Current year WIP	7 865 465	3 657 951
	<b>7 865 465</b>	<b>3 657 951</b>
<b>Consumables</b>		
Opening balance	331 800	457 393
Stock movement for the year	(35 233)	(125 593)
	<b>296 567</b>	<b>331 800</b>
<b>Trading Stock - Food and Beverages</b>		
Opening balance	1 024 551	812 999
Stock movement for the year	783 869	211 552
	<b>1 808 420</b>	<b>1 024 551</b>

Joburg City Theatres operates as both receiving and production house. The expenditure on show productions prior to maturity is treated as Work in Progress (WIP) for example, Peter Pan, Arts Alive, etc.

Consumables stores contain amongst others, cleaning materials, grocery items, lightings, tapes, paints, and stationery. These items are consumed by the company in the daily business operations. The amount consumed is recognised as expense when the consumables are requisitioned from the stores. Inventories held for consumption at no charge are measured at the lower of cost and current replacement cost and are fairly valued.

Trading Stock - Food and Beverages contains amongst others, bar, restaurant, and hospitality stock. Trading stock is measured at the lower of cost and current replacement cost and are fairly valued.

### 3. Receivables from exchange transactions

Trade debtors	593 224	604 849
Accrued Income	127 377	5 934
Related Party Debtors	19 857 301	15 913 760
	<b>20 577 902</b>	<b>16 524 543</b>

#### Trade and other receivables

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

Related party debtors - represents the amounts owed to Joburg City Theatres by the City of Johannesburg and Municipal Owned Entities. Included in the related party receivables is other hospitality, rental, capex and catering services rendered to COJ and its MOE's. Joburg City Theatres does not charge interest on related party debtors.

Debtors are measured at fair value.

#### Fair value of trade and other receivables

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand 2023 2022

#### 3. Receivables from exchange transactions (continued)

##### Receivables From Exchange Transactions by Class

##### Fair value of trade and other receivables

Hospitality and Catering	17 446 012	11 658 627
City of Johannesburg - CAPEX	251 700	3 350 069
City of Johannesburg - Entities	2 162 089	905 061
Other	718 101	610 786
	<b>20 577 902</b>	<b>16 524 543</b>

##### Debtors Age Analysis

90 Days +	1 290 624	1 119 969
60 Days	105 109	2 548
30 Days	465 987	174 115
Current	18 716 182	15 227 911
	<b>20 577 902</b>	<b>16 524 543</b>

Accounts receivable in 90+ days relate to City of Johannesburg's customer deposit and a collection of other small account receivables. The entity believes that these amounts are still collectable and should circumstances change they will be considered for impairment in accordance with company policy.

#### 4. VAT Receivable - Non - Exchange Transactions (Statutory Receivables)

VAT	1 648 280	3 358 420
-----	-----------	-----------

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	68 499	76 768
Bank balances	16 464 451	17 402 149
	<b>16 532 950</b>	<b>17 478 917</b>
Current assets	16 532 950	17 478 917
Current liabilities	-	-
	<b>16 532 950</b>	<b>17 478 917</b>

Cash and cash equivalent comprise of cash on hand, current accounts and deposits on call accounts that are already convertible into known amounts of cash. The effective interest rates of the cash equivalents investment as at end of the period was 7.75%.

#### The municipal entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
Nedbank - current account - Joburg Theatre	866 214	3 959 636	670 252	866 214	3 959 636	670 252
Nedbank - current account - Roodepoort and Soweto	175 042	92 142	53 494	175 042	92 142	53 494
Nedbank - current account - Ticketing	163 844	124 900	68 901	163 844	124 900	68 901
Nedbank - current account - Hospitality and Catering	180 850	296 171	123 374	180 850	296 171	123 374
Nedbank - investment account - Joburg Theatre	14 106 146	10 080 505	8 625 186	14 106 146	10 080 505	8 625 186
Nedbank - current account - Zoo	49 736	28 536	102 140	49 736	28 536	102 140
Nedbank - current account - Metro	53 255	25 470	80 407	53 255	25 470	80 407
Nedbank - investment account - Roodepoort and Soweto	1 636	59 117	210 240	1 636	59 117	210 240
Nedbank - investment account - Ticketing	442 722	2 091 906	26 884	442 722	2 091 906	26 884
Nedbank - investment account - Hospitality and Catering	377 046	643 766	21 327	377 046	643 766	21 327
Investec - investment account	47 960	-	-	47 960	-	-
<b>Subtotal</b>	<b>16 464 451</b>	<b>17 402 149</b>	<b>9 982 205</b>	<b>16 464 451</b>	<b>17 402 149</b>	<b>9 982 205</b>
Cash on hand	68 499	76 768	56 599	68 499	76 768	56 599
<b>Total</b>	<b>16 532 950</b>	<b>17 478 917</b>	<b>10 038 804</b>	<b>16 532 950</b>	<b>17 478 917</b>	<b>10 038 804</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 6. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold improvements	5 439 874	(2 720 691)	2 719 183	4 671 122	(2 300 830)	2 370 292
Furniture and fixtures	4 690 126	(2 080 687)	2 609 439	3 694 361	(1 798 666)	1 895 695
Motor vehicles	152 536	(63 375)	89 161	152 536	(51 641)	100 895
IT equipment	4 614 937	(2 186 057)	2 428 880	4 289 743	(1 838 953)	2 450 790
Stage equipment	15 835 826	(5 984 213)	9 851 613	11 616 252	(5 462 349)	6 153 903
<b>Total</b>	<b>30 733 299</b>	<b>(13 035 023)</b>	<b>17 698 276</b>	<b>24 424 014</b>	<b>(11 452 439)</b>	<b>12 971 575</b>

