

JOBURG THEATRE

**Joburg Theatre (SOC) Limited
Operates as a Municipal Entity of**



City of Johannesburg Metropolitan Municipality

**Joburg City Theatres (SOC) Limited
Annual Financial Statements
for the year ended 30 June 2024**

Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2024

General Information

Nature of business and principal activities

Entertainment and Hospitality

Directors

Mr Godfrey Katsana (Chairperson)	Appointed on 27 March 2023
Mr Orapeleng Ramagaga CA(SA)	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)	Resigned 31 July 2023
Mr Vukani Magubane (CFO)	Appointed 01 December 2023

Registered office

163 Civic Boulevard
Braamfontein
Johannesburg
2017

Business address

163 Civic Boulevard
Braamfontein
Johannesburg
2017

Postal address

PO BOX 31900
Braamfontein
Johannesburg
2017

Controlling entity

The City of Johannesburg Metropolitan Municipality
incorporated in South Africa

Bankers

Nedbank Limited
Investec Bank Limited

Auditors

Auditor General of South Africa
Registered Auditors

Secretary

Ms. Nare Mokgobi

Company Registration

2000/013032/07

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Abbreviations used:

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	International Audit Committee
IAS	International Accounting Standard
IPSAS	International Public Sectors 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	Operational Health and Safety
PAYE	Pay AS You Earn
PSIRA	Private Security Industry Regulatory Authority

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RT	Roodepoort Theatre
SAMWU	South African Municipal Workers Union
SDL	Skills Development Levy
ST	Soweto Theatre
UIF	Unemployment Insurance Fund

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Director's Responsibilities and Approval

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

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

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

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

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

The Directors have reviewed the municipal entity's budget for the financial year 2024/25 and, in the light of this review and the current financial position, they are satisfied that the municipal entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on page 9, which have been prepared on the going concern basis, were approved by the Audit and Risk Committee:



Xoliswa Ndweni-Ngema
Chief Executive Officer (CEO)



Mr. Godfrey Katsana (Chairperson)
Board of Directors

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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 financial year ended 30 June 2024 as per Companies Act 71 of 2008 Sec 94 Paragraph 2 and King IV Paragraph 51.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 6 number of meetings were held.

Name of member	Number of meetings attended
Mr Orapeleng Ramagaga (Non-Executive Director) (Chairperson)	6
Mr Thomas Sbangwana (Independent Audit Committee Member)	2
Ms Ziyanda Mncanca (Non-Executive Director)	4
Mr Ben Mothupi (Non-Executive Director)	5
Ms Sarika Singh (Independent Audit Committee Member)	6
Mr Elfes Muhauli (Independent Audit Committee Member)	6
Mr Vincent Sithole (Independent Audit Committee Member)	5

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 controls systems;
- Aims to ensure compliance of published financial reports with relevant legislation, reporting standards and good governance;
- Aims to ensure Joburg City 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 if 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;
- Reviews the expertise, resources and experience of the Joburg Theatre's finance function and its Chief Financial Officer and;
- Reviews and recommends to the board the approval of the Joburg Theatre's Integrated Report.

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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 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, the 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 controls. The sound control environment in the Joburg Theatre is founded on: strong responsibility for controls by executives; executives 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 controls, which is designed to ensure; effective 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 the 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 auditor, 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 the 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 the 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 control 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.

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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 an 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 in the Director's 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 the 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 the meeting of the Committee before the commencement of the 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 the Joburg Theatre's Chief Financial Officer during the reporting period.

Finance function expertise, resources and experience

Based on the 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 30 June 2024.



Chairperson of the Audit and Risk Committee

Date: 1st DECEMBER 2024

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Director's Report

The Directors submit their report for the year ended 30 June 2024.

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 municipal entity operates under four business units: Joburg Theatre, Soweto Theatre, Roodepoort Theatre and hospitality and catering. The primary business of Joburg 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 3 854 034 (2023: surplus R 2 278 020), after taxation of R 1 472 643 (2023: R 915 410).

3. Going concern

We draw attention to the fact that at 30 June 2024, the municipal entity had an accumulated surplus of R 27 540 843 and that the municipality's total assets exceed liabilities by R 29 324 902.

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 the subsidy from the shareholder and so in the 2023/24 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 2024/25 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 the financial statements was appropriate.

The entity occupies the building 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 to 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 the 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 retirements and appointments of new board of directors of JCT was on the 31 of July 2024. The following directors have retired: (Ms. Delisiwe Mabena, Mr. Thembinkosi Mbede, Ms. Ziyanda Mncaca, Mr. Thapelo Chokobane, Ms. Johanna Mapeko, Mr. Ben Mothupi and the following directors have been appointed - (Mr. Godfrey Katsana - Chairperson(NED)(Retained), Mr. Orapeleng Ramagaga(NED)(Retained), Ms. Pamela Ndlovu(NED)(Retained), Ms. Bonga Kweyama(NED)(Retained)), Mr. Sibusiso Xaba(NED)(Retained), Ms. Virginia Tselane(NED)(New), Ms. Candice Patricia Savage(NED)(New), Ms. Bernice Dollie(NED)(New), Ms. Sherray Peterson(NED)(New), Ms. Andile Ledwaba(NED)(New), Ms. Rabone Moripe(NED)(New), Mr. Elfas Muhauli(IAC)(Retained), Mr. Thomas Sbangwana (IAC)(Retained) and Adv. Sarika Singh (IAC)(Retained). Apart from the above mentioned resignations, the Directors are not aware of any matter or circumstance arising since the end of the financial year unless otherwise it is stated in the annual financial statements, which significantly affects the financial position of the company or results of its operations that would require adjustments to or disclosure in the annual financial statements .

Litigation and Claim

A public liability claim of R9 020 000 was lodged against Joburg City Theatres (Soc) Ltd by Sarah Elizabeth Bosch after she fell in to the orchestra pit on the 8th of October 2016.

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Director's Report

Subsequent events (continued)

In October 2024, Joburg City Theatres attorneys and Sarah Elizabeth Bosch attorneys reached a settlement of R 7 120 000, City of Johannesburg Metropolitan Municipality will cover the settlement amount and the legal fees of Joburg City Theatre (Soc) Ltd attorneys. COJ will pay R1 000 000 excess from the reserves which JCT already contribute to. There are no financial implications for JCT as the settlement will be paid by COJ.

5. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

6. Share capital

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

7. Borrowing limitations

In terms of section 108(1) of the MFMA, JCT may borrow money, but only 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 officers of JCT, respectively.

8. Distributions to owners

Joburg City Theatre 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
Mr Godfrey Katsana (Chairperson)	South African	Appointed on 27 March 2023
Mr Orapeleng Ramagaga CA(SA)	South African	Appointed on 27 March 2023
Ms Pamela Ndlovu (State Official)	South African	Appointed on 27 March 2023
Ms Bonga Kweyama	South African	Appointed on 27 March 2023
Mr Sibusiso Xaba (State Official)	South African	Appointed on 27 March 2023
Ms Delisiwe Mabena (State Official)	South African	Appointed on 27 March 2023
Mr Thembinkosi Mbeda	South African	Appointed on 27 March 2023
Ms Ziyanda Mncanca	South African	Appointed on 27 March 2023
Mr Thapelo Chokobane	South African	Appointed on 27 March 2023
Ms Johanna Mapeko	South African	Appointed on 27 March 2023
Mr Ben Mothupi	South African	Appointed on 27 March 2023
Ms Xoliswa Nduneni-Ngema (CEO)	South African	Appointed on 27 March 2023
Mr. Solomon Mphakathi CA(SA) (CFO)	South African	Resigned 31 July 2023
Mr Vukani Magubane (CFO)	South African	Appointed 01 December 2023

10. Secretary

Ms. Philipa Maduka resigned as secretary of the JCT on 30 September 2023 and Ms. Nare Mokgobi was appointed on 02 January 2024.

