

# **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 2025**

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## General Information

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**Nature of business and principal activities**

Entertainment and Hospitality

**Directors**

Mr Godfrey Katsana (Chairperson)	Retained on 31 July 2024
Mr Orapeleng Ramagaga CA(SA)	Retained on 31 July 2024
Ms Pamela Ndlovu (State Official)	Retained on 31 July 2024
Ms Bonga Kweyama	Retained on 31 July 2024
Mr Sibusiso Xaba (State Official)	Retained on 31 July 2024
Ms Delisiwe Mabena (State Official)	Retired on 31 July 2024
Mr Thembinkosi Mbeda	Retired on 31 July 2024
Mr Thapelo Chokobane	Retired on 31 July 2024
Ms Johanna Mapeko	Retired on 31 July 2024
Ms Ziyanda Mncanca	Retired on 31 July 2024
Mr Ben Mothupi	Retired on 31 July 2024
Ms Sherry Petersen	Appointed on 31 July 2024
Ms Candice Patricia Savage	Appointed on 31 July 2024
Ms Bernice Dollie	Appointed on 31 July 2024
Ms Andile Victoria Ledwaba	Appointed on 31 July 2024
Mr Rabone Moripe	Appointed on 31 July 2024
Ms Virginia Tselane Magale	Appointed on 31 July 2024
Ms Xoliswa Nduneni-Ngema (CEO)	
Mr Vukani Magubane (CFO)	

**Registered office**

163 Civic Boulevard  
Braamfontein  
Johannesburg  
2017

**Business address**

163 Civic Boulevard  
Braamfontein  
Johannesburg  
Gauteng  
2017

**Postal address**

PO BOX 31900  
Braamfontein  
Johannesburg  
Gauteng  
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

**Company Secretary**

Ms. Nare Mokgobi

**Company Registration**

2000/013032/07

# Joburg City Theatres (SOC) Limited

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# Joburg City Theatres (SOC) Limited

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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

# Joburg City Theatres (SOC) Limited

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

# Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

## Directors' Responsibilities and Approval

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The Directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Directors 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 were given unrestricted access to all financial records and related data.

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

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

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the 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 2025/2026 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 municipal entity has neither the intention nor the need to liquidate.

The annual financial statements set out from page 9, which have been prepared on the going concern basis, were approved by the Board of Directors.



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**Xoliswa Nduneni-Ngema**  
Chief Executive Officer (CEO)



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**Mr. Godfrey Katsana (Chairperson)**  
Board of Directors

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Audit and Risk Committee Report

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The Audit and Risk Committee Chairperson, acting on behalf of the committee, is pleased to present the committee's report on the annual financial statements for the financial year ended 30 June 2025 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, the committee held 7 meetings of which the members attended as follows:

Name of member	Number of Meetings Attended	
Mr Orapeleng Ramagaga (Non-Executive Director) (Chairperson) CA(SA)	7	Retained on 31 July 2024
Mr Rabone Moripe (Non-Executive Director)	5	Appointed on 31 July 2024
Ms Virginia Tselane Magale (Non-Executive Director)	6	Appointed on 31 July 2024
Ms Ziyanda Mncanca (Non-Executive Director)	1	Retired on 31 July 2024
Mr Ben Mothupi (Non-Executive Director)	1	Retired on 31 July 2024
Ms Sarika Singh (Independent Audit Committee Member)	7	Retained on 31 July 2024
Mr Elfias Muhauli (Independent Audit Committee Member)	7	Retained on 31 July 2024

### 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 Theatres assets are safeguarded;
- Has oversight of fraud and information technology risks in so far as these impact on the financial reporting process;
- Confirms the nomination and appointment of the external auditor;
- Ensuring such appointment is legislatively compliant;
- Approves the terms of engagement and fees of the external auditor as recommended by management;
- Defines and considers the non-audit services that may be rendered by the external auditor;
- Considers the external auditor's findings arising from the annual financial statement audit
- Monitors the functioning and approves the coverage plan of the internal audit department;
- Reviews risk management and tax compliance programmes and initiatives;
- Reviews the expertise, resources and experience of the Joburg City Theatres finance function and its Chief Financial Officer and;
- Reviews and recommends to the board the approval of the Joburg City Theatres Integrated Report.

# Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

## Audit and Risk Committee Report

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### 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 City Theatres aims to maintain a high standard of internal controls. The sound control environment in the Joburg City Theatres 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 City Theatres 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 City Theatres 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 City Theatres 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 City Theatres 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.

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Audit and Risk Committee Report

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### Audit and Risk Committee Report

The Audit and Risk Committee has met with the Auditor General of South Africa to ensure that there are no unresolved issues. The Audit and Risk Committee is of 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 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 City Theatres (SOC) Ltd's external auditor is Auditor General of South Africa. Fees paid to the auditor are detailed in note 24 of the Joburg City Theatres (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 City Theatres, and its management, and are therefore able to express an independent opinion on the fair presentation of Joburg City Theatres annual financial statements. The external auditor has unrestricted access to Joburg City Theatres 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 City Theatres 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 City Theatres 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 City Theatres (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 2025.



Chairperson of the Audit and Risk Committee

Date: 02 DECEMBER 2025

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Directors' Report

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The Directors submit their report for the year ended 30 June 2025.

### 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 municipality operates under four business units: Joburg Theatre, Soweto Theatre, Roodepoort Theatre and hospitality and catering. The primary business of Joburg City Theatres is to present and host productions from internally developed to externally produced shows. Hospitality and catering as a secondary business has grown substantially over the last 12 (twelve) years. Joburg City Theatres (SOC) Ltd trading as JCT is a wholly owned subsidiary of the City of Johannesburg Metropolitan Municipality.

Net surplus of the municipal entity was R 3 085 881 after taxation of R 1 143 670 (whilst in **2024**: Net surplus of R 3 854 034, after taxation of R 1 472 643).

### 3. Going concern

We draw attention to the fact that at 30 June 2025, the municipal entity had an accumulated surplus of R 30 626 725 and that the municipal entity's total assets exceed liabilities by R 32 410 784.

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. JCT also generates revenue from its operations including interest on investments.

The Board of Directors of Joburg City Theatres has considered the budgets and forecasts for the 2025/26 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 buildings based on lease agreements 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 is 20 years which commenced on the 17 September 2020. The right of use of the building for Soweto Theatre is 20 years with the commencement date of 21 October 2020 which include the management and use of Amphitheatre. The agreement for Roodepoort Theatre on the right of use of the building is 20 years.

### 4. Accounting policies

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

### 5. Share capital

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

### 6. 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.

### 7. Distributions to owners

Joburg City Theatres as a Municipal Entity does not declare dividends.

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Directors' Report

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### 8. Directors

The Directors of the municipal entity during the year under review are as follows:

Name	Nationality	Changes
Mr Godfrey Katsana (Chairperson)	South African	Retained on 31 July 2024
Mr Orapeleng Ramagaga CA(SA)	South African	Retained on 31 July 2024
Ms Pamela Ndlovu (State Official)	South African	Retained on 31 July 2024
Ms Bonga Kweyama	South African	Retained on 31 July 2024
Mr Sibusiso Xaba (State Official)	South African	Retained on 31 July 2024
Ms Delisiwe Mabena (State Official)	South African	Retired on 31 July 2024
Mr Thembinkosi Mbeda	South African	Retired on 31 July 2024
Mr Thapelo Chokobane	South African	Retired on 31 July 2024
Ms Johanna Mapeko	South African	Retired on 31 July 2024
Ms Ziyanda Mncanca	South African	Retired on 31 July 2024
Mr Ben Mothupi	South African	Retired on 31 July 2024
Ms Sherry Petersen	South African	Appointed on 31 July 2024
Ms Candice Patricia Savage	South African	Appointed on 31 July 2024
Ms Bernice Dollie	South African	Appointed on 31 July 2024
Ms Andile Victoria Ledwaba	South African	Appointed on 31 July 2024
Mr Rabone Moripe	South African	Appointed on 31 July 2024
Ms Virginia Tselane Magale	South African	Appointed on 31 July 2024
Ms Xoliswa Nduneni-Ngema (CEO)	South African	Appointed on 31 July 2024
Mr Vukani Magubane (CFO)	South African	

### 9. Company Secretary

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

Business address

Joburg Theatre Complex  
163 Civic Boulevard  
Braamfontein  
Johannesburg  
2017

Postal address

P O Box 31900  
Braamfontein  
Johannesburg  
2017

### 10. 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

# Joburg City Theatres (SOC) Limited

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## Directors' Report

### 10. Corporate Governance (continued)

#### Chairperson and Chief Executive Officer

The Chairperson is a non-executive and an 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.