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Total
Leasehold improvements	2 370 292	768 752	(419 861)	2 719 183
Furniture and fixtures	1 895 695	995 765	(282 021)	2 609 439
Motor vehicles	100 895	-	(11 734)	89 161
IT equipment	2 450 790	325 194	(347 104)	2 428 880
Stage equipment	6 153 903	4 219 574	(521 864)	9 851 613
	<b>12 971 575</b>	<b>6 309 285</b>	<b>(1 582 584)</b>	<b>17 698 276</b>



## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 6. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	2 183 298	601 018	-	(414 024)	2 370 292
Furniture and fixtures	2 170 201	65 710	(377)	(339 839)	1 895 695
Motor vehicles	112 628	-	-	(11 733)	100 895
IT equipment	2 066 166	711 804	(230)	(326 950)	2 450 790
Stage equipment	6 628 604	79 000	(617)	(553 084)	6 153 903
	<b>13 160 897</b>	<b>1 457 532</b>	<b>(1 224)</b>	<b>(1 645 630)</b>	<b>12 971 575</b>

During the prior year the entity conducted physical verification exercise of assets and the assets below were identified for write off however none were identified in the current financial year.

##### Assets Written Off 2022

	Cost	Accumulated Depreciation	Total
Furniture and Fixtures	78 701	(78 324)	377
Computer Equipment	52 078	(51 848)	230
Stage Equipment	292 253	(291 636)	617
	<b>423 032</b>	<b>(421 808)</b>	<b>1 224</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 6. Property, plant and equipment (continued)

##### Maintenance of property, plant and equipment

##### Maintenance of property, plant and equipment by condition - 2023

	Preventative Maintenance		Corrective Maintenance		Total
	Interval Based	Total	Planned	Total	
Furniture and fixtures	-	-	178 176	178 176	178 176
Motor vehicles	-	-	37 544	37 544	37 544
IT equipment	-	-	79 637	79 637	79 637
Stage equipment	261 572	261 572	472 002	472 002	733 574
	<b>261 572</b>	<b>261 572</b>	<b>767 359</b>	<b>767 359</b>	<b>1 028 931</b>

##### Maintenance of property, plant and equipment by condition - 2022

	Preventative Maintenance		Corrective Maintenance		Total
	Interval Based	Total	Planned	Total	
Furniture and fixtures	-	-	55 558	55 558	55 558
Motor vehicles	-	-	29 044	29 044	29 044
IT equipment	-	-	23 787	23 787	23 787
Stage equipment	209 178	209 178	-	-	209 178
	<b>209 178</b>	<b>209 178</b>	<b>108 389</b>	<b>108 389</b>	<b>317 567</b>

The tables above excludes repairs and maintenance expenditure incurred towards buildings and facilities that are leased from the parent Municipality (City of Johannesburg).

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand 2023 2022

#### 7. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 168 627	(783 423)	385 204	1 028 112	(694 162)	333 950

#### Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software, other	333 950	140 515	(89 261)	385 204

#### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	308 058	187 594	(161 702)	333 950

#### 8. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Artwork and Historical Assets	1 707 700	-	1 707 700	1 707 700	-	1 707 700
Impairment Loss	-	(105 000)	(105 000)	-	(105 000)	(105 000)
<b>Total</b>	<b>1 707 700</b>	<b>(105 000)</b>	<b>1 602 700</b>	<b>1 707 700</b>	<b>(105 000)</b>	<b>1 602 700</b>

#### Reconciliation of heritage assets 2023

	Opening balance	Total
Artwork and Historical Assets	1 602 700	1 602 700

#### Reconciliation of heritage assets 2022

	Opening balance	Total
Artwork and Historical Assets	1 602 700	1 602 700

#### Additional Information

Heritage assets includes artwork valued R957 000 and historical assets valued at R645 700. Deemed cost was determined using fair value. A class of heritage assets is carried at its cost less any accumulated impairment losses. The assessment has been performed to test whether any impairment indicators have been triggered and there was no indication of impairment during the current financial year.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand 2023 2022

#### 8. Heritage assets (continued)

##### Additional Information

Heritage assets includes artwork valued R957 000 and historical assets valued at R645 700. Deemed cost was determined using fair value. A class of heritage assets is carried at its cost less any accumulated impairment losses. The assessment has been performed to test whether any impairment indicators have been triggered and there was no indication of impairment during the current financial year.

#### 9. Payables from exchange transactions

Trade payables	16 480 575	9 392 305
Deferred Income	2 146 148	2 240 439
Accrued Leave	4 432 897	4 693 019
Sundry creditors	3 055 061	6 123 572
Accrued 13th Cheque	852 307	835 767
Year end accruals	507 715	13 941
Related Party	5 842 748	2 053 832
	<b>33 317 451</b>	<b>25 352 875</b>

Trade payables consists of trade creditors due to the suppliers/service providers.

Deferred income represents deposits for rental of facilities and ticket sales for future shows.

Related party consist of OHASA ,Insourcing, utilities and rentals due to Joburg City Parks and Zoo and City Power

Sundry creditors is made up of third party balances i.e. PAYE, SDL, UIF, Pension Fund, Medical Aid,Samwu and Psira.

Year end accruals consist of trade creditors due to the suppliers/ service providers.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
--	------	------

#### 10. Provisions

##### Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus	3 717 707	3 931 848	(3 717 707)	3 931 848

##### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus	3 753 502	3 717 707	(3 753 502)	3 717 707

The bonus provision relates to the performance bonuses that the entity expects to pay the qualifying employees. The amount is based on the performance of the financial year under review which is still to be determined. The provision is management's best estimate of the entity's liability at reporting date.