The secretary of the municipal entity is Ms. Nare Mokgobi:

Business address

Joburg Theatre Complex
163 Civic Boulevard
Braamfontein
Johannesburg
2017

Joburg City Theatres (SOC) Limited

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Director's Report

Secretary (continued)

Postal address

P O Box 31900
Braamfontein
Johannesburg
2017

11. Corporate governance

General

All references to the Companies Act in these annual financial statements refer to the Companies Act 71 of 2008, as amended by the Companies 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

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, are determined by the Board of Directors in consultation with the shareholder.

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Director's Report

Corporate governance (continued)

Non-Executive Director's meetings

The Board of Directors have met on separate occasions during the financial year. The Board of Directors were scheduled to meet at least 4 times per annum and in the current financial year, the board met on 10 occasions.

Name	Board Meeting	Audit and Risk Committee meeting	Remuneration, Social & Ethics Committee meeting	Other	Chairperson Meetings
Total number of meetings held	10	6	6	13	3
Mr Godfrey Katsama (Chairperson)	10	-	-	5	3
Mr Orapeleng Ramagaga (ARC Chairperson)	10	6	-	13	-
Ms Pamela Ndlovu	10	6	6	4	-
Ms Bonga Kweyama	10	-	6	1	-
Mr Sibusiso Xaba (State Official)	10	6	6	-	-
Ms Delisiwe Mabena (State Official)	10	6	6	-	-
Mr Thembinkosi Mbede	10	-	6	1	-
Ms Ziyanda Mncanca	8	4	2	1	-
Mr Thapelo Chokobane	10	-	6	1	-
Ms Joanna Mapeko	10	-	5	1	-
Mr Ben Mothupi	10	5	-	1	-
Ms Xoliswa Nduneni-Ngema (CEO)	10	6	6	-	-
Mr Vukani Magubane (CFO)	10	6	6	-	-

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 Elfias Muhauli (IAC Member), Mr Vincent Sithole (IAC Member), Mr Thomas Sbangwana (IAC Member) - all appointed 27 March 2023.

In terms of Section 166 of the Municipal Finance Management Act and section 94 of the Companies Act of 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 municipal entity's Audit and Risk Committees who are not directors of the municipal entity onto the Audit and Risk Committee.

Internal audit

The municipal entity has outsourced its internal audit function to Group Risk And Assurance Services (GRAS), a department of the City of Johannesburg. 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.

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Company Secretary's Certification

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

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended and the Municipal Finance Management Act 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.



Ms. Nare Mokgobi
Company Secretary

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Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Current Assets			
Inventories	2	12 150 153	9 970 452
Receivables from exchange transactions	3	12 070 957	20 816 112
VAT receivable	4	1 621 087	1 648 225
Cash and cash equivalents	5	18 828 243	16 532 950
		44 670 440	48 967 739
Non-Current Assets			
Property, plant and equipment	6	24 460 087	17 802 672
Intangible assets	7	278 430	385 204
Heritage assets	8	1 602 700	1 602 700
		26 341 217	19 790 576
Total Assets		71 011 657	68 758 315
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	29 135 152	33 419 213
Provisions	10	5 142 573	3 931 848
		34 277 725	37 351 061
Non-Current Liabilities			
Deferred tax	11	7 409 030	5 936 387
Total Liabilities		41 686 755	43 287 448
Net Assets			
Share capital		29 324 902	25 470 867
Investment from Shareholder	31	10	10
Accumulated surplus	30	1 784 049	1 784 049
		27 540 843	23 686 808
Total Net Assets		29 324 902	25 470 867

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Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Ticketing services	12	1 845 005	1 069 252
Hospitality and Catering Services	12	59 468 978	65 760 622
Rental of facilities and equipment	12	7 416 029	6 368 230
Arts Alive	12	12 375 791	12 803 314
In-house ticket sales	12	8 384 885	7 371 298
Other income	13	4 905 929	8 058 058
Interest received - investment	14	8 820 185	5 776 137
Total revenue from exchange transactions		103 216 802	107 206 911
Revenue from non-exchange transactions			
Transfer revenue			
Subsidy	15	201 181 997	179 652 003
Total revenue	12	304 398 799	286 858 914
Expenditure			
Employee related costs	16	(135 359 181)	(115 574 610)
Depreciation and amortisation	17	(2 070 225)	(1 712 074)
Transfers and Subsidies	18	(20 335 457)	(22 551 296)
General Expenses	19	(141 307 259)	(143 827 504)
Total expenditure		(299 072 122)	(283 665 484)
Surplus before taxation		5 326 677	3 193 430
Taxation	20	(1 472 643)	(915 410)
Surplus for the year		3 854 034	2 278 020

Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Share capital	Investment from Shareholder	Accumulated surplus	Total net assets
Balance at 01 July 2022	10	1 784 049	21 408 788	23 192 847
Changes in net assets				
Surplus for the year	-	-	2 278 020	2 278 020
Total changes	-	-	2 278 020	2 278 020
Balance at 01 July 2023	10	1 784 049	23 686 809	25 470 868
Changes in net assets				
Surplus for the year	-	-	3 854 034	3 854 034
Total changes	-	-	3 854 034	3 854 034
Balance at 30 June 2024	10	1 784 049	27 540 843	29 324 902
Note(s)	31	30		

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Cash Flow Statement

Figures in Rand

	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Sale of goods and services		103 142 149	97 272 518
Grants		201 181 997	179 652 003
Interest income		8 820 185	5 648 760
		<u>313 144 331</u>	<u>282 573 281</u>
Payments			
Employee costs		(134 148 456)	(115 604 051)
Suppliers		(168 079 717)	(161 320 774)
		<u>(302 228 173)</u>	<u>(276 924 825)</u>
Net cash flows from operating activities		<u>10 916 158</u>	<u>5 648 456</u>
Total Net Cash Flows from operating activities	21	10 916 158	5 648 456
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(8 620 865)	(6 453 908)
Purchase of other intangible assets	7	-	(140 515)
Net cash flows from investing activities		<u>(8 620 865)</u>	<u>(6 594 423)</u>
Net increase/(decrease) in cash and cash equivalents		2 295 293	(945 967)
Cash and cash equivalents at the beginning of the year		16 532 950	17 478 917
Cash and cash equivalents at the end of the year	5	<u>18 828 243</u>	<u>16 532 950</u>

Joburg City Theatres (SOC) Limited

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual 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	1 200 091	-	1 200 091	1 845 005	644 914	1
Hospitality and Catering services	46 458 780	(35 380 780)	11 078 000	13 372 929	2 294 929	2
Rental of facilities and equipment	4 942 000	-	4 942 000	7 416 029	2 474 029	3
Arts Alive	11 786 000	-	11 786 000	12 375 791	589 791	4
In-house ticket sales	8 981 885	-	8 981 885	8 384 885	(597 000)	5
Other income	893 000	8 000 000	8 893 000	4 905 929	(3 987 071)	6
Interest received - investment	4 919 000	-	4 919 000	8 811 620	3 892 620	7
Total revenue from exchange transactions	79 180 756	(27 380 780)	51 799 976	57 112 188	5 312 212	
Revenue from non-exchange transactions						
Subsidy	183 984 000	17 197 997	201 181 997	201 181 997	-	
Total revenue	263 164 756	(10 182 783)	252 981 973	258 294 185	5 312 212	
Expenditure						
Employee related cost	(112 609 999)	(2 513 999)	(115 123 998)	(124 376 670)	(9 252 672)	8
Depreciation and amortisation	(2 703 000)	-	(2 703 000)	(1 861 065)	841 935	9
Transfers and Subsidies	(19 737 000)	-	(19 737 000)	(20 335 457)	(598 457)	
General Expenses	(128 114 757)	12 696 782	(115 417 975)	(106 394 316)	9 023 659	10
Total expenditure	(263 164 756)	10 182 783	(252 981 973)	(252 967 508)	14 465	
Surplus before taxation	-	-	-	5 326 677	5 326 677	
Taxation	-	-	-	1 472 643	1 472 643	
Surplus for the year	-	-	-	3 854 034	3 854 034	