#### 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 9 occasions. Other constitutes of the following: Group Audit Committee (GAC), Group Risk Governance Committee (GRGC), Business Plan & Board Risk Assessment Workshop and Executives performance evaluation.

Name	Board Meeting	Audit and Risk Committee meeting	Remuneration, Social & Ethics Committee meeting	Other	Chairperson Meetings
Total number of meetings held	9	7	5	13	4
Mr Godfrey Katsana (Chairperson)	9	-	-	2	4
Mr Orapeleng Ramagaga (ARC Chairperson)	9	7	-	12	-
Ms Pamela Ndlovu	9	-	5	-	-
Ms Bonga Kweyama	9	-	5	-	-
Mr Sibusiso Xaba (State Official)	9	-	5	-	-
Ms Delisiwe Mabena (State Official)	1	-	-	-	-
Mr Thembinkosi Mbeda	1	-	1	-	-
Ms Ziyanda Mncanca	1	1	-	-	-
Mr Thapelo Chokobane	1	-	1	-	-
Ms Johanna Mapeko	1	-	1	-	-
Mr Ben Mothupi	1	1	-	-	-
Ms Sherry Petersen	8	-	4	-	-
Ms Candice Patricia Savage	8	-	4	-	-
Ms Bernice Dollie	8	-	4	-	-
Ms Andile Victoria Ledwaba	8	-	4	-	-
Mr Rabone Moripe	8	5	-	-	-
Ms Virginia Tselane Magale	8	6	-	-	-
Ms Xoliswa Nduneni-Ngema (CEO)	9	7	5	-	-
Mr Vukani Magubane (CFO)	9	7	5	-	-

#### 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 Virginia Tselane Magale (NED Member) appointed 31 July 2024, Mr Rabone Moripe (NED Member) appointed 31 July 2024, Ms Sarika Singh (IAC Member) and Mr Elfes Muhauli (IAC Member). The following members retired on 31 July 2024, Ms Ziyanda Mncanca (NED Member) and Mr Ben Mothupi (NED Member).

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 31 July 2024 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.

# **Joburg City Theatres (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## **Directors' Report**

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### **10. Corporate Governance (continued)**

#### **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.

### **11. Controlling entity**

The municipal entity's controlling entity is The City of Johannesburg Metropolitan Municipality incorporated in South Africa.

### **12. Bankers**

Nedbank Limited

Investec Limited

### **13. Auditors**

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

## **Joburg City Theatres (SOC) Limited**

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

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

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

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



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**Ms. Nare Mokgobi**  
Company Secretary

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Statement of Financial Position as at 30 June 2025

Figures in Rand	Note(s)	2025	2024
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	9 508 428	12 150 153
Receivables from exchange transactions	3	40 695 813	12 070 957
VAT receivable	4	-	1 621 087
Cash and cash equivalents	5	19 271 108	18 828 243
		<b>69 475 349</b>	<b>44 670 440</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	6	28 343 147	24 460 087
Intangible assets	7	1 694 606	278 430
Heritage assets	8	1 602 700	1 602 700
		<b>31 640 453</b>	<b>26 341 217</b>
<b>Total Assets</b>		<b>101 115 802</b>	<b>71 011 657</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	9	54 277 031	29 135 152
VAT payable	10	19 277	-
Provisions	11	5 856 010	5 142 573
		<b>60 152 318</b>	<b>34 277 725</b>
<b>Non-Current Liabilities</b>			
Deferred tax	12	8 552 700	7 409 030
<b>Total Liabilities</b>		<b>68 705 018</b>	<b>41 686 755</b>
<b>Net Assets</b>		<b>32 410 784</b>	<b>29 324 902</b>
Share capital	34	10	10
Investment from Shareholder	33	1 784 049	1 784 049
Accumulated surplus		30 626 725	27 540 843
<b>Total Net Assets</b>		<b>32 410 784</b>	<b>29 324 902</b>

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Ticketing services	13	1 692 439	1 845 005
Hospitality and Catering Services	13	60 327 671	59 468 978
Rental of facilities and equipment	13	8 494 389	7 416 029
Arts Alive	13	14 273 712	12 375 791
In-house ticket sales	13	11 137 566	8 384 885
Other income	14	15 876 865	4 905 929
Interest received - investment	15	7 142 239	8 820 185
<b>Total revenue from exchange transactions</b>		<b>118 944 881</b>	<b>103 216 802</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Subsidy	16	208 443 000	201 181 997
<b>Total revenue</b>	13	<b>327 387 881</b>	<b>304 398 799</b>
<b>Expenditure</b>			
Employee related costs	17	(154 370 417)	(135 359 181)
Depreciation and amortisation	18	(2 699 213)	(2 070 225)
Bad debts written off	19	(1 044 110)	-
Transfers and Subsidies	20	(21 162 791)	(20 335 457)
General Expenses	21	(143 881 799)	(141 307 259)
<b>Total expenditure</b>		<b>(323 158 330)</b>	<b>(299 072 122)</b>
<b>Surplus before taxation</b>		<b>4 229 551</b>	<b>5 326 677</b>
Taxation	22	(1 143 670)	(1 472 643)
<b>Surplus for the year</b>		<b>3 085 881</b>	<b>3 854 034</b>

## Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

### Statement of Changes in Net Assets

	Share capital	Investment from Shareholder	Accumulated surplus / deficit	Total net assets
Figures in Rand				
<b>Balance at 01 July 2023</b>	<b>10</b>	<b>1 784 049</b>	<b>23 686 809</b>	<b>25 470 868</b>
Changes in net assets				
Surplus for the year	-	-	3 854 034	3 854 034
Total changes	-	-	3 854 034	3 854 034
<b>Balance at 01 July 2024</b>	<b>10</b>	<b>1 784 049</b>	<b>27 540 844</b>	<b>29 324 903</b>
Changes in net assets				
Surplus for the year	-	-	3 085 881	3 085 881
Total changes	-	-	3 085 881	3 085 881
<b>Balance at 30 June 2025</b>	<b>10</b>	<b>1 784 049</b>	<b>30 626 725</b>	<b>32 410 784</b>
Note(s)	34	33		

# Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

## Cash Flow Statement

Figures in Rand	Note(s)	30 June 2025	30 June 2024
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		83 747 276	103 142 149
Grants		208 443 000	201 181 997
Interest income		7 149 726	8 820 185
		<u>299 340 002</u>	<u>313 144 331</u>
<b>Payments</b>			
Employee costs		(152 882 430)	(134 148 456)
Suppliers		(138 016 259)	(168 079 717)
		<u>(290 898 689)</u>	<u>(302 228 173)</u>
<b>Net cash flows from operating activities</b>	23	<b><u>8 441 313</u></b>	<b><u>10 916 158</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(6 319 542)	(8 620 865)
Purchase of other intangible assets	7	(1 678 906)	-
<b>Net cash flows from investing activities</b>		<b><u>(7 998 448)</u></b>	<b><u>(8 620 865)</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>442 865</b>	<b>2 295 293</b>
Cash and cash equivalents at the beginning of the year		18 828 243	16 532 950
<b>Cash and cash equivalents at the end of the year</b>	5	<b><u>19 271 108</u></b>	<b><u>18 828 243</u></b>

## Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

### 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

#### Statement of Financial Performance

##### Revenue

##### Revenue from exchange transactions

Ticketing Services	1 336 000	-	1 336 000	1 692 439	356 439	1
Hospitality and Catering services	10 825 000	61 349 000	72 174 000	60 327 671	(11 846 329)	2
Rental of facilities and equipment	5 179 000	-	5 179 000	8 494 389	3 315 389	3
Arts Alive	12 464 000	-	12 464 000	14 273 712	1 809 712	4
In-house ticket sales	9 369 000	-	9 369 000	11 137 566	1 768 566	5
Other income	9 820 719	-	9 820 719	15 876 865	6 056 146	6
Interest received - investment	5 167 281	-	5 167 281	7 142 239	1 974 958	7
<b>Total revenue from exchange transactions</b>	<b>54 161 000</b>	<b>61 349 000</b>	<b>115 510 000</b>	<b>118 944 881</b>	<b>3 434 881</b>	

##### Revenue from non-exchange transactions

Subsidy	205 358 000	3 085 000	208 443 000	208 443 000	-	
<b>Total revenue</b>	<b>259 519 000</b>	<b>64 434 000</b>	<b>323 953 000</b>	<b>327 387 881</b>	<b>3 434 881</b>	

##### Expenditure

Employee related cost	(115 830 000)	(3 085 000)	(118 915 000)	(154 370 417)	(35 455 417)	8
Depreciation and amortisation	(2 858 000)	-	(2 858 000)	(2 699 213)	158 787	9
Bad debts written off	-	-	-	(1 044 110)	(1 044 110)	10
Transfers and Subsidies	(20 684 000)	-	(20 684 000)	(21 162 791)	(478 791)	11
General Expenses	(120 147 000)	(61 349 000)	(181 496 000)	(143 881 799)	37 614 201	12
<b>Total expenditure</b>	<b>(259 519 000)</b>	<b>(64 434 000)</b>	<b>(323 953 000)</b>	<b>(323 158 330)</b>	<b>794 670</b>	
<b>Surplus before taxation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 229 551</b>	<b>4 229 551</b>	
Taxation	-	-	-	1 143 670	1 143 670	
<b>Surplus for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 085 881</b>	<b>3 085 881</b>	

#### Explanation of major variances between budget and actual amounts

1. Ticketing Services - The entity achieved a favourable variance of 27%, primarily attributable to ticket sales generated from fixed rental shows and revenue-sharing arrangements with show producers.