#### 11. Deferred tax

##### Deferred tax liability

Property, plant and equipment	2 263 842	1 994 699
Allowance for future expenditure section 24c	4 551 896	5 140 103
Accounting work in progress not constituting trading stock for tax purposes	2 123 676	987 647
<b>Total deferred tax liability</b>	<b>8 939 414</b>	<b>8 122 449</b>

##### Deferred tax asset

Provisions	(2 488 604)	(2 496 553)
Deferred income	(579 460)	(604 919)
Deferred tax balance from temporary differences other than unused tax losses	(3 068 064)	(3 101 472)
<b>Total deferred tax asset</b>	<b>(3 068 064)</b>	<b>(3 101 472)</b>

Deferred tax liability	8 939 414	8 122 449
Deferred tax asset	(3 068 064)	(3 101 472)
<b>Total net deferred tax liability</b>	<b>5 871 350</b>	<b>5 020 977</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>12. Revenue</b>		
Ticketing services	1 069 252	499 583
Hospitality and Catering services	65 760 257	54 040 931
Rental of facilities and equipment	6 232 201	4 644 966
Arts Alive	12 803 314	8 611 747
Sponsorship	126 500	478 261
In-house ticket sales	7 371 298	5 380 057
Other income	8 058 058	8 243 624
Interest received - investment	5 776 137	4 015 408
Subsidy	179 652 003	166 152 000
	<b>286 849 020</b>	<b>252 066 577</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Ticketing services	1 069 252	499 583
Hospitality and Catering services	65 760 257	54 040 931
Rental of facilities and equipment	6 232 201	4 644 966
Arts Alive	12 803 314	8 611 747
Sponsorship	126 500	478 261
In-house ticket sales	7 371 298	5 380 057
Other income	8 058 058	8 243 624
Interest received - investment	5 776 137	4 015 408
	<b>107 197 017</b>	<b>85 914 577</b>
The proportion of earned income against total revenue which includes subsidy is 37% whilst subsidy accounts for 63%.		
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Transfer revenue</b>		
Subsidy from City of Joburg	179 652 003	166 152 000
	<b>179 652 003</b>	<b>166 152 000</b>
<b>13. Other income</b>		
Other income	8 058 058	8 243 624
Other income includes, amongst others, Insurance Claims, Ballet Mats, Backline Hire, SETA Reimbursements and special projects.		
<b>14. Interest received - investment</b>		
<b>Interest revenue</b>		
Bank	5 776 137	4 015 408
Interest income is calculated using the effective interest rate between 5.75% to 7.75%		
The table below shows the interest received from two financial institutions:		
<b>Bank</b>	2023	2022
Investec Bank Limited	686 433	-
Nedbank Limited	5 089 704	4 015 408
	<b>5 776 137</b>	<b>4 015 408</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>16. Employee related costs (continued)</b>		
<b>Chief Financial Officer</b>		
Annual Remuneration	553 298	1 694 813
Performance bonus	237 274	305 667
Contributions to UIF, SDL, Medical Aid and Pension Funds	6 302	21 932
Leave Encashment, Acting, Cell & Data Allowance	98 268	93 220
	<b>895 142</b>	<b>2 115 632</b>
The Chief Financial Officer was seconded to Joburg Market for 9 months as Acting Chief Executive Officer during the current financial year.		
<b>Company Secretary</b>		
Annual Remuneration	1 059 066	1 075 638
Performance Bonuses	152 717	158 001
Contributions to UIF, SDL, Medical Aid and Pension Funds	287 603	259 345
Leave Encashment, Acting, Cell & Data Allowance	87 935	67 991
	<b>1 587 321</b>	<b>1 560 975</b>
<b>17. Depreciation and amortisation</b>		
Property, plant and equipment	1 737 560	1 645 631
Intangible assets	193 352	161 702
	<b>1 930 912</b>	<b>1 807 333</b>
<b>18. Grants and Subsidies Paid</b>		
<b>Other subsidies</b>		
Grants Paid	22 551 296	22 884 193
<b>Subsidies comprises of:</b>		
Joburg Ballet	10 590 000	11 343 962
Johannesburg Philharmonic Orchestra	11 961 296	11 540 231
	<b>22 551 296</b>	<b>22 884 193</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>19. General expenses</b>		
Auditors remuneration	1 017 587	722 282
Bank charges	681 252	496 216
Cleaning	401 754	597 854
Computer expenses	1 181 266	296 567
Consulting and professional fees	219 651	259 182
Consumables	6 046 492	3 936 048
Community Development	1 721 697	2 896 710
Entertainment/Opening Nights	481 376	353 699
Building signage; framing and printing	5 120 964	3 694 133
Insurance	924 642	604 751
Employee Uniforms	1 883 604	472 390
Telecommunication expenses	880 870	816 461
Marketing and show contributions	9 766 898	9 596 447
Ticketing	128 129	53 640
Motor vehicle expenses	6 920 973	3 626 090
Licences	576 308	188 706
Productions and Special Projects	37 820 034	20 452 043
Printing and Stationery	925 347	622 701
Subscriptions and membership fees	169 894	135 342
Business travel and accommodation	453 583	357 830
Electricity	12 184 626	11 829 847
Gas	381 786	230 613
Sewerage and waste disposal	1 268 030	772 438
Employee Wellness & Training	125 227	115 974
Arts Alive	10 511 904	7 513 497
Write offs	-	1 223
Other Hospitality and Catering expenses	20 082 540	19 564 017
Repairs and Maintenance	3 356 908	4 790 785
Cost of Sales	18 865 285	12 919 598
	<b>144 098 627</b>	<b>107 917 084</b>

Computer Expenses - The movements on computer expenses relates to the licences for the products that the entity is using. These include amongst others antivirus (Sophos), point of sale system in the hospitality and catering unit, microsoft office, adobe creative cloud, vmware, firewall/sonic wall.