Joburg City Theatres (SOC) Limited

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Reconciliation of actual amounts on a comparable basis and actual amounts in the financial statements

Reconciliation

	Financial Performance	Adjustments	Statement of Comparison of budget and actuals
Hospitality and Catering Services	59 468 978	(46 096 049)	13 372 929
Interest received - Investment	8 820 185	(8 565)	8 811 620
Employee related cost	(135 359 181)	10 982 511	(124 376 670)
Depreciation	(2 070 225)	209 160	(1 861 065)
General expenses	(141 307 259)	34 912 943	(106 394 316)

The approved budget is a legal document through which entities are held accountable and as such, the actual amounts in the financial statements must be adjusted to align with that budget. The amounts in the financial statements were recast to a functional classification to be on the same basis as the final approved budget. The budget information was prepared and approved on a net basis for hospitality and catering business unit (self-sufficient division) resulting to a variance of (46 104 614) between statement of financial performance (299 072 122) and statement of comparison of budget and actual amounts (252 967 508).

The entity has adjusted the financial statements information to make it comparable to the basis used to prepare and present the budget as required by Grap 24 paragraph 30 and 31. The amounts of these adjustments are identified in the table above, which is a reconciliation between the actual amounts on the statement of financial performance and and statement of comparison of budget and actual amounts.

Explanation of major variances between budget and actual amounts

1. Ticketing Services - The entity recorded a favorable variance of 54%, driven by ticket sales from fixed rental shows and door deals with show producers.
2. Hospitality and Catering services - the favourable variance on this line item is attributable to to the level of activities in the hospitality and catering department that resulted in more revenue generated.
3. Rental of Facilities and Equipment - The entity recorded a strong performance on rental of facilities and equipment, the achievement was 50%(R2,5m) better than planned. The positive variance is largely attributable to the income generated from fixed rental shows and door deals with tenant producers.
4. Arts Alive - Joburg City Theatres was appointed by COJ Community Development to implement Arts Alive programmes on its behalf. An SLA was entered into between two departments. COJ Community Development department made additional funding available for the implementation of additional programmes, An addendum to the original SLA was approved. This resulted in the result in a positive variance between budget and actual.
5. In - house Ticket Sales - Ticket sales were slightly below the target by 7%, however outperformed last year's performance of 18% unfavorable variance.
6. Other Income. - An unfavourable variance of 45% is reported on this line item due to special projects for the financial year 2023/24 that were deferred to the next financial year.
7. Interest received from investments - The target of R4.9 million was met and exceeded by R3.8 million (79%) due to more favourable rates negotiated with the banks and increased revenue in the current financial year.

Joburg City Theatres (SOC) Limited

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

8. Employee Related Cost - The 18% unfavorable variance is primarily due to level of activities in the hospitality and catering department as well as the core business of the theatre. Additionally, the COJ has introduced extra allowances for insourced employees, including night shift, Sunday shift, and danger allowances. A discrepancy exists between the employees' working hours as outlined in their service conditions and the theatre's operating hours, resulting in additional costs such as overtime for weekend works.

9. Depreciation and Amortisation - The entity conducted its annual physical verification and condition assessment of its assets, that resulted in the reassessment of useful life of certain categories of the assets. The useful life of these assets was increased and that resulted in the reduction of the depreciation.

10. General Expenditure - A saving on this line item is attributable to expenditure line items such as youth development, repairs & maintenance, utilities and in house- productions.

Joburg City Theatres (SOC) Limited

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Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2024											
Financial Performance											
Investment revenue	4 919 000	-	4 919 000	-	-	4 919 000	8 811 620		3 892 620	179 %	179 %
Transfers recognised - operational	183 984 000	17 197 997	201 181 997	-	-	201 181 997	201 181 997		-	100 %	109 %
Other own revenue	74 261 756	(27 380 780)	46 880 976	-	-	46 880 976	48 300 568		1 419 592	103 %	65 %
Total revenue (excluding capital transfers and contributions)	263 164 756	(10 182 783)	252 981 973	-	-	252 981 973	258 294 185		5 312 212	102 %	98 %
Employee related costs	(112 609 999)	(2 513 999)	(115 123 998)	-	-	(115 123 998)	(124 376 670)		(9 252 672)	108 %	110 %
Depreciation and amortisation	(2 703 000)	-	(2 703 000)	-	-	(2 703 000)	(1 861 065)		841 935	69 %	69 %
Transfers and subsidies	(19 737 000)	-	(19 737 000)	-	-	(19 737 000)	(20 335 457)		(598 457)	103 %	103 %
General expenses	(128 114 757)	12 696 782	(115 417 975)	-	-	(115 417 975)	(106 394 316)		9 023 659	92 %	83 %
Total expenditure	(263 164 756)	10 182 783	(252 981 973)	-	-	(252 981 973)	(252 967 508)		14 465	100 %	96 %
Taxation	-	-	-	-	-	-	1 472 643		1 472 643	(100)%	(100)%
Surplus/(Deficit) for the year	-	-	-	-	-	-	3 854 034		3 854 034	100 %	100 %
Capital expenditure and funds sources											
Total capital expenditure	8 650 000	-	8 650 000	-	-	8 650 000	8 620 865		(29 135)	100 %	100 %

Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

Figures in Rand	Note(s)	2024	2023
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1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

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 discussed below.

1.2 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.

1.3 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.

Accounting by principals and agent

The municipal entity 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 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 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 City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.3 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 municipal entity, 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 municipal entity, and the municipal entity 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 annual financial statements 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.

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.

1.4 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.

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Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.4 Property, plant and equipment (continued)

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.

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
Electrical Infrastructure	Straight-line	50-60 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.

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Significant Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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

Assets which the 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 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).

1.5 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.

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Significant Accounting Policies

1.5 Intangible assets (continued)

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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 years

The municipal entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 7).

1.6 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.

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

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.

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Significant Accounting Policies

1.6 Heritage assets (continued)

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

Average useful life of Heritage Assets is indefinite.

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

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 at JCT are artworks and other paintings of value to the entity.

1.7 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.

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.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial disorganisation, 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 the estimated future cash flows discounted at the effective interest rate method.

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Annual Financial Statements for the year ended 30 June 2024

Significant Accounting Policies

1.7 Financial instruments (continued)

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

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 equivalents.

1.8 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.

Initial measurement

The municipal entity initially measures statutory receivables at their transaction amount.

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);
- impairment losses; and
- amounts derecognised.

Other charges

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1.8 Statutory receivables (continued)

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 municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, a municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The 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.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

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1.9 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.

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in 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.

1.10 Leases

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

Finance leases - lessee

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

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

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

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

There were no finance lease recorded by JCT in the year under review.

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1.10 Leases (continued)

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 lease relate to cash vault machines and digital printing machines.

1.11 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.

1.12 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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.

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1.12 Impairment of cash-generating assets (continued)

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

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.

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1.12 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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.