2. Hospitality and Catering Services - The unfavourable variance in this line item is primarily due to the stringent expenditure management directive issued by the City of Johannesburg (COJ). As COJ is JCT's largest client, this directive led to a reduction in activities within the hospitality and catering department.

3. Rental of Facilities and Equipment - The entity delivered a strong performance in this category, exceeding the planned target by 64%. The positive variance was largely driven by income from fixed rental shows and revenue-sharing arrangements with tenant producers.

4. Arts Alive - Joburg City Theatres was appointed by the COJ Community Development Department to implement the Arts Alive programmes on its behalf. A Service Level Agreement (SLA) was established between the two departments, and additional funding was subsequently made available by COJ Community Development for the implementation of extra programmes.

## Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

### 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

5. In - house Ticket Sales - Ticket sales achieved a favourable variance of 19%, marking a significant improvement compared to last year's performance, which reflected a 7% unfavourable variance.

6. Other Income - A favourable variance of 62% was recorded on this line item, primarily driven by special projects undertaken during the 2024/25 financial year.

7. Interest received from investments - The target of R5.1 million was exceeded by R1.9 million (38%), driven by more favourable interest rates negotiated with banks and increased revenue generated during the current financial year.

8. Employee Related Cost - The 30% unfavourable variance is primarily attributable to the COJ introduced extra allowances for insourced employees, including night shift, Sunday shift and danger allowances. A further contributing factor is the misalignment between employees' contractual working hours and the theatre's operating hours, leading to additional costs such as overtime for weekend work.

9. Depreciation and Amortisation - Following the annual physical verification and condition assessment of its assets, the entity reassessed the useful lives of certain asset categories. The extension of these useful lives resulted in a reduction in depreciation expense.

10. Bad debts written - off - The variance is due to bad debts written - off, which was necessary for unforeseen irrecoverable debts identified during the year. The write - off is in line with the entity's finance management policy.

11. Transfers and Subsidies - This line item reflects an unfavorable variance of 3%, attributed to the interest paid to the Johannesburg Philharmonic and Joburg Ballet. JCT pays these organizations a quarterly subsidy, despite receiving the annual subsidy at the beginning of the new financial year, resulting in the interest payment.

12. General Expenditure - Savings on this line item were driven by reduced spending across several areas, including repairs and maintenance, hospitality and catering and in-house productions.

## Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

### Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2025</b>											
<b>Financial Performance</b>											
Investment revenue	5 167 281	-	5 167 281	-	-	5 167 281	7 142 239	-	1 974 958	138 %	138 %
Transfers recognised - operational	205 358 000	3 085 000	208 443 000	-	-	208 443 000	208 443 000	-	-	100 %	102 %
Other own revenue	48 993 719	61 349 000	110 342 719	-	-	110 342 719	111 802 642	-	1 459 923	101 %	228 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>259 519 000</b>	<b>64 434 000</b>	<b>323 953 000</b>	<b>-</b>	<b>-</b>	<b>323 953 000</b>	<b>327 387 881</b>	<b>-</b>	<b>3 434 881</b>	<b>101 %</b>	<b>126 %</b>
Employee related costs	(115 830 000)	(3 085 000)	(118 915 000)	-	-	(118 915 000)	(154 370 417)	-	(35 455 417)	130 %	133 %
Depreciation and amortisation	(2 858 000)	-	(2 858 000)	-	-	(2 858 000)	(2 699 213)	-	158 787	94 %	94 %
Bad debts written off	-	-	-	-	-	-	(1 044 110)	-	(1 044 110)	100 %	100 %
Transfers and Subsidies	(20 684 000)	-	(20 684 000)	-	-	(20 684 000)	(21 162 791)	-	(478 791)	102 %	102 %
General expenses	(120 147 000)	(61 349 000)	(181 496 000)	-	-	(181 496 000)	(143 881 799)	-	37 614 201	79 %	120 %
<b>Total expenditure</b>	<b>(259 519 000)</b>	<b>(64 434 000)</b>	<b>(323 953 000)</b>	<b>-</b>	<b>-</b>	<b>(323 953 000)</b>	<b>(323 158 330)</b>	<b>-</b>	<b>794 670</b>	<b>100 %</b>	<b>125 %</b>
Taxation	-	-	-	-	-	-	1 143 670	-	1 143 670	(100)%	(100)%
<b>Surplus/(Deficit) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 085 881</b>	<b>-</b>	<b>3 085 881</b>	<b>100 %</b>	<b>100 %</b>
<b>Capital expenditure and funds sources</b>											
<b>Sources of capital funds</b>											
Internally funded CAPEX	10 000 000	-	10 000 000	-	-	10 000 000	7 998 448	-	(2 001 552)	80 %	80 %

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024
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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.

#### 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.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

#### Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### 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 an 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

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Useful lives of assets

The entity's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. The estimates are based on industry norms and expected usage or benefits to be derived from them. Useful lives are reviewed at least once annually.

#### 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.

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, its 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.

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1.4 Property, plant and equipment (continued)

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.

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).

### 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.

# Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1.5 Intangible assets (continued)

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale,
- there is an intention to complete and use or sell it,
- there is an ability to use or sell it,
- it will generate probable future economic benefits or service potential,
- there are available technical, financial and other resources to complete the development and to use or sell the asset,
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Computer software, other	Straight-line	5-8 years

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### 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.

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1.6 Heritage assets (continued)

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.

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

Average useful life of Heritage Assets is indefinite.

#### Recognition

The 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

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1.7 Financial instruments (continued)

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.

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.

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### 1.8 Statutory receivables (continued)

#### 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

Where the municipal entity is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

#### Impairment losses

The municipal entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired:

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the municipal entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent,
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the municipal entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

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

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

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

#### Derecognition

The municipal entity derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipal entity transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

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### 1.8 Statutory receivables (continued)

- 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.

### 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.

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### 1.10 Leases (continued)

#### 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.

#### 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.

Work in progress is included in inventories and represents production costs incurred for shows that will be staged in future periods. These costs are recognised as WIP as at year end where the production is incomplete and the related performance and revenue recognition will occur in the following financial year.

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### 1.11 Inventories (continued)

WIP includes direct costs such as set design, costume production, artist fees, venue costs and technical preparation expenses incurred prior to opening of the show.

WIP is carried at cost and is recognised as an expense in the prior period in which the related show is performed and the associated revenue is recognised. If it is determined that a show will no longer be staged, the related WIP is written off to the statement of financial performance in the period such a decision is made.

### 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.

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.

### 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

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

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

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

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

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

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

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### 1.13 Impairment of non-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 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 municipal entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

There were no impairment of non-generating assets for JCT 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.

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### 1.15 Employee benefits

#### Short-term employee benefits

Short-term employee benefits include items such as the following, if expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related services: (a) wages, salaries and social-security contributions; (b) paid annual leave and paid sick leave; (c) bonus, incentive and performance related payments; and (d) non-monetary benefits such as medical care, housing, cars and free or subsidised goods or services for current employees. An entity need not reclassify a short-term employee benefit if the entity's expectations of the timing of settlement change temporarily. However, if the characteristics of the benefit change (such as a change from a non-accumulating benefit to an accumulating benefit) or if a change in expectations of the timing of settlement is not temporary, then the entity considers whether the benefit still meets the definition of short-term employee benefits.

The cost of short-term employee benefits 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 retirements benefit plans are recognised 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.

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#### 1.16 Provisions and contingencies (continued)

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.

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 municipal entity 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

Revenue arising from the use by others of entity assets yielding interest 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.

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

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

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset shall be 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 recognise an amount of revenue equal to that reduction.

As the municipal entity recognises an increase in net assets as a result of a non-exchange transaction, it recognises revenue. If it has recognised a liability in respect of the inflow of resources arising from the non-exchange transaction, when the liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, it recognises revenue. If an inflow of resources satisfies the definition of contributions from owners, it is not recognised as a liability or revenue.

