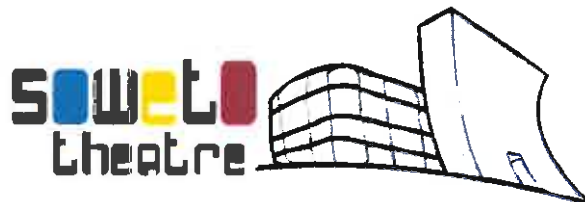




**- JOBURG THEATRE-
(SOC)LIMITED**
Registration No: 2000/013032/07

trading as
Joburg City Theatres

theatre for a world class african city
the JOBURG THEATRE
complex



2015/16 Integrated Report

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

JOBURG THEATRE (SOC)LIMITED

TRADING AS JOBURG CITY THEATRES

COMPANY INFORMATION:

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

Vision

To provide the integrated management of world class African theatre venues and a high quality entertaining (edu-tainment), innovative and inclusive programme which serves the diverse communities of the City of Joburg.

Mission

We commit to:

- *Facilitate social cohesion, diversity and inclusivity;*
- *Ensure financial viability, and resilience;*
- *Demonstrate financial accountability and good governance;*
- *Support education, training and skills development for our staff, management and artists;*
- *Provide audience development, content development and education programmes for the benefit of our diverse communities;*
- *Work in partnership with others to maximise the impact of our programmes;*

So as to promote the emancipation of the African voice through theatre activity, education and entertainment.

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Abbreviation

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

ABOUT THIS REPORT

Joburg Theatre (SOC) Ltd, trading as Joburg City Theatres is pleased to present its Integrated Report for the period 1 July 2015 to 30 June 2016.

This report aligns with best practice in integrated reporting. It includes the principles of integrated reporting contained in the International Integrated Reporting Framework (the International Framework), published by the International Integrated Reporting Council (IIRC) in December 2013, and takes into account other guidelines published in this regard.

Basis of preparation and presentation

The Integrated Report reflects a holistic account of all relevant and material financial and non-financial information, to enable stakeholders to evaluate the performance and impact of Joburg City Theatres' operations when implementing its mandate. To present a complete view of our company's performance and strategy, and by considering feedback from stakeholders, considering both qualitative and quantitative matters that are material to our operations and strategic objectives, and which may influence the decisionmaking of our stakeholders with oversight provided by the Board of Directors supported by City of Johannesburg Metropolitan Municipality as the sole shareholder.

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

Joburg City Theatres' continues to consider best reporting practice in the preparation of its Integrated Report, including the principles set out in the International Integrated Reporting Council's Integrated Reporting (IIRC) Framework, and the guidelines of the Global Reporting Initiative (GRI). Integrated reporting remains a cornerstone of our commitment to entrench global best practices in all operations. This report also complies with the disclosure requirements of International Financial Reporting Standards (IFRS), the King report on governance for South Africa (King III)

Summary of the organization's materiality determination process

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

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

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

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

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

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

Description of the reporting boundary

The integrated report covers the performance of Joburg City Theatres' for the financial year July 2015 to June 2016 in all our geographic regions (Braamfontein, Roodepoort and Soweto) in which the entity operate. The consolidated data incorporates the business units managed by Joburg Theatre SOC Ltd. There are no other entities over which the group has significant influence that it believes should be included in the report. Financial and non-financial data is aligned to the same financial reporting period allowing for comparison of performance data.

The annual financial statements are prepared in accordance with Generally Recognised Accounting Principles Standards (GRAP). Any limitations will be disclosed in the relevant section.

Financial Reporting	Non-Financial Reporting
<p>This report includes reports of the independent auditors; the Audit Committee; the directors; the annual financial statements and the corporate governance reports.</p> <p>The following frameworks adopted and applied include:</p> <ul style="list-style-type: none"> • The Generally Recognised Accounting Principles (GRAP) • The King Code of Governance for South Africa (2009) (King III) • The Companies Act No 71 of 2008 (Companies Act) • The Municipal Finance Management Act No. 1 of 1999 (PFMA) 	<p>The boundary of the report extends beyond financial reporting and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders that have a significant influence on our ability to create value.</p> <p>The report is our primary report to stakeholders and is intended to address the information requirements of long-term investors (our shareholders). It also present information relevant to other key stakeholders, including staff, clients, regulators and communities.</p>

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

The integrated report for 1 July 2015 to 30 June 2016 is in an integrated financial, social and economic report. The entity aligns itself local and international sustainability best reporting practices including the:

- Municipal Finance Management Act (MFMA)
- Generally Recognised Accounting Principles (GRAP)
- Section 46(1) on the Municipal Systems Act (MSA)
- King III Code on Corporate Governance(KING III)
- Discussion papers issued by the South African Integrated Reporting Committee and the International Integrated Reporting Council (IIRC)
- International Financial Reporting Standards (IFRS)
- GRI Framework
- Millennium Development Goals
- Joburg 2040 Growth and Development Strategy (GDS)
- 2012/16 Integrated Development Plan (IDP)
- Municipal Finance Management Act (56 of 2003)
- Municipal Structures Act (117 of 1998)
- Municipal Systems Act (32 of 2000)
- Preferential Procurement Policy Framework Act (5 of 2000)
- Broad-Based Black Economic Empowerment Act (53 of 2003)
- The Constitution of the Republic of South Africa (108 of 1996)
- Promotion of Access to Information Act (2 of 2000)
- Promotion of Administrative Justice Act (3 of 2000)
- Protected Disclosures Act (26 of 2000)
- Prevention and Combating of Corrupt Activities Act (12 of 2004)
- Companies Act (71 Of 2008)
- Competition Act (89 of 1998)
- Labour Relations Act (66 of 1995)
- Basic Conditions of Employment Act (75 of 1997)
- Employment Equity Act (55 of 1998)
- Skills Development Act (97 of 1998)
- Skills Development Levy Act (9 of 1999)
- Unemployment Insurance Act (63 of 2001)
- Unemployment Insurance Contributions Act (4 of 2002)
- Occupational Health and Safety Act (85 of 1993)
- The Compensation for Occupational Injuries and Diseases Act (130 of 1993)
- National Health Act (61 of 2003)
- Income Tax Act (58 of 1962)
- Value Added Tax (89 of 1991)

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

Codes and protocols

JCT applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures. The Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King III. Through this process, stakeholders can derive assurance that the entity is being ethically managed according to prudently determined risk parameters and in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King III, forms part of the mandate of the Audit and Risk Committee. The entity has complied with King III in all material respects during the year under review.

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

Assurance process for the integrated report

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

The Audit and Risk Committee and the Board rely on combined assurance in forming their view of the adequacy of our risk management and internal controls. We have applied a combined assurance approach in the preparation of this report.

The entity's Integrated Report for the 2015/16 financial year was assessed and rated to ascertain whether minimum disclosure requirements were adhered to in terms of the following:

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

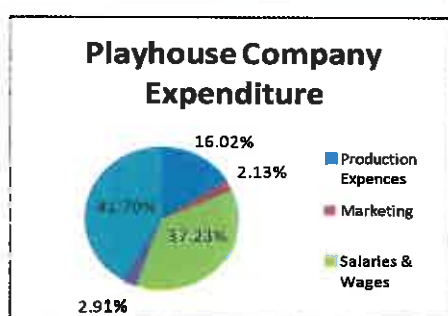
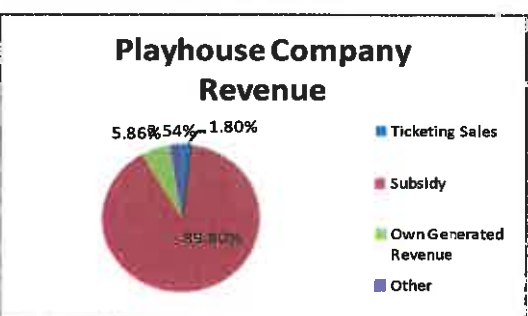
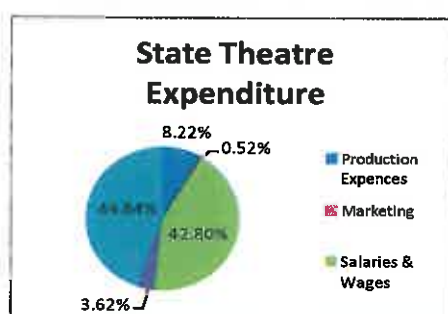
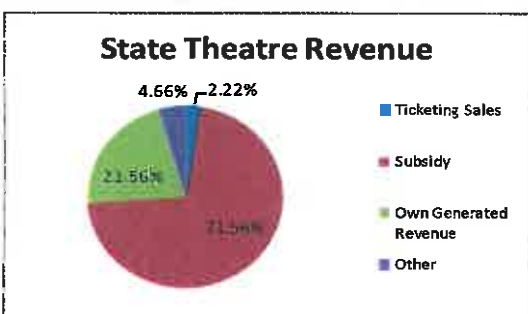
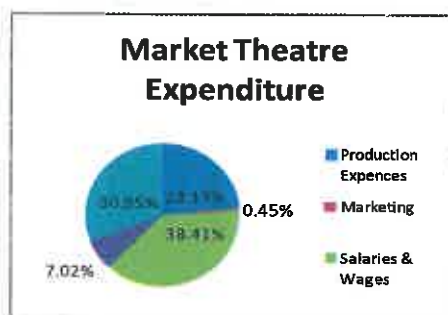
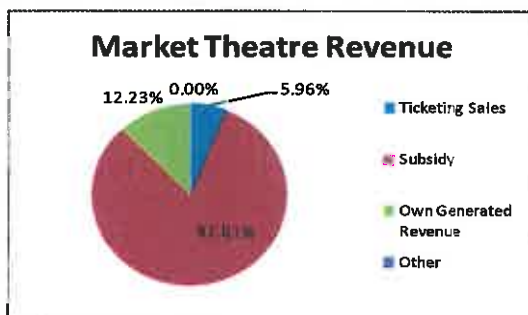
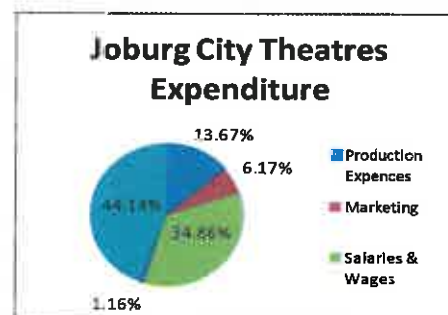
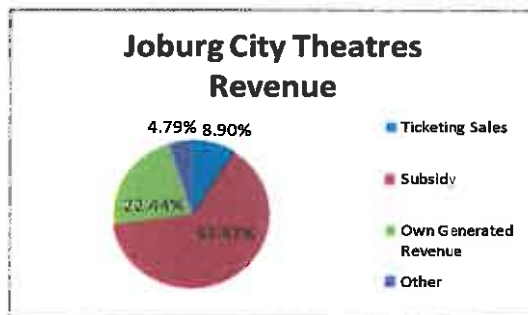
The mitigation strategies on the assessment and outcomes of the Entity's 2015/16 annual report in terms of the Integrated Reporting and MFMA Circular 63 has been included as part of this report (refer to Section 2 of Chapter 6 – Auditor General's findings).