1.13 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.

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

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

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

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

Useful life is either:

- the period of time over which an asset is expected to be used by the 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 tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

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

There were no impairment of non-generating assets for JCT on the year under review.

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.

1.14 Share capital

Net assets instruments is any contract that evidences a residual interest in the assets of a municipal entity after deducting all 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. Mandatory redeemable preference shares are classified as liabilities.

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1.15 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 aid), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensation 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 performances.

Defined contribution plans

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

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

1.16 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.

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

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

Provisions are not recognised for future operating surplus.

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 the end of the period under review is the performance bonuses.

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

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1.16 Provisions and contingencies (continued)

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 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.

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1.17 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 and willing parties in an arm's length transaction.

Measurement

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

Sale of goods

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

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

Rendering of services

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

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

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

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

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 or similar distributions 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 bankers.

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1.18 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where an entity receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipal entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from non-exchange transaction shall be measured at the amount of increase in net assets recognised by the entity.

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 the qualifying entities in accordance with the agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once the 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.

1.19 Investment income

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

1.20 Comparative figures

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

1.21 Unauthorised expenditure

Unauthorised expenditure means:

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

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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1.21 Unauthorised expenditure (continued)

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.

1.22 Fruitless and wasteful expenditure

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

All expenses relating to fruitless and wasteful 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.

1.23 Irregular expenditure

Where the 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 be thereafter taken to recover the amount from the person concerned. If the 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.

1.24 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.25 Budget information

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.

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Significant Accounting Policies

1.25 Budget information (continued)

The approved budget covers the fiscal period from 01 Jul 2023 to 30 Jun 2024 while the approved opex budget covers 2023/24 financial year and indicatives for the two outer years.

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

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

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the 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 together with their transactions and balances.

1.27 GRAP Standards and Interpretation issued Not Yet Effective

GRAP 1	Presentation of Financial Statements
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers

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Significant Accounting Policies

1.28 GRAP Standards and Interpretation 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 Rates
GRAP 5	Borrowing Costs
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 Liabilities
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non-cash generating Assets
GRAP 23	Revenue from Non-exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 32	Service Concession Arrangement: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interest in Other Entities
GRAP 100	Discontinued Operations

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Significant Accounting Policies

GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 105	Transfer of Functions Between Entities Under Common Control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control
GRAP 107	Mergers
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
GRAP 110	Living and Non-living Resources
IGRAP 21	The effect of Past Decisions on Materiality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
2. Inventories		
Work in progress	10 356 867	7 865 465
Consumable stores	512 029	296 567
Trading Stock	1 281 257	1 808 420
	12 150 153	9 970 452
Work in progress		
Opening Balance	7 865 465	3 657 951
Prior year WIP transferred	(7 865 465)	(3 657 951)
Current year WIP	10 356 867	7 865 465
	10 356 867	7 865 465
Consumables		
Opening Balance	296 567	331 800
Stock movement for the year	215 462	(35 233)
	512 029	296 567
Trading Stock - Food and Beverages		
Opening Balance	1 808 420	1 024 551
Stock movement for the year	(527 163)	783 869
	1 281 257	1 808 420

Joburg City Theatre operates as both receiving and production house. The expenditure on show productions prior to maturity is treated as Work In Progress(WIP) for example, Oleanna, Van Wyk, One Man show - Vusi, Beauty and the Beast, and 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 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	1 555 726	831 434
Accrued Income	64 542	127 377
Related Party Debtors	10 450 689	19 857 301
	12 070 957	20 816 112

Trade and other receivables

Trade debtors represent rent receivable for use of facilities (hospitality and theatre rentals).

Related party debtors represents the amounts owned to Joburg Theatres by the City of Johannesburg and Municipal Owned Entities. Included in the related party receivables is other hospitality, rental, 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.

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3. Receivables from exchange transactions (continued)

Fair value of trade and other receivables

Fair Value of trade and receivables

Hospitality and Catering	8 114 802	17 446 012
City of Johannesburg - CAPEX	-	251 700
City of Johannesburg - Entities	1 178 683	2 162 089
Other	2 777 472	956 311
	12 070 957	20 816 112

Debtors Age Analysis

90 Days +	2 743 484	1 410 604
60 Days	284 137	105 109
30 Days	376 398	465 987
Current	8 666 938	18 834 412
	12 070 957	20 816 112

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 collectible and should circumstances change they will be considered for impairment in accordance with company policy. No interest is charged and there is no provision for impairment as the probability to collect is high.

4. VAT Receivable

VAT	1 621 087	1 648 225
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5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	48 616	68 499
Bank balances	18 779 627	16 464 451
	18 828 243	16 532 950

Cash and cash equivalent comprise of cash on hand, current accounts and deposits on call accounts that are readily convertible into known amounts of cash. The effective interest rate of the cash equivalents investment as at end of the period was average 10.10%.

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5. Cash and cash equivalents (continued)

The municipal entity had the following bank accounts

Account description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
Nedbank - Current Account - Joburg Theatre	253 880	866 214	3 959 636	253 880	866 214	3 959 636
Nedbank - Current Account - Roodepoort and Soweto Theatre	149 023	175 042	92 142	149 023	175 042	92 142
Nedbank - Current Account - Ticketing	463 672	163 844	124 900	463 672	163 844	124 900
Nedbank - Current Account - Hospitality and Catering	514 769	180 850	296 171	514 769	180 850	296 171
Nedbank - Investment Account - Joburg Theatre	602 576	14 106 146	10 080 505	602 576	14 106 146	10 080 505
Nedbank - Current Account - Zoo	83 141	49 736	28 536	83 141	49 736	28 536
Nedbank Current Account - Metro	15 519	53 255	25 470	15 519	53 255	25 470
Nedbank - Investment Account - Roodepoort and Soweto	2 132 164	1 636	59 117	2 132 164	1 636	59 117
Nedbank - Investment Account - Ticketing	435 514	442 722	2 091 906	435 514	442 722	2 091 906
Nedbank - Investment Account - Hospitality and Catering	1 451	377 046	643 766	1 451	377 046	643 766
Investec - Investment account	14 127 918	47 960	-	14 127 918	47 960	-
Subtotal	18 779 627	16 464 451	17 402 149	18 779 627	16 464 451	17 402 149
Cash on hand	48 616	68 499	76 768	48 616	68 499	76 768
Total	18 828 243	16 532 950	17 478 917	18 828 243	16 532 950	17 478 917

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6. Property, plant and equipment

	2024		2023			
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold property	5 580 674	(3 133 950)	2 446 724	5 439 874	(2 720 691)	2 719 183
Furniture and fixtures	6 908 000	(2 199 739)	4 708 261	4 415 526	(1 810 220)	2 605 306
Motor vehicles	152 536	(75 117)	77 419	152 536	(63 375)	89 161
IT equipment	5 355 885	(2 529 375)	2 826 510	4 759 560	(2 190 854)	2 568 706
Electrical Infrastructure	2 566 210	(63 986)	2 502 224	2 566 210	(12 662)	2 553 548
Stage equipment	18 660 881	(6 761 932)	11 898 949	13 269 617	(6 002 849)	7 266 768
Total	39 224 186	(14 764 099)	24 460 087	30 603 323	(12 800 651)	17 802 672

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Total
Leasehold property	2 719 183	140 800	(413 259)	2 446 724
Furniture and fixtures	2 605 306	2 492 475	(389 520)	4 708 261
Motor vehicles	89 161	-	(11 742)	77 419
IT equipment	2 568 706	596 325	(338 521)	2 826 510
Electrical Infrastructure	2 553 548	-	(51 324)	2 502 224
Stage equipment	7 266 768	5 391 265	(759 084)	11 898 949
Total	17 802 672	8 620 865	(1 963 450)	24 460 087