#### 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 Expenditure

#### Grants and subsidies paid

Grants and subsidies paid are recognised as expenses when the payment obligation arises, and the amount can be measured reliably. These payments represent financial support to external entities, such as arts and cultural organisations, in line with the mandate and objectives of the entity.

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### 1.19 Expenditure (continued)

Grants and subsidies are measured at the fair value of the amount paid and are disclosed under "Grants and Subsidies Paid" in the financial statements. A breakdown of these amounts is provided in the relevant note, see Note 20.

#### General expenses

General expenses are recognised on the accrual basis when incurred and measured at the fair value of the amount paid or payable. These expenses include costs such as administrative services, utilities, travel, professional fees, and other operational costs. A detailed breakdown is provided in Note 21 of the financial statements.

### 1.20 Investment income

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

### 1.21 Comparative figures

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

### 1.22 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).

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.

### 1.23 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.

### 1.24 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 be 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.

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1.24 Irregular expenditure (continued)

### 1.25 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.

#### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

The Municipal entity shall provide an explanation of the measurements of segment surplus or deficit, segment assets and segment liabilities for each reportable segment. The Municipal entity shall disclose at least the following.

- a) The basis of accounting for any transactions between reportable segments.
- b) The nature of any differences between the measurements of the reportable segments' surplus or deficit and the entity's surplus or deficit and discontinued operations (if not apparent from the reconciliations described in paragraph .27). Those differences could include accounting policies and policies for allocation of centrally incurred costs that are necessary for an understanding of the reported segment information.
- c) The nature of any differences between the measurements of the reportable segments' assets and the entity's assets (if not apparent from the reconciliations described in paragraph .27). Those differences could include accounting policies and policies for allocation of jointly-used assets that are necessary for an understanding of the reported segment information.
- d) The nature of any differences between the measurements of the reportable segments' liabilities and the entity's liabilities (if not apparent from the reconciliations described in paragraph .27). Those differences could include accounting policies and policies for allocation of jointly-utilised liabilities that are necessary for an understanding of the reported segment information.
- e) The nature of any changes from prior periods in the measurement methods used to determine reported segment surplus or deficit and the effect, if any, of those changes on the measure of segment surplus or deficit.
- f) The nature and effect of any asymmetrical allocations to reportable segments. For example, an entity might allocate depreciation expense to a segment without allocating the related depreciable assets to that segment.

### 1.26 Budget information

Municipal entities 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.

## Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

### Significant Accounting Policies

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#### 1.26 Budget information (continued)

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

The approved budget covers the fiscal period from 01/07/2024 to 30/06/2025 while the approved opex budget covers 2024/25 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.

#### 1.27 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 25 together with their transactions and balances.

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Significant Accounting Policies

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### 1.28 Amendments to Standards of GRAP 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

# Joburg City Theatres (SOC) Limited

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## Significant Accounting Policies

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### 1.29 GRAP Standards Approved and Effective

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange 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 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
GRAP 103	Heritage Assets

## **Joburg City Theatres (SOC) Limited**

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Annual Financial Statements for the year ended 30 June 2025

### **Significant Accounting Policies**

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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
iGRAP 22	Foreign Currency Transactions and Advance Considerations

## Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand	30 June 2025	30 June 2024
<b>2. Inventories</b>		
Work in progress	7 794 026	10 356 867
Consumable stores	287 627	512 029
Trading Stock	1 426 775	1 281 257
	<b>9 508 428</b>	<b>12 150 153</b>
<b>Work in progress</b>		
Opening balance	10 356 867	7 865 465
Prior year WIP transferred	(10 356 867)	(7 865 465)
Current year WIP	7 794 026	10 356 867
	<b>7 794 026</b>	<b>10 356 867</b>
<b>Consumables</b>		
Opening balance	512 029	296 567
Stock movement for the year	(224 402)	215 462
	<b>287 627</b>	<b>512 029</b>
<b>Trading Stock - Food and Beverages</b>		
Opening balance	1 281 257	1 808 420
Stock movement for the year	145 518	(527 163)
	<b>1 426 775</b>	<b>1 281 257</b>

Joburg City Theatres operates as both receiving and production house. The expenditure on show productions prior to maturity is treated as Work In Progress (WIP) for example, Pinnochio 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.

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.

### 3. Receivables from exchange transactions

Trade debtors	2 953 809	1 555 726
Accrued Income	57 055	64 542
Related Party Debtors	37 684 949	10 450 689
	<b>40 695 813</b>	<b>12 070 957</b>

Trade and other receivables

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

Related party debtors represents the amounts owed to Joburg City Theatres by the City of Johannesburg and Municipal Entities. Included in the related party receivables is Capex, Arts Alive, hospitality and catering services and rental rendered to COJ and its municipal entities.

Debtors are measured at fair value.

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	30 June 2025	30 June 2024
<b>3. Receivables from exchange transactions (continued)</b>		
<b>Fair value of trade and other receivables</b>		
<b>Fair Value of trade and receivables</b>		
Hospitality & Catering	12 711 976	8 114 802
City of Johannesburg - CAPEX	7 521 814	-
City of Johannesburg - Entities	4 538 881	1 178 683
Other	3 010 864	2 777 472
City of Johannesburg - Departments	12 912 278	-
	<b>40 695 813</b>	<b>12 070 957</b>
<b>Debtors Age Analysis</b>		
90 Days +	3 509 396	2 743 484
60 Days	891 619	284 137
30 Days	1 186 133	376 398
Current	35 108 665	8 666 938
	<b>40 695 813</b>	<b>12 070 957</b>

The increase in accounts receivables from City of Johannesburg - CAPEX is due to an outstanding year-end balance in the current year, whereas the prior year's balance was fully settled by 30 June.

Accounts receivables categorised as other includes Cathsseta and youth month activations projects which was held in the current year.

Accounts receivable in 90+ days relate to hospitality and catering services rendered to City of Johannesburgs departments and Municipal Entities and a collection of other small account receivables. The entity believes that these amounts are still collectable and should circumstances change they will be considered for impairment in accordance with company policy. No interest is charged and there is no provision for impairment as the probability to collect is high.

### 4. VAT Receivable

VAT Control	-	1 621 087
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### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	56 018	48 616
Bank balances	19 215 090	18 779 627
	<b>19 271 108</b>	<b>18 828 243</b>

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 8.5%.

## Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand	30 June 2025			30 June 2024		
<b>5. Cash and cash equivalents (continued)</b>						
<b>The municipal entity had the following bank accounts</b>						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
Nedbank - Current Account - Joburg Theatre	1 134 574	253 880	866 214	1 134 574	253 880	866 214
Nedbank - Current Account - Roodepoort and Soweto Theatre	122 945	149 023	175 042	122 945	149 023	175 042
Nedbank - Current Account - Ticketing	162 063	463 672	163 844	162 063	463 672	163 844
Nedbank - Current Account - Hospitality and Catering	443 476	514 769	180 850	443 476	514 769	180 850
Nedbank - Investment -Account - Joburg Theatre	15 897 896	602 576	14 106 146	15 897 896	602 576	14 106 146
Nedbank - Current Account - Zoo	121 770	83 141	49 736	121 770	83 141	49 736
Nedbank - Current Account - Metro	26 076	15 519	53 255	26 076	15 519	53 255
Nedbank - Investment -Account - Roodepoort and Soweto	1 368	2 132 164	1 636	1 368	2 132 164	1 636
Nedbank - Investment -Account - Ticketing	1 303 782	435 514	442 722	1 303 782	435 514	442 722
Nedbank - Investment -Account - Hospitality and Catering	1 140	1 451	377 046	1 140	1 451	377 046
Investec - Investment	-	14 127 918	47 960	-	14 127 918	47 960
<b>Subtotal</b>	<b>19 215 090</b>	<b>18 779 627</b>	<b>16 464 451</b>	<b>19 215 090</b>	<b>18 779 627</b>	<b>16 464 451</b>
Cash on hand	56 018	48 616	68 499	56 018	48 616	68 499
<b>Total</b>	<b>19 271 108</b>	<b>18 828 243</b>	<b>16 532 950</b>	<b>19 271 108</b>	<b>18 828 243</b>	<b>16 532 950</b>

## Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 6. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold improvements	6 087 115	(3 598 732)	2 488 383	5 580 674	(3 133 950)	2 446 724
Furniture and fixtures	10 027 008	(2 824 433)	7 202 575	6 908 000	(2 199 739)	4 708 261
Motor vehicles	152 536	(86 859)	65 677	152 536	(75 117)	77 419
IT equipment	5 461 543	(2 882 544)	2 578 999	5 355 885	(2 529 375)	2 826 510
Electrical Infrastructure	4 772 606	(132 152)	4 640 454	2 566 210	(63 986)	2 502 224
Stage equipment	19 042 923	(7 675 864)	11 367 059	18 660 881	(6 761 932)	11 898 949
<b>Total</b>	<b>45 543 731</b>	<b>(17 200 584)</b>	<b>28 343 147</b>	<b>39 224 186</b>	<b>(14 764 099)</b>	<b>24 460 087</b>

#### Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Depreciation	Total
Leasehold improvements	2 446 724	506 440	(464 781)	2 488 383
Furniture and fixtures	4 708 261	3 119 007	(624 693)	7 202 575
Motor vehicles	77 419	-	(11 742)	65 677
IT equipment	2 826 510	105 657	(353 168)	2 578 999
Electrical Infrastructure	2 502 224	2 206 396	(68 166)	4 640 454
Stage equipment	11 898 949	382 042	(913 932)	11 367 059
	<b>24 460 087</b>	<b>6 319 542</b>	<b>(2 436 482)</b>	<b>28 343 147</b>

## Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

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Figures in Rand

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#### 6. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Total
Leasehold improvements	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
	<b>17 802 672</b>	<b>8 620 865</b>	<b>(1 963 450)</b>	<b>24 460 087</b>

## Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 6. Property, plant and equipment (continued)

##### Maintenance of property, plant and equipment

##### Maintenance of property, plant and equipment by condition - 2025

	Preventative Maintenance			Corrective Maintenance		
	Interval Based	Condition Based	Total	Planned	Total	Total
Furniture and fixtures	-	-	-	319 814	319 814	319 814
Motor vehicles	-	-	-	19 109	19 109	19 109
IT equipment	-	-	-	90 158	90 158	90 158
Stage equipment	88 330	10 800	99 130	93 778	93 778	192 908
	<b>88 330</b>	<b>10 800</b>	<b>99 130</b>	<b>522 859</b>	<b>522 859</b>	<b>621 989</b>

##### 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
	<b>211 284</b>	<b>211 284</b>	<b>71 774</b>	<b>71 774</b>	<b>283 058</b>

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

## Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand

#### 7. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 814 576	(1 119 970)	1 694 606	1 168 627	(890 197)	278 430

#### Reconciliation of intangible assets - 2025

	Opening balance	Additions	Amortisation	Total
Computer software, other	278 430	1 678 906	(262 730)	1 694 606

#### Reconciliation of intangible assets - 2024

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

## Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

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### Notes to the Annual Financial Statements

Figures in Rand

#### 8. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Art Collections, antiquities and exhibits	1 707 700	-	1 707 700	1 707 700	-	1 707 700
Impairment Loss	-	(105 000)	(105 000)	-	(105 000)	(105 000)
<b>Total</b>	<b>1 707 700</b>	<b>(105 000)</b>	<b>1 602 700</b>	<b>1 707 700</b>	<b>(105 000)</b>	<b>1 602 700</b>

#### Reconciliation of heritage assets 2025

	Opening balance	Total
Art Collections, antiquities and exhibits	1 707 700	1 707 700
Impairment Loss	(105 000)	(105 000)
	<b>1 602 700</b>	<b>1 602 700</b>

#### Reconciliation of heritage assets 2024

	Opening balance	Total
Art Collections, antiquities and exhibits	1 707 700	1 707 700
Impairment Loss	(105 000)	(105 000)
	<b>1 602 700</b>	<b>1 602 700</b>

## Joburg City Theatres (SOC) Limited

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Annual Financial Statements for the year ended 30 June 2025

### Notes to the Annual Financial Statements

Figures in Rand	30 June 2025	30 June 2024
<b>9. Payables from exchange transactions</b>		
Trade payables	19 851 879	12 075 882
Deferred Income	277 244	1 787 784
Accrued leave pay	3 357 245	2 683 227
Sundry Creditors	4 396 499	3 743 523
Accrued 13th Cheque	970 001	869 469
Year end Accruals	478 791	918 070
Related Party	24 945 372	7 057 197
	<b>54 277 031</b>	<b>29 135 152</b>

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.

Accrued leave pay are leave balances due to employees i.e. Annual Leave and Capped Leave.

Sundry Creditors is made up of third party balances i.e. PAYE, SDL, UIF, Pension Fund, Medical Aid, Samwu and Psira.

Accrued 13th Cheque that relates to employees contractual employee benefits.

Year end accruals consist of trade creditors due to suppliers and service providers.

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

#### 10. VAT payable

VAT Control	19 277	-
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#### 11. Provisions

##### Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Total
Performance Bonus	5 142 573	8 690 500	(7 977 063)	5 856 010

##### 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

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.

# Joburg City Theatres (SOC) Limited

(Registration number 2000/013032/07)

Annual Financial Statements for the year ended 30 June 2025

## Notes to the Annual Financial Statements

Figures in Rand	30 June 2025	30 June 2024
<b>12. Deferred tax</b>		
<b>Deferred tax liability</b>		
Property, plant and equipment	3 176 550	2 751 863
Allowance for future expenditure section 24c	6 096 098	4 691 237
Accounting work in progress not constituting trading stock for tax purposes	2 104 387	2 796 354
<b>Total deferred tax liability</b>	<b>11 377 035</b>	<b>10 239 454</b>
<b>Deferred tax asset</b>		
Provisions	(2 749 479)	(2 347 723)
Deferred income	(74 856)	(482 701)
Deferred tax balance from temporary differences other than unused tax losses	(2 824 335)	(2 830 424)
<b>Total deferred tax asset</b>	<b>(2 824 335)</b>	<b>(2 830 424)</b>
Deferred tax liability	11 377 035	10 239 454
Deferred tax asset	(2 824 335)	(2 830 424)
<b>Total net deferred tax liability</b>	<b>8 552 700</b>	<b>7 409 030</b>
<b>13. Revenue</b>		
Ticketing services	1 692 439	1 845 005
Hospitality and Catering Services	60 327 671	59 468 978
Rental of facilities and equipment	8 494 389	7 416 029
Arts Alive	14 273 712	12 375 791
In-house Ticket Sales	11 137 566	8 384 885
Other income	15 876 865	4 905 929
Interest received - investment	7 142 239	8 820 185
Subsidy	208 443 000	201 181 997
	<b>327 387 881</b>	<b>304 398 799</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Ticketing services	1 692 439	1 845 005
Hospitality and Catering Services	60 327 671	59 468 978
Rental of facilities and equipment	8 494 389	7 416 029
Arts Alive	14 273 712	12 375 791
In-house Ticket Sales	11 137 566	8 384 885
Other income	15 876 865	4 905 929
Interest received - investment	7 142 239	8 820 185
	<b>118 944 881</b>	<b>103 216 802</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Transfer revenue</b>		
Subsidy	208 443 000	201 181 997

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### 14. Other income

Other income	15 876 865	4 905 929
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Other income includes amongst others, ballet mats and backline hire, SETA reimbursements, gym fees and special projects.

An increase from the current year to the prior is as a result of Youth Month Activation and Cathsseta.

### 15. Interest received - investment

#### Interest revenue

Bank	7 142 239	8 820 185
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Interest Income is calculated using the effective interest rates between 6.65% to 9.05%.

The table below shows the interest received from two financial institutions :

Nedbank	6 960 950	8 225 653
Investec	181 289	594 532
	<b>7 142 239</b>	<b>8 820 185</b>

### 16. Subsidy

#### Operating Grants and Subsidies

Joburg Theatre	167 333 227	160 225 825
Roodepoort Theatre	14 155 324	14 102 439
Soweto Theatre	26 954 449	26 853 733
	<b>208 443 000</b>	<b>201 181 997</b>

### 17. Employee Costs Breakdown

Salaries and Wages	152 728 417	133 649 181
Board Fees included to Employee cost	1 642 000	1 710 000
	<b>154 370 417</b>	<b>135 359 181</b>

#### Employee Costs Breakdown

Salaries and Wages	123 835 944	110 766 668
SDL	1 281 045	1 087 595
UIF	674 078	580 581
Medical Aid	4 299 724	4 105 511
Pension Contribution	13 371 390	12 097 761
Third Parties	25 118	23 295
Leave accrual and bonus provision	9 241 118	4 987 770
	<b>152 728 417</b>	<b>133 649 181</b>

#### Committee Fees Breakdown

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### 17. Employee Costs Breakdown (continued)

Board Fees	1 514 000	1 558 000
Sub-Committee Fees	128 000	152 000
	<b>1 642 000</b>	<b>1 710 000</b>

Detailed breakdown of board fees is disclosed under note 29. Included in the above is fees paid to sub-committee members who are not members of the board.