Consumables - The increase on this line item was attributable to the materials acquired in order to internally carry out the repair work at Soweto Theatre after the Theatre was damaged by major flooding in December 2022.

Building Signage, framing and printing - The major contributor to the increase on building signage is linked to the volume of productions and other Theatre activities as this was the year that the entity celebrated its 60th birthday at Joburg Theatre and 10th anniversary birthday at Soweto Theatre.

Productions and special projects - Apart from the two events mentioned above, the entity implemented other special projects on behalf of the shareholder (City of Johannesburg Metropolitan) which was Africa month events in May and Youth month (June 16).

Arts Alive - The allocation from the shareholder that was made available to the entity increased in the current year from R8m to 11m.

Employee uniforms - The entity buys staff uniforms every two years for security personnel, cleaners and hospitality and catering. The current financial year was the beginning of the new two year cycle and the entity bought uniforms for all the relevant personnel as per its two year cycle policy.

Marketing and contributions to tenant productions - The increase on marketing was not significantly higher than the previous financial year and therefore should be viewed as general increase as per CPI



## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

	2023	2022
--	------	------

#### 19. General expenses (continued)

Motor vehicle expenses - Transportation is a universal contract which is managed at Group level within the City of Johannesburg and the increase was caused by the increase on number of vehicles due to the increase on staff compliment especially in the hospitality and catering department. There was also an increase on other factors like petrol, and rental fees.

Other hospitality and catering expenses - Overall expenses for Hospitality and Catering unit grew by 2.65% and this was attributed to the high levels of inflation.

Cost of sales - The entity was operating in a very restrictive economic environment with high levels of fuel and food inflation resulting in an increase of 46% in cost of sales line.

Based on the analysis above, there is evidence that the country was experiencing general increase in the cost of living, this resulted in the South African Reserve Bank (SARB), Monetary Policy Committee (MPC) hiking the repo rate a record 8 consecutive times. This was in an effort to curb the high inflation in the country. High interest rates combined with the loadshedding brought about increases in both productions and consumer goods. The operations are stabilising to the pre covid levels which influences the cost drivers to increase.

#### 20. Taxation

##### Major components of the tax expense

##### Deferred

Movement in temporary differences	850 397	3 696 908
-----------------------------------	---------	-----------

##### Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

Accounting surplus	2 952 641	14 578 457
--------------------	-----------	------------

Tax at the applicable tax rate of 27% (2022: 28%)	797 213	4 081 968
---	---------	-----------

##### Tax effect of adjustments on taxable income

Tax impact of non-temporary differences: Leasehold improvements	53 670	55 226
---	--------	--------

Overprovision prior year on deferred tax	(486)	(254 324)
--	-------	-----------

Impact that deferred tax is raised at 27% and not at 28%	-	(185 962)
--	---	-----------

<b>850 397</b>	<b>3 696 908</b>
----------------	------------------

#### 21. Cash generated from operations

Surplus	2 102 244	10 881 549
---------	-----------	------------

##### Adjustments for:

Depreciation and amortisation	1 671 846	1 807 333
-------------------------------	-----------	-----------

Movements in provisions	214 141	(35 795)
-------------------------	---------	----------

Loss on sale of assets	-	1 224
------------------------	---	-------

##### Changes in working capital:

Inventories	(4 956 150)	(2 861 814)
-------------	-------------	-------------

Receivables from exchange transactions	(4 053 358)	20 134 387
--	-------------	------------

Tax	850 397	3 696 908
-----	---------	-----------

Payables from exchange transactions	7 964 573	(23 216 509)
-------------------------------------	-----------	--------------

VAT	1 710 140	(1 322 044)
-----	-----------	-------------

<b>5 503 833</b>	<b>9 085 239</b>
------------------	------------------

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>22. Auditors' remuneration</b>		
Current year audit fees	1 017 587	722 282
Amount paid - Current Year	(1 017 587)	(722 282)
<b>Closing balance</b>	<b>-</b>	<b>-</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand 2023      2022

#### 23. Related parties

##### Relationships

Controlling entity	The City of Johannesburg Metropolitan Municipality
100% owned by COJ	Johannesburg Civic Theatre (Pty) Ltd
100% owned by COJ	City Power Johannesburg (Pty) Ltd
100% owned by COJ	Johannesburg Water (Pty) Ltd
100% owned by COJ	City of Johannesburg Property Company (Pty) Ltd
100% owned by COJ	Johannesburg City Parks (Pty) Ltd
100% owned by COJ	Johannesburg Development Agency (Pty) Ltd
100% owned by COJ	Johannesburg Metropolitan Bus Services (Pty) Ltd
100% owned by COJ	Johannesburg Roads Agency (Pty) Ltd
100% owned by COJ	Johannesburg Social Housing Company (Pty) Ltd
100% owned by COJ	Pikitup Johannesburg (Pty) Ltd
100% owned by COJ	Johannesburg Fresh Produce Market (Pty) Ltd
100% owned by COJ	Metropolitan Trading Company(MTC)
100% owned by COJ	Johannesburg Tourism Company NPC

##### Related party balances

##### Amounts included in Trade receivable regarding related parties

City of Johannesburg Metropolitan Municipality	17 695 212	15 008 696
Johannesburg City Parks NPC and Zoo	50 039	4 946
Johannesburg Social Housing Company	8 954	-
City Power Johannesburg (SOC) Ltd	-	12 811
Johannesburg Road Agency	-	15 276
Johannesburg Property Company	1 314 770	-
Metropolitan Trading Company	23 429	-
Johannesburg Tourism Company NPC	47 825	-
Johannesburg Metropolitan Bus Services	213 760	38 127
Johannesburg Water	343 347	188 221
Johannesburg Fresh Produce Market	159 965	645 683
	<b>19 857 301</b>	<b>15 913 760</b>

The Entity does not charge intercompanies interest on outstanding balances.