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6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Total
Leasehold property	2 370 290	768 754	(419 861)	2 719 183
Furniture and fixtures	1 895 697	995 763	(286 154)	2 605 306
Motor vehicles	100 895	-	(11 734)	89 161
IT equipment	2 450 790	469 817	(351 901)	2 568 706
Electrical Infrastructure	-	2 566 210	(12 662)	2 553 548
Stage equipment	6 153 903	1 653 364	(540 499)	7 266 768
	12 971 575	6 453 908	(1 622 811)	17 802 672

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6. Property, plant and equipment (continued)

Maintenance of property, plant and equipment

Maintenance of property, plant and equipment by condition - 2024

	Preventative Maintenance		Corrective Maintenance		
	Interval Based	Total	Planned	Total	Total
Furniture and fixtures	-	-	46 623	46 623	46 623
Motor vehicles	-	-	25 151	25 151	25 151
Stage equipment	211 284	211 284	-	-	211 284
	211 284	211 284	71 774	71 774	283 058

Maintenance of property, plant and equipment by condition - 2023

	Preventative Maintenance		Corrective Maintenance		
	Interval Based	Total	Planned	Total	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
	261 572	261 572	767 359	767 359	1 028 931

The tables above excludes repairs and maintenance expenditure incurred towards buildings and facilities that are leased from the parent Municipality (City of Johannesburg).

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7. Intangible assets

	2024		2023			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 168 627	(890 197)	278 430	269 183	116 021	385 204

Reconciliation of intangible assets - 2024

Computer software, other	Opening balance	Amortisation	Total
	385 204	(106 774)	278 430

Reconciliation of intangible assets - 2023

Computer software, other	Opening balance	Additions	Amortisation	Total
	333 950	140 515	(89 261)	385 204

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8. Heritage assets

	2024			2023		
	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)
Total	1 707 700	(105 000)	1 602 700	1 707 700	(105 000)	1 602 700

Reconciliation of heritage assets 2024

	Opening balance	Total
Artwork and Historical Assets	1 602 700	1 602 700

Reconciliation of heritage assets 2023

	Opening balance	Total
Artwork and Historical Assets	1 602 700	1 602 700

Additional Information

Heritage assets include artwork valued at 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	12 075 882	16 480 574
Deferred Income	1 787 784	2 153 770
Accrued leave pay	2 683 227	4 432 897
Sundry Creditors	3 743 523	3 149 202
Accrued 13th Cheque	869 469	852 307
Year end Accruals	918 070	507 715
Related Party	7 057 197	5 842 748
	29 135 152	33 419 213

Trade payables consists of trade creditors due to the suppliers/service providers.

Deferred income represent deposits for rental of facilities and ticket sales for future shows.

Related party consist of OHASA , Insourcing, utilities , rentals due to Joburg City Parks & Zoo and fibre link access provided by Metropolitan Trading Company.

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 the suppliers and service providers.

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Figures in Rand	2024	2023		
10. Provisions				
Reconciliation of provisions - 2024				
	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus	3 931 848	7 855 456	(6 644 731)	5 142 573
Reconciliation of provisions - 2023				
	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus	3 717 708	3 931 848	(3 717 708)	3 931 848
<p>The bonus provision relate to the performance bonuses that the entity expects to pay the qualifying employees. The amount is based on the performance of the financial year under review which is still to be determined. The provision is management's best estimate of the entity's liability at reporting date.</p>				
11. Deferred tax				
Deferred tax liability				
Property, plant and equipment		2 751 863		2 283 116
Allowance for future expenditure section 24c		4 691 237		4 599 692
Accounting work in progress not constituting trading stock for tax purposes		2 796 354		2 123 700
Total deferred tax liability		10 239 454		9 006 508
Deferred tax asset				
Provisions		(2 347 723)		(2 488 604)
Deferred income		(482 701)		(581 517)
Deferred tax balance from temporary differences other than unused tax losses		(2 830 424)		(3 070 121)
Total deferred tax asset		(2 830 424)		(3 070 121)
Deferred tax liability		10 239 454		9 006 508
Deferred tax asset		(2 830 424)		(3 070 121)
Total net deferred tax liability		7 409 030		5 936 387
12. Revenue				
Ticketing services		1 845 005		1 069 252
Hospitality and Catering Services		59 468 978		65 760 622
Rental of facilities and equipment		7 416 029		6 368 230
Arts Alive		12 375 791		12 803 314
In-house Ticket Sales		8 384 885		7 371 298
Other income		4 905 929		8 058 058
Interest received - investment		8 820 185		5 776 137
Subsidy		201 181 997		179 652 003
		304 398 799		286 858 914

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
12. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Ticketing services	1 845 005	1 069 252
Hospitality and Catering Services	59 468 978	65 760 622
Rental of facilities and equipment	7 416 029	6 368 230
Arts Alive	12 375 791	12 803 314
In-house Ticket Sales	8 384 885	7 371 298
Other income	4 905 929	8 058 058
Interest received - investment	8 820 185	5 776 137
	103 216 802	107 206 911
The amount included in revenue arising from non-exchange transactions is as follows:		
Transfer revenue		
Subsidy	201 181 997	179 652 003
13. Other income		
Other income	4 905 929	8 058 058
Other income, includes amongst others insurance claims, ballet mats, backline hire, seta reimbursements and special projects.		
14. Interest received - investment		
Interest revenue		
Bank	8 820 185	5 776 137
Interest Income is calculated using the effective interest rates between 7.75% to 10.10%.		
The table below shows the interest received from two financial institutions :		
Bank		
Investec Bank Limited	594 532	686 433
Nedbank Limited	8 225 653	5 089 704
	8 820 185	5 776 137
15. Subsidy		
Operating Grants and Subsidies		
Joburg Theatre	160 225 825	139 660 163
Roodepoort Theatre	14 102 439	13 770 387
Soweto Theatre	26 853 733	26 221 453
	201 181 997	179 652 003
16. Employee related costs		
Salaries and Wages	133 649 181	113 856 610
Board Fees included in Employee cost	1 710 000	1 718 000
	135 359 181	115 574 610

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Figures in Rand	2024	2023
16. Employee related costs (continued)		
Employee Costs Breakdown		
Net Salary	80 641 108	65 418 839
PAYE	19 864 699	18 137 263
SDL	1 087 595	954 172
UIF	1 156 016	1 071 801
Medical Aid	6 978 840	6 209 908
Pension Contribution	17 266 463	15 885 601
Third Parties	1 219 395	1 040 255
Leave accrual and bonus provision	4 987 770	4 523 090
Staff account,CFO savings,Gym,year end contributions	447 295	615 681
	133 649 181	113 856 610
Committee Fees Breakdown		
Board Fees	1 558 000	1 526 000
Sub-Committee Fees	152 000	192 000
	1 710 000	1 718 000
Detailed breakdown of board fees is disclosed under note 26. Included in the above is fees paid to board are sub-committee members who are not members of the board.		
Chief Executive Officer		
Annual Remuneration	2 791 839	2 469 620
Performance Bonuses	356 119	342 060
Contributions to UIF, Medical and Pension Funds	32 193	27 830
Leave Encashment, Cell & Data Allowance	208 759	108 767
	3 388 910	2 948 277
Chief Financial Officer (Resigned 31 July 2023)		
Annual Remuneration	308 641	553 298
Performance Bonuses	160 555	237 274
Contributions to UIF, Medical and Pension Funds	9 786	6 302
Leave Encashment & Acting Allowance	241 506	98 268
	720 488	895 142
Chief Financial Officer (Appointed 01 December 2023)		
Annual Remuneration	1 253 236	-
Performance Bonuses	130 407	-
Contributions to UIF, Medical and Pension Funds	11 993	-
Leave Encashment & Acting Allowance	92 139	-
	1 487 775	-