#### Chief Executive Officer

Annual Remuneration	2 880 092	2 791 839
Performance Bonuses	387 482	356 119
Contributions to UIF, Medical and Pension Funds	29 065	32 193
Leave Encashment, Cell & Data Allowance	87 708	208 759
	<b>3 384 347</b>	<b>3 388 910</b>

#### Chief Financial Officer (Appointed 01 December 2023)

Annual Remuneration	2 284 170	1 253 236
Performance Bonuses	235 579	130 407
Contributions to UIF, Medical and Pension Funds	22 154	11 993
Leave Encashment	68 276	92 139
	<b>2 610 179</b>	<b>1 487 775</b>

The comparitives for the Chief Financial Officer are for 7 months only.

#### Chief Operating Officer

Annual Remuneration	2 502 977	2 615 215
Performance Bonuses	336 609	325 856
Contributions to UIF, Medical and Pension Funds	26 900	68 203
Leave Encashment & Acting Allowance	83 895	263 313
	<b>2 950 381</b>	<b>3 272 587</b>

#### Company Secretary (Appointed 02 January 2024)

Annual Remuneration	1 326 173	630 852
Performance Bonus	88 319	-
Contributions to UIF, Medical & Pension Funds	15 690	6 630
Leave Encashment	33 808	-
	<b>1 463 990</b>	<b>637 482</b>

The comparitives for the Company Secretary are for 6 months only.

### 18. Depreciation and amortisation

Property, plant and equipment	2 436 483	1 963 451
Intangible assets	262 730	106 774
	<b>2 699 213</b>	<b>2 070 225</b>

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Figures in Rand	30 June 2025	30 June 2024
<b>19. Bad debts written off</b>		
Bad debts written off	1 044 110	-
<b>20. Grants and subsidies paid</b>		
<b>Other subsidies</b>		
Grant Paid	21 162 791	20 335 457
<b>Subsidies comprises of:</b>		
Joburg Ballet	10 387 573	9 978 497
Johannesburg Philharmonic Orchestra	10 775 218	10 356 960
	<b>21 162 791</b>	<b>20 335 457</b>

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Figures in Rand	30 June 2025	30 June 2024
<b>21. General expenses</b>		
Auditors remuneration	1 128 420	1 067 051
Bank charges	798 587	773 169
Cleaning	328 230	677 534
Computer expenses	3 553 044	2 224 135
Consulting and professional fees	1 293 574	2 945 426
Consumables	7 338 635	6 618 422
Community Development	1 698 650	1 695 686
Entertainment/Opening nights	599 627	871 334
Building signage, framing and printing	3 486 966	6 398 804
Insurance	1 958 918	993 637
Employee Uniform	2 366 655	1 451 241
Telecommunication expenses	1 530 324	1 921 279
Contributions to Tenant Productions	11 091 285	8 923 364
Ticketing	1 340 744	1 388 683
Motor vehicle expenses	7 309 882	7 442 933
Licences	830 991	544 802
Productions and Special Projects	24 526 444	28 847 395
Printing and stationery	1 311 523	1 237 085
Subscriptions and membership fees	624 502	857 733
Business travel and accommodation	1 661 416	1 057 578
Electricity	15 945 460	13 414 884
Gas	174 442	861 593
Sewerage and waste disposal	648 147	802 625
Employee Wellness	143 001	245 447
Arts Alive	12 781 326	10 446 864
Hiring expenses - hospitality & catering	16 497 355	14 317 050
Repairs and Maintenance	3 172 506	3 623 748
Trading stock utilised - hospitality & catering	19 741 145	19 657 757
	<b>143 881 799</b>	<b>141 307 259</b>

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 saving on this line item was a result of less usage of consultants in the current financial year compared to the prior year, as there was a need for consultancy on the application of trading account.

Insurance - The movement was as a result of a payout of a claim which lead to an increase in the premium of JCT.

Production and Special Projects - The saving movement in the current year is attributable to stringent expenditure management memorandum issued by the City Manager.

Arts Alive - The movement in this line item is as a result of an increase number of programmes that were done by JCT on behalf of community development in the current year.

Employee uniforms - Increase due to staff growth.

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## Notes to the Annual Financial Statements

Figures in Rand	30 June 2025	30 June 2024
<b>22. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Deferred</b>		
Movement in temporary differences	1 143 670	1 472 643
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting surplus and tax expense.		
Accounting surplus	4 229 551	5 326 677
Tax at the applicable tax rate of 27% (2024: 27%)	1 141 979	1 438 203
<b>Tax effect of adjustments on taxable income</b>		
Tax impact of non-temporary differences: Leasehold improvements	(1 728)	37 884
Under/(Over) provision prior year on deferred tax	3 419	(25)
Other	-	(3 419)
	<b>1 143 670</b>	<b>1 472 643</b>
<b>23. Cash generated from operations</b>		
Surplus	3 085 881	3 854 034
<b>Adjustments for:</b>		
Depreciation and amortisation	2 699 213	2 070 225
Bad debts written off	1 044 110	-
Movements in provisions	713 437	1 210 725
Annual charge for deferred tax	1 143 670	1 472 643
<b>Changes in working capital:</b>		
Inventories	2 641 725	(2 179 700)
Receivables from exchange transactions	(29 668 966)	8 745 155
Payables from exchange transactions	25 141 879	(4 284 062)
VAT	1 640 364	27 138
	<b>8 441 313</b>	<b>10 916 158</b>
<b>24. Auditors' remuneration</b>		
Current year audit fees	1 128 420	1 067 051
Amount Paid - Current Year	(1 128 420)	(1 067 051)
	-	-

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### 25. 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  
Joburg City Theatres (SOC) 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	33 087 252	9 227 305
City Power Johannesburg (Pty) Ltd	1 725 905	-
Johannesburg Property Company (Pty) Ltd	58 816	-
Johannesburg City Parks (Pty) Ltd	103 383	44 701
Johannesburg Development Agency (Pty) Ltd	-	34 382
Johannesburg Metropolitan Bus Services (Pty) Ltd	456 509	153 498
Johannesburg Roads Agency (Pty) Ltd	54 565	204 380
Johannesburg Social Housing Company (Pty) Ltd	713 919	-
Johannesburg Water (Pty) Ltd	1 146 124	403 033
Johannesburg Fresh Produce Market (Pty) Ltd	34 717	288 560
Johannesburg Tourism Company NPC	218 846	94 830
Metropolitan Trading Company (SOC) Ltd	84 912	-
	<b>37 684 948</b>	<b>10 450 689</b>

The Entity does not charge intercompanies interest on outstanding balances.

##### Amount Included in Trade Payables regarding related parties

City of Johannesburg Metropolitan Municipality	24 455 232	6 645 464
Johannesburg City Parks (Pty) Ltd	298 549	260 147
Metropolitan Trading Company (SOC) Ltd	176 591	41 955
Johannesburg Metropolitan Bus Services (Pty) Ltd	15 000	15 000
	<b>24 945 372</b>	<b>6 962 566</b>

Amounts in trade and other payables regarding related parties from the City of Johannesburg Metropolitan Municipality comprises of OHASA services, Insourcing - security & cleaning, Utilities - electricity, water, waste removal and Metropolitan Trading Company provides fibre link access.

#### Related party transactions

##### Grants received from related parties

City of Johannesburg Metropolitan Municipality	208 443 000	201 181 997
	<b>208 443 000</b>	<b>201 181 997</b>

##### Sales to related parties

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Figures in Rand	30 June 2025	30 June 2024
<b>25. Related parties (continued)</b>		
City of Johannesburg Metropolitan Municipality	60 879 284	54 864 702
Johannesburg Development Agency	-	29 897
Johannesburg Water	1 596 141	1 081 243
Metropolitan Trading Company	134 370	122 334
Johannesburg City Parks NPC	607 181	113 545
Johannesburg Road Agency	611 178	451 554
Johannesburg Metropolitan Bus Services	895 533	373 970
Johannesburg Fresh Produce Market	150 157	336 100
Johannesburg Property Company	95 832	176 990
Johannesburg Social Housing Company	644 182	-
Johannesburg Tourism Company	608 488	822 310
City Power Johannesburg	-	69 597
	<b>66 222 346</b>	<b>58 442 242</b>
<b>Purchases from related parties</b>		
City of Johannesburg Metropolitan Municipality	96 567	-
City Power Johannesburg (Pty) Ltd	14 130 706	11 942 027
Pikitup Johannesburg (SOC) Ltd	698 397	693 635
Johannesburg Water (SOC) Ltd	26 295	24 415
Johannesburg Metropolitan Bus Services (SOC) Ltd	-	13 043
Metropolitan Trading Company	460 777	430 668
	<b>15 412 742</b>	<b>13 103 788</b>
<b>Rent paid to related parties</b>		
Johannesburg City Parks and Zoo	1 098 350	1 228 543
Johannesburg Property Company (SOC) Ltd	1	5
	<b>1 098 351</b>	<b>1 228 548</b>

Joburg Theatre buildings are leased from City of Johannesburg Property Company (Pty) Ltd at R1.