##### Amounts included in Trade payables regarding related parties

City of Johannesburg Metropolitan Municipality	5 667 941	1 236 003
Johannesburg City Parks NPC and Zoo	102 247	57 967
Metropolitan Trading Company	39 210	74 498
	<b>5 809 398</b>	<b>1 368 468</b>

Amounts in trade and other payables regarding related parties from City of Johannesburg Metropolitan Municipality comprises of OHASA services, Insourcing and utilities.

##### Spouse of a person in the service of the state

Mothokwa ET Trading	33 351	685 364
---------------------	--------	---------

Mothokwa ET Trading - the supplier trading with the entity and the spouse works for Department of Cooperative Governance and Traditional Affairs.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>23. Related parties (continued)</b>		
<b>Related party transactions</b>		
<b>Sales to related parties</b>		
City of Johannesburg Metropolitan Municipality	241 991 102	225 198 886
Johannesburg Water	1 117 392	261 503
Johannesburg City Parks NPC and Zoo	77 639	39 320
Metropolitan Trading Company	76 152	-
City Power Johannesburg (SOC) Ltd	-	36 430
Johannesburg Roads Agency (SOC) Ltd	47 964	39 288
Johannesburg Metropolitan Bus Service Ltd	783 161	399 184
Johannesburg Fresh Produce Market (SOC) Ltd	900 337	153 585
Johannesburg Property Company	1 143 278	-
Pikitung Johannesburg SOC LTD	88 051	-
Johannesburg Social Housing Company	126 512	-
Johannesburg Tourism Company NPC	234 157	-
	<b>246 585 745</b>	<b>226 128 196</b>
<b>Rent paid to related parties</b>		
Johannesburg City Parks NPC and Zoo	882 279	900 256
	<b>882 279</b>	<b>900 256</b>
<b>Purchases from related parties</b>		
City of Johannesburg Metropolitan Municipality	46 304	-
Pikitung Johannesburg (SOC) Ltd	905 339	156 713
City Power Johannesburg (SOC) Ltd	10 760 894	9 877 746
Johannesburg Water (SOC) Ltd	88 704	527 347
City of Johannesburg Property Company (SOC) Ltd	1	1
Metropolitan Trading Company	409 152	409 152
	<b>12 210 394</b>	<b>10 970 959</b>
Buildings are leased from City of Johannesburg Property Company (Pty) Ltd at R1 and all lease and user agreements are in place.		
<b>Spouse of a person in the service of the state</b>		
Mothokwa ET Trading	4 304 917	4 776 749
Electrosonic SA (Pty) Ltd	-	4 476
Bokaba Consulting (Pty) Ltd	200 000	-

Mothokwa ET Trading - the supplier trading with the entity and the spouse works for Department of Cooperative Governance and Traditional Affairs.

Electrosonic SA (Pty) Ltd - the supplier trading with the entity and the spouse worked for Department of Communication Digital Technology.

Bokaba Consulting (Pty) Ltd - the supplier trading with the entity and the spouse works for National Department of Science and Innovation.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022
<b>24. PAYE, SDL and UIF</b>		
<b>PAYE</b>		
Opening balance	1 100 010	880 846
Current year payroll and deductions	18 137 263	15 563 003
Amount paid - Current year	(17 075 651)	(14 462 993)
Amount paid - Previous year	(1 100 010)	(880 846)
<b>Closing balance (Included in sundry creditors)</b>	<b>1 061 612</b>	<b>1 100 010</b>
<b>SDL</b>		
Opening balance	72 540	53 550
Current year payroll and deductions	954 172	851 144
Amount paid - Current year	(885 526)	(778 604)
Amount paid - Previous year	(72 540)	(53 550)
<b>Closing balance (Included in sundry creditors)</b>	<b>68 646</b>	<b>72 540</b>
<b>UIF</b>		
Opening balance	90 390	67 740
Current year payroll and deductions	1 071 801	918 590
Amount paid - Current year	(986 097)	(828 200)
Amount paid - Previous year	(90 390)	(67 740)
<b>Closing balance (Included in sundry creditors)</b>	<b>85 704</b>	<b>90 390</b>
<b>25. Pension and Medical Aid Deductions</b>		
Opening balance	1 661 456	1 595 560
Current year payroll and deductions	22 095 510	20 323 881
Amount paid - Current year	(20 327 173)	(18 662 425)
Amount paid - Previous year	(1 661 456)	(1 595 560)
<b>Closing balance (Included in sundry creditors)</b>	<b>1 768 337</b>	<b>1 661 456</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand 2023 2022

#### 26. Directors emoluments

##### Non-Executive Directors

##### 2023

	Board Fees	Committees Fees	Other Fees	Total
Ms Ashley Hayden	72 000	110 000	24 000	206 000
Ms Dineo Sitole (Majavu)	72 000	32 000	20 000	124 000
Mr Sean Kreusch	12 000	8 000	-	20 000
Mr Zane Meas	96 000	4 000	24 000	124 000
Ms Itumeleng Malope	72 000	32 000	-	104 000
Mr Jabu Goodman Hlongwane	72 000	24 000	-	96 000
Mr Jabu Love Mathebula	72 000	40 000	24 000	136 000
Mr Godfrey Katsana (Chairperson)	96 000	-	6 000	102 000
Mr Orapeleng Ramagaga	72 000	30 000	6 000	108 000
Ms Pamela Ndlovu (State Official)	24 000	-	6 000	30 000
Ms Bonga Kweyama	72 000	8 000	-	80 000
Mr Sibusiso Xaba (State Official)	-	-	-	-
Ms Delisiwe Mabena (State Official)	-	-	-	-
Mr Thembinkosi Mbede	72 000	8 000	-	80 000
Ms Ziyanda Mncanca	60 000	8 000	-	68 000
Mr Thapelo Chokobane	72 000	8 000	-	80 000
Ms Johanna Mapeko	72 000	8 000	-	80 000
Mr Ben Mothupi	72 000	16 000	-	88 000
	<b>1 080 000</b>	<b>336 000</b>	<b>110 000</b>	<b>1 526 000</b>