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Figures in Rand	2024	2023
16. Employee related costs (continued)		
Chief Operating Officer		
Annual Remuneration	2 615 215	1 464 893
Performance Bonuses	325 856	211 238
Contributions to UIF, Medical and Pension Funds	68 203	444 770
Leave Encashment & Acting Allowance	263 313	253 555
	3 272 587	2 374 456
<p>The Chief Operating Officer (COO) position is a senior manager in terms of Section 56. Salaries for senior managers are determined in terms of the Government Gazette for Local Government through a notice published annually by the Minister of Cooperative Government and Traditional Affairs (COGTA). The COO was not remunerated in terms of the upper limits for remuneration for senior managers. The salary was adjusted as per the Upper Limits Implementation Notice of the MFMA and in terms of the applicable salary scales for senior managers for the City. The salary adjustment was implemented as per the report from the office of the City Manager which recommended that the COO's employment category should change to Section 56 senior manager to align with legislation, Mayoral Committee resolutions and guidelines and can only receive salary increases in line with COGTA regulations.</p>		
Company Secretary (Resigned 30 September 2023)		
Annual Remuneration	347 335	1 059 066
Performance Bonuses	148 269	152 717
Contributions to UIF, SDL, Medical Aid and Pension Funds	91 097	287 603
Leave Encashment, Acting, Cell & Data Allowance	26 355	87 935
	613 056	1 587 321
Company Secretary (Appointed 02 January 2024)		
Annual Remuneration	630 852	-
Contributions to UIF, Medical Aid & Pension	6 630	-
	637 482	-
17. Depreciation and amortisation		
Property, plant and equipment	1 963 451	1 622 812
Intangible assets	106 774	89 262
	2 070 225	1 712 074
18. Grants and subsidies paid		
Other subsidies		
Grant Paid	20 335 457	22 551 296
Subsidies comprises of:		
Joburg Ballet	9 978 497	10 590 000
Johannesburg Philharmonic Orchestra	10 356 960	11 961 296
	20 335 457	22 551 296

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Notes to the Annual Financial Statements

	2024	2023
19. General expenses		
Auditors remuneration	1 067 051	1 017 587
Bank charges	773 169	681 252
Cleaning	677 534	401 754
Computer expenses	2 224 135	815 147
Consulting and professional fees	2 945 426	661 786
Consumables	6 618 422	6 046 492
Community Development	1 695 686	1 733 531
Entertainment/Opening nights	871 334	481 376
Building signage, framing and printing	6 398 804	5 109 058
Insurance	993 637	924 642
Employee Uniform	1 451 241	1 883 604
Telecommunication expenses	1 921 279	880 870
Marketing and show contributions	8 923 364	9 766 898
Ticketing	1 388 683	128 129
Motor vehicle expenses	7 442 933	6 920 973
Licences	544 802	930 289
Productions and Special Projects	28 847 395	37 693 534
Printing and stationery	1 237 085	925 347
Subscriptions and membership fees	857 733	169 894
Business travel and accommodation	1 057 578	453 585
Electricity	13 414 884	12 184 626
Gas	861 593	381 786
Sewerage and waste disposal	802 625	1 268 030
Employee Wellness & Training	245 447	122 756
Arts Alive	10 446 864	10 511 904
Hospitality & Catering & hiring expenses	14 317 050	19 136 461
Repairs and Maintenance	3 623 748	4 568 346
Cost of Sales	19 657 757	18 027 847
	141 307 259	143 827 504

Computer Expenses - The movements on computer expenses relates to the licenses for the products that the entity is using. These include amongst others antivirus(Sophos), microsoft office, adobe creative cloud, vmware, firewall/sonic

Consulting and professional fees - The movements on computer expenses relates to the recruitment and disciplinary processes of the entity and renewal of the liquor licenses of the resturants of the theatres.

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.

Telecommunication expense - The movements on telecommunication relates to the cellphone contract , the entity has with MTN for the employee's phones.

Motor vehicle expenses - Transportation ia 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 vehicle due to the increase on staff compliment. The cost drivers like fuel and rental fees also contributed to the increase of this expense.

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	2024	2023
20. Taxation		
Major components of the tax expense		
Deferred		
Movement in temporary differences	1 472 643	915 410
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting surplus	5 326 677	3 193 430
Tax at the applicable tax rate of 27% (2023: 27%)	1 438 203	862 226
Tax effect of adjustments on taxable income		
Tax impact of non-temporary differences : Leasehold improvements	37 884	53 670
Overprovision prior year on deferred tax	(25)	(486)
	1 476 062	915 410
21. Cash generated from operations		
Surplus	3 854 034	2 278 020
Adjustments for:		
Depreciation and amortisation	2 070 225	1 712 074
Movements in provisions	1 210 725	214 141
Annual charge for deferred tax	1 472 643	915 410
Changes in working capital:		
Inventories	(2 179 700)	(4 956 150)
Receivables from exchange transactions	8 745 155	(4 291 568)
Payables from exchange transactions	(4 284 062)	8 066 334
VAT	27 138	1 710 195
	10 916 158	5 648 456
22. Auditors' remuneration		
Current year audit fees	1 067 051	1 017 587
Amount Paid - Current Year	(1 067 051)	(1 017 587)
	-	-

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23. Related parties

Relationships

Controlling entity

100% owned by COJ

100% owned by COJ

100% owned by COJ

100% owned by COJ

100% owned by COJ

100% owned by COJ

100% owned by COJ

100% owned by COJ

100% owned by COJ

100% owned by COJ

100% owned by COJ

100% owned by COJ

100% owned by COJ

The City of Johannesburg Metropolitan Municipality
 Johannesburg Civic Theatre (Pty_ Ltd
 City Power Johannesburg (Pty) Ltd
 Johannesburg Water (Pty) Ltd
 City of Johannesburg Property Company (Pty) Ltd
 Johannesburg City Parks (Pty) Ltd
 Johannesburg Development Agency (Pty) Ltd
 Johannesburg Metropolitan Bus Services (Pty) Ltd
 Johannesburg Roads Agency (Pty) Ltd
 Johannesburg Social Housing Company (Pty) Ltd
 Pikitup Johannesburg (Pty) Ltd
 Johannesburg Fresh Produce Market (Pty) Ltd
 Metropolitan Trading Company (MTC)
 Johannesburg Tourism Company NPC

Related party balances

Amounts included in Trade receivable regarding related parties

City of Johannesburg Metropolitan Municipality	9 227 305	17 695 212
Johannesburg Social Housing Company	-	8 954
Johannesburg Fresh Produce Market	288 560	159 965
Johannesburg Development Agency	34 382	-
Johannesburg City Parks NPC and Zoo	44 701	50 039
Johannesburg Property Company	-	1 314 770
Metropolitan Trading Company	-	23 429
Johannesburg Tourism Company	94 830	47 825
Johannesburg Metropolitan Bus Services	153 498	213 760
Johannesburg Water	403 033	343 347
Johannesburg Road Agency	204 380	-
	10 450 689	19 857 301

The Entity does not charge intercompanies interest on outstanding balances.