### 26. Awards to close family members of persons in the service of the state

#### Balances

Mothokoa ET Trading	74 656	94 633
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#### Transactions

Mothokoa ET Trading	12 233 523	3 967 053
Electronics	-	1 953
	<b>12 233 523</b>	<b>3 969 006</b>

Mothokoa ET Trading - the supplier whose director is Ms. Emelda Khasi, is trading with the entity and the spouse (Mr. Tshepo Khasi) works for Department of Cooperative Governance and Traditional Affairs.

Electrosonic SA (Pty) Ltd - the supplier is trading with the entity and the spouse no longer works for Department of Communications and Digital Technologies.

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### 27. PAYE, SDL and UIF

#### PAYE

Opening balance	1 350 930	1 061 612
Current year payroll and deductions	23 941 850	19 864 699
Amount paid - Current year	(22 097 707)	(18 513 769)
Amount paid - Previous year	(1 350 930)	(1 061 612)
	<b>1 844 143</b>	<b>1 350 930</b>

#### SDL

Opening balance	82 985	68 646
Current year payroll and deductions	1 281 045	1 087 595
Amount paid - Current year	(1 176 829)	(1 004 610)
Amount paid - Previous year	(82 985)	(68 646)
	<b>104 216</b>	<b>82 985</b>

#### UIF

Opening balance	93 001	85 704
Current year payroll and deductions	1 346 829	1 156 016
Amount paid - Current year	(1 222 937)	(1 063 015)
Amount paid - Previous year	(93 001)	(85 704)
	<b>123 892</b>	<b>93 001</b>

### 28. Pension and Medical Aid Deductions

#### Pension Deductions

Opening balance	1 458 905	1 237 312
Current year payroll and deductions	19 930 273	17 266 463
Amount paid - Current year	(18 304 979)	(15 807 558)
Amount paid - Previous year	(1 458 905)	(1 237 312)
	<b>1 625 294</b>	<b>1 458 905</b>

#### Medical Aid Deductions

Opening balance	595 911	531 037
Current year payroll and deductions	7 493 625	6 978 840
Amount paid - Current year	(6 885 299)	(6 382 929)
Amount paid - Previous year	(595 911)	(531 037)
	<b>608 326</b>	<b>595 911</b>

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#### 29. Directors emoluments

##### Non-Executive Directors

##### 2025

	Board Fees	Committees Fees	Other Fees	Total
Mr Godfrey Katsana (Chairperson)	144 000	10 000	18 000	172 000
Mr Orapeleng Ramagaga CA(SA)	108 000	180 000	10 000	298 000
Ms Bonga Kweyama	108 000	40 000	-	148 000
Mr Thembinkosi Mbede	12 000	8 000	-	20 000
Mr Thapelo Chokobane	12 000	8 000	-	20 000
Ms Johanna Mapeko	12 000	8 000	-	20 000
Ms Ziyanda Mncanca	12 000	8 000	-	20 000
Mr Ben Mothupi	12 000	8 000	-	20 000
Ms Sherry Petersen	96 000	36 000	-	132 000
Ms Candice Patricia Savage	96 000	32 000	-	128 000
Ms Bernice Dollie	96 000	32 000	-	128 000
Ms Andile Victoria Ledwaba	96 000	32 000	-	128 000
Mr Rabone Moripe	96 000	40 000	-	136 000
Ms Virginia Tselane Magale	96 000	48 000	-	144 000
	<b>996 000</b>	<b>490 000</b>	<b>28 000</b>	<b>1 514 000</b>

##### 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 Mbede	120 000	48 000	12 000	180 000
Mr Thapelo Chokobane	120 000	48 000	12 000	180 000
Ms Johanna Mapeko	120 000	48 000	12 000	180 000
Ms Ziyanda Mncanca	96 000	48 000	12 000	156 000
Mr Ben Mothupi	120 000	48 000	12 000	180 000
	<b>976 000</b>	<b>434 000</b>	<b>148 000</b>	<b>1 558 000</b>

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### 30. Risk management

#### Capital risk management

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

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

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence, and to sustain future development of the business. The Board reviews the capital structure on a quarterly basis. As part of the review, the Board considers the cost of capital and the risk associated with each class of capital.

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

#### Net Assets

Share Capital	10	10
Investment from Shareholder	1 784 049	1 784 049
	<b>1 784 059</b>	<b>1 784 059</b>

#### Financial risk management

The Company does not trade in financial instruments, but in the ordinary course of business operations, the company is exposed to a variety of financial risks arising from the use of financial instruments. These include:

- Market risk (comprising interest rate risk and foreign currency risk);
- Liquidity risk;
- Credit risk; and
- Capital risk.

The Audit & Risk Committee is responsible for the establishment and oversight of a risk management framework which is applicable to the company. This framework is formally documented, and stipulates the responsibilities and processes for monitoring and managing the risk to which the company is exposed.

The company measures and monitors treasury related risks (i.e. liquidity, foreign exchange, interest rate, covenants, counterparty, etc) affecting it and reports on these risks to Audit and Risk Committee on a periodic basis. The Audit and Risk Committee provides the Company guidance with respect to managing these risks. However, the Company's management is empowered, within the relevant approvals frameworks, to make decisions regarding how to manage these risks, as well as taking ownership for the implementation of any related action. The Audit and Risk Committee reports to the Board of Directors of Joburg City Theatres on risk management strategies.

#### Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its obligations as they become due. The entity manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The entity finances its operations through a mixture of retained income 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	54 277 031	29 135 152
Vat Payable	19 277	-
	<b>54 296 308</b>	<b>29 135 152</b>

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### 30. Risk management (continued)

#### Interest rate risk

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	19 271 108	18 828 243
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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	40 695 813	12 070 957
VAT Receivables	-	1 621 087
	<b>40 695 813</b>	<b>13 692 044</b>

#### 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.

### 31. Going concern

We draw attention to the fact that at 30 June 2025, the municipal entity had an accumulated surplus of R 30 626 725 and that the municipal entity's total assets exceed its liabilities by R 32 410 784.

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.

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### 32. Operating lease

#### Operating Lease Commitments

Up to 1 year	2 851 083	2 471 408
2 - 5 years	5 007 817	6 289 291
	<b>7 858 900</b>	<b>8 760 699</b>

Joburg City Theatres (SOC) Ltd leases consist of cash vaults machines from Nedbank Limited, digital copier machines from Konica Minolta and Afrirent fleet for the Leasing of Motor Vehicles. Transportation is a universal contract which is managed at Group level within the City of Johannesburg.

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.

### 33. Investment from Shareholder

Investment from Shareholder	1 784 049	1 784 049
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### 34. Share capital

#### Authorised

10 Ordinary shares of R1 each	10	10
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#### Reconciliation of number of shares issued:

Reported as at 01 July 2024	10	10
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#### Issued

Ordinary	10	10
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### 35. Financial instruments disclosure

#### Categories of financial instruments

#### 2025

#### Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions	40 695 813	40 695 813
Cash and cash equivalents	19 271 108	19 271 108
	<b>59 966 921</b>	<b>59 966 921</b>

#### Financial liabilities

	At fair value	Total
Trade and other payables from exchange transactions	49 949 785	49 949 785

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### 35. Financial instruments disclosure (continued)

#### Residual interest

	At cost	Total
Share capital / contributed capital	10	10
Investment from Shareholder	1 784 059	1 784 059
	<b>1 784 069</b>	<b>1 784 069</b>

#### 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
	<b>30 899 200</b>	<b>30 899 200</b>

#### 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
	<b>1 784 059</b>	<b>1 784 059</b>

### 36. 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

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### 36. Deviation from supply chain management regulations (continued)

Licenses	749 467	634 536
Repairs and maintenance	1 149 667	583 153
Labour Relations	370 683	17 967
	<b>2 269 817</b>	<b>1 235 656</b>

#### Special Work of Art

The following deviations were due to acquisition of special works of art or historical objects where specifications are difficult to compile as per regulation 36 (1) (iii) of the supply chain management regulations.

#### Name of Special Work Art

In-house stage productions	10 465 502	11 618 438
Contributions to marketing partners/arrangements for productions	2 845 446	2 597 919
	<b>13 310 948</b>	<b>14 216 357</b>

#### Sole Suppliers

The following deviations were due to the services or products available from the sole suppliers as per regulation 36 (1) of the supply chain management regulation.