##### 2022

	Accounting Officers' fees	Committees fees	Other fees	Total
Ms. Ashley Hayden	84 000	96 000	22 000	202 000
Ms Dineo Sitole (Majavu)	96 000	24 000	22 000	142 000
Mr Sean Kreusch	24 000	8 000	12 000	44 000
Mr Zane Meas	32 000	-	18 000	50 000
Ms Itumeleng Malope	24 000	8 000	12 000	44 000
Mr Jabu Goodman Hlongwane	24 000	10 000	12 000	46 000
Mr Jabu Love Mathebula	24 000	10 000	12 000	46 000
Ms Bonga Kweyama	72 000	14 000	-	86 000
Ms Nomveliso Mpongo	72 000	20 000	-	92 000
Mr Rabone Moripe	72 000	34 000	-	106 000
Ms Sebenzile Mkhonto	72 000	20 000	-	92 000
Mr Thembinkosi Masina	72 000	14 000	-	86 000
Ms Moipone Qhomane	84 000	20 000	16 000	120 000
Mr Desmond Ndzipho	48 000	-	8 000	56 000
Mr Junior Ramovha	72 000	22 000	-	94 000
Mr Mabutho Sithole	72 000	22 000	-	94 000
Mr Mande Ndema	72 000	32 000	-	104 000
Mr Johannes Collen Weapond	12 000	6 000	-	18 000
	<b>1 028 000</b>	<b>360 000</b>	<b>134 000</b>	<b>1 522 000</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

2023

2022

#### 27. Risk management

##### Capital risk management

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

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

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, and to sustain future development of the business. The Board reviews the capital structure on a quarterly basis. As part of the review, the Board considers the cost of capital and the risk associated with each class of capital.

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

##### Net Assets

Share Capital	10	10
Investment from Shareholder	1 784 049	1 784 049
	<b>1 784 059</b>	<b>1 784 059</b>

##### Financial risk management

The Company does not trade in financial instruments, but in the ordinary course of business operations, the company is exposed to a variety of financial risks arising from the use of financial instruments. These include:

- Market risk (comprising interest rate risk and foreign currency risk);
- Liquidity risk;
- Credit risk; and
- Capital risk.

The Audit & Risk Committee is responsible for the establishment and oversight of a risk management framework which is applicable to the company. This framework is formally documented, and stipulates the responsibilities and processes for monitoring and managing the risk to which the company is exposed.

The company measures and monitors treasury related risks (i.e. liquidity, foreign exchange, interest rate, covenants, counterparty, etc) affecting it and reports on these risks to Audit and Risk Committee on a periodic basis. The Audit and Risk Committee provides the Company guidance with respect to managing these risks. However, the Company's management is empowered, within the relevant approvals frameworks, to make decisions regarding how to manage these risks, as well as taking ownership for the implementation of any related action. The Audit and Risk Committee reports to the Board of Directors of Joburg City Theatres on risk management strategies.

##### Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its obligations as they become due. The entity manages liquidity and risk by effectively managing its working capital, capital expenditure and cash flows. The entity finances its operations through a mixture of retained income, bank funding and financing from COJ. The municipal entity manages liquidity risk through forecasting and monitoring cash flow requirements on a monthly basis.

##### Trade and other Payables

Trade and other payables	33 317 451	25 352 875
--------------------------	------------	------------

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

	2023	2022
<b>27. Risk management (continued)</b>		
<b>Interest rate risk</b>		
The entity's interest rate risk arises from interest on the cash and cash equivalents. Exposure to interest rate risk is monitored on a continuous and proactive basis. As the municipal entity has no significant interest-bearing assets, the municipal entity's income and operating cash flows are substantially independent of changes in market interest rates.		
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents	16 532 950	17 478 917
<b>Credit risk</b>		
Credit risk, or the risk of financial loss due to counterparties to financial instruments not meeting their contractual obligations, is managed by monitoring procedures in line with the accounts receivable and collection policy of Joburg City Theatres. Credit risk primarily arises from receivables, prepayments and cash and cash equivalents. The entity's maximum exposure to credit risk is represented by the carrying values of these financial assets.		
<b>Trade and other receivables</b>		
Trade and other receivables	20 577 902	16 524 543
Vat Receivables	1 648 280	3 358 420
	<b>22 226 182</b>	<b>19 882 963</b>
<b>Foreign exchange risk</b>		
The entity's transactions are predominantly entered into in rands. However, the entity's operations utilise various foreign currencies in respect of expenses incurred. Consequently the entity is exposed to exchange rate fluctuations that have an impact on cash flows. These operations are exposed to foreign currency risk in connection with future commercial transactions, recognised assets and liabilities and net investments in other currencies other than rand.		
Transactions are at spot rate and therefore no foreign gain/loss.		
<b>28. Going concern</b>		
We draw attention to the fact that at 30 June 2023, the municipal entity had an accumulated surplus (deficit) of R 23 511 032 and that the municipal entity's total assets exceed its liabilities by R 25 295 091.		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
<b>29. Cost of sales</b>		
<b>Sale of Goods</b>		
Cost of goods sold	18 865 285	12 919 598
<b>30. Operating lease</b>		
<b>Operating Lease Commitments</b>		
Up to 1 year	2 519 851	611 979
2- 5 years	9 146 348	7 842
	<b>11 666 199</b>	<b>619 821</b>
Joburg Theatre (SOC) Ltd leases consist of cash vaults machines from Nedbank Limited, digital copier machines from Konica Minolta and Afirent for the Leasing of Motor Vehicles.		



## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

	2023	2022
<b>31. Share capital / contributed capital</b>		
<b>Authorised</b>		
10 Ordinary shares of R1 each	10	10
<b>Reconciliation of number of shares issued:</b>		
Reported as at 01 July 2022	10	10
<b>Issued</b>		
Ordinary	10	10

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

	2023	2022
<b>32. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2023</b>		
<b>Financial assets</b>		
Trade and other receivables from exchange transactions	At fair value 20 577 902	Total 20 577 902
Cash and cash equivalents	16 532 950	16 532 950
VAT receivables	1 648 280	1 648 280
	<b>38 759 132</b>	<b>38 759 132</b>
<b>Financial liabilities</b>		
Trade and other payables from exchange transactions	At fair value 33 317 451	Total 33 317 451
Share Capital	At cost 1 784 049	Total 1 784 049
Investment from Shareholder	10	10
	<b>1 784 059</b>	<b>1 784 059</b>
<b>2022</b>		
<b>Financial assets</b>		
Trade and other receivables from exchange transactions	At fair value 16 524 543	Total 16 524 543
Cash and cash equivalents	17 478 917	17 478 917
VAT receivables	3 358 420	3 358 420
	<b>37 361 880</b>	<b>37 361 880</b>
<b>Financial liabilities</b>		
Trade and other payables from exchange transactions	At fair value 25 352 875	Total 25 352 875
Share Capital	At cost 10	Total 10
Investment from Shareholder	1 784 049	1 784 049
	<b>1 784 059</b>	<b>1 784 059</b>

### 33. 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.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

2023

2022

#### 33. Deviation from supply chain management regulations (continued)

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.

##### Exceptional and emergency cases

The following deviations were as a result of service providers being sole suppliers for the required goods or services as per regulation 36 1 (b) of the supply chain management regulations

	Amount
Repairs and Maintenance	1 279 082
Licences	483 142
	<b>1 762 224</b>

##### Special Work of Art

The following deviations were due to acquisition of special works of art or historical objects where specifications are difficult to compile as per regulation 36 (1) (iii) of the supply chain management regulations.

Name of Special Work Art	Amount
In-house stage Productions	26 291 430
Contributions to marketing partners/arrangements for productions	4 109 810
	<b>30 401 240</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

2023 2022

#### 33. Deviation from supply chain management regulations (continued)

##### Sole Suppliers

The following deviations were due to the services or products available from the sole suppliers as per regulation 36 (1) of the supply chain management regulation.

Name of Service Provider	Amount
Yamaha	35 410
Dede Development	32 200
Lexis Nexis	56 021
DWR Distributors	82 655
Fire Designs Houses	4 924
Prosound	5 279
Slojo	132 316
Ola Cool Runners	50 855
Pilot Software	62 009
The Flavour Lab Production	149 409
Frozen Drinks	363 288
	<b>974 366</b>

#### 34. Irregular expenditure

Opening balance as previously reported	5 932 307	4 153 691
<b>Opening balance as restated</b>	<b>5 932 307</b>	<b>4 153 691</b>
Add: Irregular Expenditure - current	-	5 593 849
Less: Amount written off - current	(5 932 307)	(3 815 233)
<b>Closing balance</b>	<b>-</b>	<b>5 932 307</b>

##### Details of Irregular Expenditure - Current year

Avis	-	44 571
DWR Distribution	-	3 980 440
Assessment Zone	-	1 568 838
	<b>-</b>	<b>5 593 849</b>

On the 28th of June 2023, An amount of R5 932 307 irregular expenditure relating to 2021/22 Financial Year was approved by the Board of directors for write off.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand	2023	2022		
<b>35. Segment information</b>				
<b>Segment surplus or deficit, assets and liabilities</b>				
<b>2023</b>				
	JT	RT	ST	Total
<b>Revenue</b>				
Revenue from non-exchange transactions	139 660 163	13 770 387	26 221 453	179 652 003
Revenue from exchange transactions	96 260 987	3 139 482	2 030 305	101 430 774
Interest revenue	5 776 137	-	-	5 776 137
<b>Total segment revenue</b>	<b>241 697 287</b>	<b>16 909 869</b>	<b>28 251 758</b>	<b>286 858 914</b>
<b>Entity's revenue</b>				<b>286 858 914</b>
<b>Expenditure</b>				
Salaries and wages	96 664 426	8 111 104	10 799 080	115 574 610
Depreciation	932 623	166 171	613 280	1 712 074
Transfers and Subsidies	22 551 296	-	-	22 551 296
General Expenses	126 139 195	6 501 763	11 186 546	143 827 504
<b>Total segment expenditure</b>	<b>246 287 540</b>	<b>14 779 038</b>	<b>22 598 906</b>	<b>283 665 484</b>
<b>Total segmental surplus/(deficit)</b>	<b>(4 590 253)</b>	<b>2 130 831</b>	<b>5 652 852</b>	<b>3 193 430</b>
Income tax expense				915 410
<b>Assets</b>				
Current Assets	48 967 739	-	-	48 967 739
Non Current Assets	11 115 659	1 760 572	6 914 345	19 790 576
<b>Total segment assets</b>	<b>60 083 398</b>	<b>1 760 572</b>	<b>6 914 345</b>	<b>68 758 315</b>
<b>Total assets as per Statement of financial Position</b>				<b>68 758 315</b>
<b>Liabilities</b>				
Current liabilities	37 351 061	-	-	37 351 061
Non current liabilities	5 936 387	-	-	5 936 387
<b>Total segment liabilities</b>	<b>43 287 448</b>	<b>-</b>	<b>-</b>	<b>43 287 448</b>
<b>Total liabilities as per Statement of financial Position</b>				<b>43 287 448</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 35. Segment information (continued)