Amount included in Trade Payables regarding related parties

City of Johannesburg Metropolitan Municipality	6 645 464	5 667 940
Johannesburg City Parks NPC and Zoo	260 147	102 247
Metropolitan Trading Company	41 955	39 210
Johannesburg Metropolitan Bus Services	15 000	-
	6 962 566	5 809 397

Amounts in trade and other payables regarding related parties from City of Johannesburg Metropolitan Municipality comprises of OHASA services, Insourcing and utilities. Metropolitan Trading Company provides fibre link access.

Spouse of a person in the service of the state

Mothokwa ET Trading	94 633	33 351
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Mothokwa ET Trading - the supplier trading with the entity and the spouse works for Department of Cooperative Governance and Traditional Affairs.

Joburg City Theatres (SOC) Limited

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23. Related parties (continued)

Related party transactions

Sales to related parties

City of Johannesburg Metropolitan Municipality	256 046 699	241 991 102
Johannesburg Development Agency	29 897	-
Johannesburg Water	1 081 243	1 117 392
Metropolitan Trading Company	122 334	76 152
Johannesburg City Parks NPC and Zoo	113 545	77 639
Johannesburg Road Agency	451 554	47 964
Johannesburg Metropolitan Bus Service	373 970	783 161
Johannesburg Fresh Produce Market	336 100	900 337
Johannesburg Property Company	176 990	1 143 278
Pikitup Johannesburg	-	88 051
Johannesburg Social Housing Company	-	126 512
Johannesburg Tourism Company	822 310	234 157
City Power Johannesburg	69 597	-
	259 624 239	246 585 745

Rent paid to related parties

Johannesburg City Parks and Zoo	1 228 543	882 279
	1 228 543	882 279

Purchases from related parties

City of Johannesburg Metropolitan Municipality	-	46 304
Pikitup Johannesburg (SOC) Ltd	693 635	905 339
City Power Johannesburg (SOC) Ltd	11 942 027	10 760 894
Johannesburg Water (SOC) Ltd	24 415	88 704
Johannesburg Property Company (SOC) Ltd	5	1
Johannesburg Metropolitan Bus Services (SOC) Ltd	13 043	-
Metropolitan Trading Company	430 668	409 152
	13 103 793	12 210 394

Buildings are leased from City of Johannesburg Property Company (Pty) Ltd at R1 and all lease and user agreements are in place.

Spouse of a person in the service of the state

Mothokwa ET Trading	3 967 053	4 304 917
Electrosonic SA (pty) Ltd	1 953	-
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.

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	2024	2023
24. PAYE, SDL and UIF		
PAYE		
Opening balance	1 061 612	1 100 010
Current year payroll and deductions	19 864 699	18 137 263
Amount paid - Current year	(18 513 769)	(17 075 651)
Amount paid - Previous year	(1 061 612)	(1 100 010)
	1 350 930	1 061 612
SDL		
Opening balance	68 646	72 540
Current year payroll and deductions	1 087 595	954 172
Amount paid - Current year	(1 004 610)	(885 526)
Amount paid - Previous year	(68 646)	(72 540)
	82 985	68 646
UIF		
Opening balance	85 704	90 390
Current year payroll and deductions	1 156 016	1 071 801
Amount paid - Current year	(1 063 015)	(986 097)
Amount paid - Previous year	(85 704)	(90 390)
	93 001	85 704
25. Pension and Medical Aid Deductions		
Opening balance	1 768 337	1 661 456
Current year payroll and deductions	24 245 303	22 095 510
Amount paid - Current year	(22 190 629)	(20 327 173)
Amount paid - Previous year	(1 768 337)	(1 661 456)
	2 054 674	1 768 337

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26. Directors emoluments

Non-Executive Directors

2024

	Board Fees	Committees fees	Other Fees	Total
Mr Godfrey Katsana (Chairperson)	160 000	6 000	40 000	206 000
Mr Orapeleng Ramagaga CA(SA)	120 000	140 000	36 000	296 000
Ms Bonga Kweyama	120 000	48 000	12 000	180 000
Mr Thembinkosi Mbeda	120 000	48 000	12 000	180 000
Ms Ziyanda Mncanca	96 000	48 000	12 000	156 000
Mr Thapelo Chokobane	120 000	48 000	12 000	180 000
Ms Johanna Mapeko	120 000	48 000	12 000	180 000
Mr Ben Mothupi	120 000	48 000	12 000	180 000
	976 000	434 000	148 000	1 558 000

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 CA(SA)	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 Thembinkosi Mbeda	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
	1 080 000	336 000	110 000	1 526 000

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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
	1 784 059	1 784 059

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	29 135 152	33 419 212
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Interest rate risk

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27. Other statutory receivables [Framework related] (continued)

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.

Cash and Cash Equivalents

Cash and Cash Equivalents	18 828 243	16 532 950
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Credit risk

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.

Trade and other receivables

Trade and other receivables	12 070 957	20 816 112
VAT Receivables	1 621 087	1 648 225
	13 692 044	22 464 337

Foreign exchange risk

The entity's transactions are predominantly entered into in rands. However, the municipal 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.

28. Going concern

We draw attention to the fact that at 30 June 2024, the municipal entity had an accumulated surplus of R 27 540 843 and that the municipal entity's total assets exceed its liabilities by R 29 324 902.

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.

29. Operating lease

Operating Lease Commitments

Up to 1 year	2 471 408	2 519 851
2 - 5 years	6 289 291	9 146 348
	8 760 699	11 666 199

Joburg Theatre (SOC) Ltd leases consist of cash vaults machines from Nedbank Limited, digital copier machines from Konica Minolta and Afrivent fleet for the Leasing of Motor Vehicles. Transportation is a universal contract which is managed at Group level within the City of Johannesburg. The increase from prior year was caused by increase in the fleet as well as extension of the contract term during the current financial year.

The monthly rental fee for the leasing of digital copier machines is fixed for the duration of the lease term. No straightlining adjustments have been recognised in the current or prior years.

The rental fee for the leasing of cash vaults escalate annually based on changes in CPI. The effects of CPI has not been incorporated in the straightlining of leases as it is considered a contingent rental as per GRAP 13 requirements.

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Notes to the Annual Financial Statements

	2024	2023
30. Investment from Shareholder		
Investment from Shareholder	1 784 049	1 784 049
31. Share capital		
Authorised		
10 Ordinary shares of R1 each	10	10
Reconciliation of number of shares issued:		
Reported as at 01 July 2023	10	10
Issued		
Ordinary	10	10
32. Financial instruments disclosure		
Categories of financial instruments		
2024		
Financial assets		
	At fair value	Total
Trade and other receivables from exchange transactions	12 070 957	12 070 957
Cash and cash equivalents	18 828 243	18 828 243
	30 899 200	30 899 200
Financial liabilities		
	At fair value	Total
Trade and other payables from exchange transactions	25 582 454	25 582 454
Residual interest		
	At cost	Total
Share capital / contributed capital	10	10
Investment from Shareholder	1 784 049	1 784 049
	1 784 059	1 784 059
2023		
Financial assets		
	At fair value	Total
Trade and other receivables from exchange transactions	20 816 112	20 816 112
Cash and cash equivalents	16 532 950	16 532 950
	37 349 062	37 349 062

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32. Financial instruments disclosure (continued)

Financial liabilities

	At fair value	Total
Trade and other payables from exchange transactions	28 134 008	28 134 008

Residual interest

	At fair value	Total
Share capital / contributed capital	10	10
Investment from Shareholder	1 784 049	1 784 049
	1 784 059	1 784 059

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.