Name of Service Provider	2025	2024
Electronic SA	4 971	2 246
Lexis Nexis	91 790	86 535
DWR Distributors	147 108	244 562
Fire Designs Houses	6 265	5 279
Deloitte Consulting	25 300	88 550
Slojo	68 108	120 960
Ola Cool Runners	20 257	78 112
Pilot Software	4 699	43 086
The Flavour Lab Production	210 005	220 259
Frozen Drinks	655 061	781 507
Service First GP	51 947	80 446
	<b>1 285 511</b>	<b>1 751 542</b>

### 37. Irregular expenditure

Opening balance as previously reported	5 582 921	-
Add: Irregular expenditure - current	10 211 598	-
Add: Irregular expenditure - prior period	-	4 914 828
	-	668 093
<b>Closing balance</b>	<b>15 794 519</b>	<b>5 582 921</b>

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### 37. Irregular expenditure (continued)

#### Details of Irregular Expenditure - Current and Prior year

Fleet services	4 964 728	5 582 921
Deviations	617 329	-
Non-compliance: quotation process	131 332	-
Contract management: expenditure exceeded original contract price	3 541 007	-
Contract management: delegation of authority	957 202	-
	<b>10 211 598</b>	<b>5 582 921</b>

#### Irregular expenditure (Non-compliance with laws and regulations)

The irregular expenditure amounting to R4 964 728.00 was as a result of the parent municipality, City of Johannesburg (COJ), had centralised the contract for the provision of fleet services and its entities were directed to use the centralized fleet contract that COJ had entered into with Afrirent (Pty) Ltd. This contract was declared irregular at Group level due to non-compliance MFMA regulations.

The irregular expenditure amounting to R617 329.01 was a result of Three contracts awarded to Hi Ya Media, Sage SA, and Triple SL Tech which were concluded without verifying suppliers' tax compliance status.

The irregular expenditure amounting to R131 332.00 was as a result of total payments on two quotation based contracts exceeded the original RFQ contract amounts.

The irregular expenditure amounting to R3 541 006.85 was as a result of the total payments made under the contract up to date exceed the original contract price.

The irregular expenditure amounting to R957 202.50 Contract extension approved by an official without appropriate delegation.

#### Cases under investigation

No cases related to non-compliance with procurement process requirements, no cases related to other non-compliance with laws, regulations, council policies and/or by-laws as the irregular expenditure has been written off by the Board of Directors.

### 38. Segment information

#### General information

#### Identification of segments

The Municipal entity is organised and reports to management on the basis of three theatres which have specified mandated and functional areas. Management assessed all three theatres based on their generation of economic benefits/service potential, frequency of review of their result and the availability of separate financial information.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The basis of segmentation: Geographical segments - defined according to the physical location of the 3 theatres, which represent economic and service environments within the City of Johannesburg.

Joburg City Theatres has 3 segments, namely Joburg Theatre (Braamfontein), Roodepoort Theatre (Roodepoort) and Soweto Theatre (Jabulani, Soweto).

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### 38. Segment information (continued)

#### Aggregated segments

Aggregation of segments is based on similarities between 3 theatres which provide high quality live entertainment and artistic performances; innovative, inclusive programmes and also hospitality and catering, in line with mSCOA which speaks to the economic characteristics. Information reported about this segments is used by management as a basis for evaluating the segments performance and for making decisions about the allocation of resources.

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Joburg Theatre	Provide high quality live entertainment and artistic performances; innovative, inclusive programmes and also hospitality and catering which serves the diverse communities of the City of Johannesburg.
Roodepoort Theatre	Provide high quality live entertainment and artistic performances; innovative, inclusive programmes and also hospitality and catering which serves the diverse communities of the City of Johannesburg.
Soweto Theatre	Provide high quality live entertainment and artistic performances; innovative, inclusive programmes and also hospitality and catering which serves the diverse communities of the City of Johannesburg.

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#### 38. Segment information (continued)

##### Segment surplus or deficit, assets and liabilities

2025

	Joburg Theatre	Roodepoort Theatre	Soweto Theatre	Total
<b>Revenue</b>				
Revenue from non-exchange transactions	167 333 227	14 155 324	26 954 449	208 443 000
Revenue from exchange transactions	105 480 399	3 772 854	2 549 389	111 802 642
Interest revenue	7 142 239	-	-	7 142 239
<b>Total segment revenue as per Statement of Financial Performance</b>	<b>279 955 865</b>	<b>17 928 178</b>	<b>29 503 838</b>	<b>327 387 881</b>
<b>Entity's revenue</b>				<b>327 387 881</b>
<b>Expenditure</b>				
Salaries and wages	129 997 897	10 859 407	13 513 113	154 370 417
Depreciation	1 944 182	165 016	590 015	2 699 213
Bad debts written off	1 044 110	-	-	1 044 110
Transfers and Subsidies	21 162 791	-	-	21 162 791
General Expenses	125 340 682	7 568 839	10 972 278	143 881 799
<b>Total segment expenditure</b>	<b>279 489 662</b>	<b>18 593 262</b>	<b>25 075 406</b>	<b>323 158 330</b>
<b>Total segmental surplus/(deficit)</b>	<b>466 203</b>	<b>(665 084)</b>	<b>4 428 432</b>	<b>4 229 551</b>
Income tax expense				(1 143 670)
<b>Assets</b>				
Current Assets	69 475 349	-	-	69 475 349
Non Current Assets	24 650 379	884 947	6 105 127	31 640 453
<b>Total segment assets</b>	<b>94 125 728</b>	<b>884 947</b>	<b>6 105 127</b>	<b>101 115 802</b>
<b>Total assets as per Statement of Financial Position</b>				<b>101 115 802</b>

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	Joburg Theatre	Roodepoort Theatre	Soweto Theatre	Total
<b>38. Segment information (continued)</b>				
<b>Liabilities</b>				
Current Liabilities	60 152 318	-	-	60 152 318
Non Current Liabilities	8 552 700	-	-	8 552 700
<b>Total segment liabilities</b>	<b>68 705 018</b>	<b>-</b>	<b>-</b>	<b>68 705 018</b>
<b>Total liabilities as per Statement of Financial Position</b>				<b>68 705 018</b>
<b>2024</b>				
	Joburg Theatre	Roodepoort Theatre	Soweto Theatre	Total
<b>Revenue</b>				
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
<b>Total segment revenue as per Statement of Financial Performance</b>	<b>257 857 798</b>	<b>16 867 842</b>	<b>29 673 159</b>	<b>304 398 799</b>
<b>Entity's revenue</b>				<b>304 398 799</b>
<b>Expenditure</b>				
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
Transfer and Subsidies	20 335 457	-	-	20 335 457
General Expenses	122 617 086	6 555 060	12 135 113	141 307 259
<b>Total segment expenditure</b>	<b>256 895 156</b>	<b>16 552 540</b>	<b>25 624 426</b>	<b>299 072 122</b>
<b>Total segmental surplus</b>	<b>962 642</b>	<b>315 302</b>	<b>4 048 733</b>	<b>5 326 677</b>

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#### 38. Segment information (continued)

##### Assets

Current Assets	44 670 440	-	-	44 670 440
Non Current Assets	18 603 200	1 042 034	6 683 319	26 328 553
<b>Total segment assets</b>	<b>63 273 640</b>	<b>1 042 034</b>	<b>6 683 319</b>	<b>70 998 993</b>
<b>Total assets as per Statement of Financial Position</b>				<b>70 998 993</b>

##### Liabilities

Current Liabilities	34 277 723	-	-	34 277 723
Non Current Liabilities	7 409 030	-	-	7 409 030
<b>Total segment liabilities</b>	<b>41 686 753</b>	<b>-</b>	<b>-</b>	<b>41 686 753</b>
<b>Total liabilities as per Statement of Financial Position</b>				<b>41 686 753</b>

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<b>39. Commitments</b>		
<b>Commitments in respect of capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	25 555 640	6 494 493
<b>Total capital commitments</b>		
Already contracted for but not provided for	25 555 640	6 494 493
<b>Commitments in respect of operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Consultant and other contracted services	2 173 446	809 964
• Cash Vaults	361 579	37 942
• Fleet	7 444 078	8 279 631
	<b>9 979 103</b>	<b>9 127 537</b>
<b>Total operational commitments</b>		
Already contracted for but not provided for	9 979 103	9 127 537
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	25 555 640	6 494 493
Authorised operational expenditure	9 979 103	9 127 537
	<b>35 534 743</b>	<b>15 622 030</b>

This committed expenditure relates to operational and capital expenditure. These will be funded by the subsidy, available bank facilities, retained surpluses, existing cash resources, funds internally generated.

Operating leases disclosed in Note 30 are also included under Commitments.

## 40. Principal Agent Arrangement

### Arrangement

JCT has an agreement with Webtickets to sell tickets for shows. JCT is the principal and Webtickets is an agent in the arrangement. Through this 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:

<b>Revenue:</b>		
Ticketing income	1 692 439	1 845 005
<b>Expenditure</b>		
Ticketing fee	1 340 744	1 388 683

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.