2022

	JT	RT	ST	Total
<b>Revenue</b>				
Revenue from non-exchange transactions	129 165 359	12 735 607	24 251 034	166 152 000
Revenue from exchange transactions	78 116 906	2 420 270	1 361 993	81 899 169
Interest revenue	4 015 408	-	-	4 015 408
<b>Total segment revenue</b>	<b>211 297 673</b>	<b>15 155 877</b>	<b>25 613 027</b>	<b>252 066 577</b>
<b>Entity's revenue</b>				<b>252 066 577</b>
<b>Expenditure</b>				
Salaries and wages	87 285 926	7 658 448	9 935 136	104 879 510
Depreciation	1 220 466	106 071	480 796	1 807 333
Transfers and subsidies	22 884 193	-	-	22 884 193
General expenses	94 324 595	6 474 722	7 117 767	107 917 084
<b>Total segment expenditure</b>	<b>205 715 180</b>	<b>14 239 241</b>	<b>17 533 699</b>	<b>237 488 120</b>
<b>Total segmental surplus/(deficit)</b>				<b>14 578 457</b>
Income tax expense				3 696 908
<b>Assets</b>				
Current assets	42 376 182	-	-	42 376 182
Non current assets	8 220 041	1 357 365	5 330 819	14 908 225
<b>Total segment assets</b>	<b>50 596 223</b>	<b>1 357 365</b>	<b>5 330 819</b>	<b>57 284 407</b>
<b>Total assets as per Statement of financial Position</b>				<b>57 284 407</b>
<b>Liabilities</b>				
Current liabilities	29 070 582	-	-	29 070 582
Non current liabilities	5 020 977	-	-	5 020 977
<b>Total segment liabilities</b>	<b>34 091 559</b>	<b>-</b>	<b>-</b>	<b>34 091 559</b>
<b>Total liabilities as per Statement of financial Position</b>				<b>34 091 559</b>

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 36. Commitments

##### Commitments in respect of capital expenditure:

###### Authorised and contracted for

• Property, plant and equipment	3 799 498	3 810 346
---------------------------------	-----------	-----------

###### Total capital commitments

Already contracted for but not provided for	3 799 498	3 810 346
	<b>3 799 498</b>	<b>3 810 346</b>

##### Authorised operational expenditure

###### Already contracted for but not provided for

• Consultant and other contracted services	1 348 877	247 534
• Cash Vaults	138 277	138 278
• Fleet	11 285 393	557 784
	<b>12 772 547</b>	<b>943 596</b>

###### Total operational commitments

Already contracted for but not provided for	12 772 547	943 596
	<b>12 772 547</b>	<b>943 596</b>

##### Total commitments

Authorised capital expenditure	3 799 498	3 810 346
Authorised operational expenditure	12 772 547	943 596
	<b>16 572 045</b>	<b>4 753 942</b>

This committed expenditure relates to operational and capital expenditure. These commitments will be funded by the subsidy, available bank facilities, retained surpluses, existing cash resources and funds internally generated.

#### 37. Contingencies

##### Litigation and Claims

A public liability claim of R9,020,000 on 8 October 2016, from the lawyers of Sarah Elizabeth Bosch after she fell in to the orchestra pit. Bosch's attorneys claim that the incident was caused due to negligence by Joburg Theatre. JCT's lawyers are exploring with the plaintiff's attorneys the possibility of referring the litigation to mediation, while at the same time, JCT's lawyers are under instruction to complete and finalise its investigation into the merits and quantum of the claim.

On 25 October 2022, JCT received correspondence advising that the claim has been amended from R9,020,000 to around R18,000,000, which is double the amount that was initially claimed when the action was instituted.

On 19 June 2023, the City Insurance appointed lawyers, Clyde & Co., provided JCT with an actual notice of amendment confirming the revised claim amount.

The amounts have not been provided for as this is considered as a potential obligation that may be incurred depending on the outcome of a future event. The matter is still ongoing and it is not readily ascertainable as to when the matter will be finalised.

## Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2023

### Notes to the Annual Financial Statements

Figures in Rand

#### 38. Subsequent Events

The Chief Financial Officer, Mr Solomon Mphakathi, has resigned effective 31 July 2023.

#### 39. Fruitless and wasteful expenditure

No fruitless and wasteful expenditure incurred in the current or prior year.

#### 40. Principal Agent Arrangement

##### Arrangement

JCT has an agreement with Webtickets to sell tickets for shows. JCT is the principal and Webtickets is an agent in the arrangement. Through this arrangement Webtickets uses its distribution platform via Pick N Pay. All sales through Pick N Pay are deposited directly to Webtickets who in turn deducts the ticketing fee and pay the amount due to JCT. The table below provides the transactions that relates to the arrangement:

Revenue:

Ticketing income	1 069 252	499 583
------------------	-----------	---------

Expenditure:

Ticketing fee	128 129	53 640
---------------	---------	--------

There are no assets, resources and liabilities of the entity that are under the custodianship of Webtickets and that there were no resources remitted during the period under review.

In the event of termination caused by service provider's insolvency and bankruptcy, there shall be no compensation to the service provider, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to JCT.