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
Licences	634 536
Repairs and maintenance	583 153
	1 217 689

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	11 618 438
Contributions to marketing partners/arrangements for productions	2 597 919
	14 216 357

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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
Electronic SA	2 246
Dede Development	17 967
Lexis Nexis	86 535
DWR Distributors	244 562
Fire Designs Houses	5 279
Deloitte Consulting	88 550
Slojo	120 960
Ola Cool Runners	78 112
Pilot Software	43 086
The Flavour Lab Production	220 259
Frozen Drinks	781 507
Service First GP	80 446
	1 769 509

34. Irregular expenditure

Opening balance as previously reported	-	5 932 307
Add: Irregular expenditure identified in the current year	4 914 828	-
Add: Irregular expenditure identified in the current year relating to prior period	668 093	-
Less: Amount written off - current	-	(5 932 307)
Closing balance	5 582 921	-
Details of Irregular Expenditure - Current and Prior year		
Fleet Cost	5 582 921	-

Irregular expenditure(Non-compliance with laws and regulations)-City of Johannesburg centralised the contract for the provision of fleet services , entities were directed to use the centralized fleet contract that COJ has with Afrirent (Pty) Ltd .The contract has been declared irregular at Group level due to non-compliance.JCT incurred expenditure on this contract and is therefore required to disclose irregular expenditure.An amount of R4 914 828 was incurred in the current year for the fleet services and R 668 093 was identified in the current year relating to prior period.

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35. Segment information

Segment surplus or deficit, assets and liabilities

2024

	Joburg Theatre	Roodepoort Theatre	Soweto Theatre	Total
Revenue				
Revenue from non-exchange transactions	160 225 825	14 102 439	26 853 733	201 181 997
Revenue from exchange transactions	88 811 788	2 765 403	2 819 426	94 396 617
Interest revenue	8 820 185	-	-	8 820 185
Total segment revenue	257 857 798	16 867 842	29 673 159	304 398 799
Expenditure				
Salaries and wages	112 588 093	9 782 879	12 988 208	135 359 180
Depreciation	1 354 520	214 601	501 105	2 070 226
Transfers and Subsidies	20 335 457	-	-	20 335 457
General Expenses	122 617 086	6 555 060	12 135 113	141 307 259
Total segment expenditure	256 895 156	16 552 540	25 624 426	299 072 122
Total segment expenditure as per Statement of financial performance	(256 895 156)	(16 552 540)	(25 624 426)	(299 072 122)
Total segmental surplus/(deficit)	962 642	315 302	4 048 733	5 326 677
Income tax expense				1 472 643
Assets				
Current Assets	44 670 440	-	-	44 670 440
Non Current Assets	18 603 200	1 042 034	6 683 319	26 328 553
Total segment assets	63 273 640	1 042 034	6 683 319	70 998 993
Total assets as per Statement of financial Position				70 998 993
Liabilities				
Current Liabilities	34 277 723	-	-	34 277 723
Non Current Liabilities	7 409 030	-	-	7 409 030
Total segment liabilities	41 686 753	-	-	41 686 753
Total liabilities as per Statement of financial Position				41 686 753

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Figures in Rand

35. Segment information (continued)

2023

	Joburg Theatre	Roodepoort Theatre	Soweto Theatre	Total
Revenue				
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
Total segment revenue	241 697 287	16 909 869	28 251 758	286 858 914
	-	-	-	-
Expenditure				
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)
Transfer and Subsidies	(22 551 296)	-	-	(22 551 296)
General Expenses	(126 139 195)	(6 501 763)	(11 186 546)	(143 827 504)
Total segment expenditure	(246 287 540)	(14 779 038)	(22 598 906)	(283 665 484)
Total segmental surplus/(deficit)	(4 590 253)	2 130 831	5 652 852	3 193 430
Income tax expense				915 410
Assets				
Current Assets	48 967 739	-	-	48 967 739
Non Current Assets	11 115 659	1 760 572	6 914 345	19 790 576
Total segment assets	60 083 398	1 760 572	6 914 345	68 758 315
Total assets as per Statement of financial Position				68 758 315
Liabilities				
Current Liabilities	37 351 061	-	-	37 351 061
Non Current Liabilities	5 936 387	-	-	5 936 387
Total segment liabilities	43 287 448	-	-	43 287 448
Total liabilities as per Statement of financial Position				43 287 448

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36. Commitments		
Commitments in respect of capital expenditure:		
Authorised and contracted for		
• Property, plant and equipment	6 494 493	3 799 498
Total capital commitments	6 494 493	3 799 498
Already contracted for but not provided for	6 494 493	3 799 498
Authorised operational expenditure		
Already contracted for but not provided for		
• Consultant and other contracted services	809 964	1 348 877
• Cash Vaults	37 942	138 277
• Fleet	8 279 631	11 285 393
	9 127 537	12 772 547
Total operational commitments	9 127 537	12 772 547
Already contracted for but not provided for	9 127 537	12 772 547
Total commitments		
Total commitments		
Authorised capital expenditure	6 494 493	3 799 498
Authorised operational expenditure	9 127 537	12 772 547
	15 622 030	16 572 045

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 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 the 25th of 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, Clyde & Co (COJ lawyers) provided JCT with the 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.

Developments post 31 August 2024

In October 2024, Joburg City Theatres attorneys and Sarah Elizabeth Bosch attorneys reached a settlement of R 7 120 000, City of Johannesburg Metropolitan Municipality will cover the settlement amount and the legal fees for Joburg City Theatre (Soc) Ltd attorneys. COJ will pay R1 000 000 excess from the reserves which JCT already contribute to. There are no financial implications for JCT as the settlement will be paid by COJ.

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2023

38. Subsequent Events

The retirements and appointments of new board of directors of JCT was on the 31 of July 2024. The following directors have retired: (Ms. Delisiwe Mabena, Mr. Thembinkosi Mbede, Ms. Ziyanda Mncaca, Mr. Thapelo Chokobane, Ms. Johanna Mapeko, Mr. Ben Mothupi and the following directors have been appointed - (Mr. Godfrey Katsana - Chairperson(NED)(Retained), Mr. Orapeleng Ramagaga(NED)(Retained), Ms. Pamela Ndlovu(NED)(Retained), Ms. Bonga Kweyama(NED)(Retained)), Mr. Sibusiso Xaba(NED)(Retained), Ms. Virginia Tselane(NED)(New), Ms. Candice Patricia Savage(NED)(New), Ms. Bernice Dollie(NED)(New), Ms. Sherray Peterson(NED)(New), Ms. Andile Ledwaba(NED)(New), Ms. Rabone Moripe(NED)(New), Mr. Elfias Muhauli(IAC)(Retained), Mr. Thomas Sbangwana (IAC)(Retained) and Adv. Sarika Singh (IAC)(Retained). Apart from the above mentioned resignations, the Directors are not aware of any matter or circumstance arising since the end of the financial year unless otherwise it is stated in the annual financial statements, which significantly affects the financial position of the company or results of its operations that would require adjustments to or disclosure in the annual financial statements

Litigation and Claim

A public liability claim of R9 020 000 was lodged against Joburg City Theatres (Soc) Ltd by Sarah Elizabeth Bosch after she fell in to the orchestra pit on the 8th of October 2016.

In October 2024, Joburg City Theatres attorneys and Sarah Elizabeth Bosch attorneys reached a settlement of R 7 120 000, City of Johannesburg Metropolitan Municipality will cover the settlement amount and the legal fees for Joburg City Theatre (Soc) Ltd attorneys. COJ will pay R1 000 000 excess from the reserves which JCT already contribute to. There are no financial implications for JCT as COJ will pay the settlement. It should be noted that this is non - adjusting event.

39. 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 agreement 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 provided the transactions that relate to the arrangement:

Revenue:	2024	2023
Ticketing income	1 845 005	1 069 252
Expenditure		
Ticketing fee	1 388 683	128 129

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 the service provider 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.