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



The table below depicts principal activities and competitive landscape: (using available information from 2014/15 financial year)

	Joburg City Theatres	Joburg City Theatres %	The Market Theatre	The Market Theatre %	The S A State Theatre	The S A State Theatre %	The Playhouse Company	The Playhouse Company %	TOTAL
Revenue									
Ticketing Sales	9 588 949.00	8.90%	5 077 423.00	5.96%	2 020 474.00	2.22%	1 187 579.00	1.80%	17 874 425.00
Subsidy	68 823 000.00	63.87%	69 693 678.00	81.81%	65 091 578.00	71.56%	59 222 819.00	89.80%	262 831 075.00
Own Generated Revenue	24 179 829.00	22.44%	10 417 089.00	12.23%	19 606 901.00	21.56%	3 866 671.00	5.86%	58 070 490.00
Other	5 157 909.00	4.79%	-	0.00%	4 239 722.00	4.66%	1 873 757.00	2.54%	11 071 388.00
	107 749 687.00	100.00%	85 188 190.00	100.00%	90 958 675.00	100.00%	65 950 826.00	100.00%	349 847 378.00
Expenditure									
Production Expenses	14 721 766.00	13.67%	10 741 921.00	23.17%	6 676 192.00	8.22%	11 831 450.00	16.02%	43 971 329.00
Marketing	6 641 803.00	6.17%	210 885.00	0.45%	422 265.00	0.52%	1 575 908.00	2.13%	8 850 861.00
Salaries & Wages	37 533 807.00	34.86%	17 805 215.00	38.41%	34 766 833.00	42.80%	27 493 031.00	37.23%	117 598 686.00
Repairs & Maintenance	1 247 488.00	1.16%	3 258 874.00	7.02%	2 938 657.00	3.62%	2 146 088.00	2.91%	9 589 107.00
General Expenses	47 529 899.00	44.14%	14 346 518.00	30.95%	36 423 107.00	44.84%	30 794 721.00	41.70%	129 094 345.00
	107 674 563.00	100.00%	46 361 513.00	100.00%	81 227 054.00	100.00%	73 841 198.00	100.00%	309 104 328.00

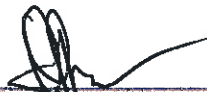


Board responsibility and approval

The Board, assisted by the Audit and Risk Committee; the Remuneration, Social and Ethics Committee and the Artistic Committee, is ultimately responsible for the integrity and completeness of the integrated report and any supplementary information. The Board has applied its collective mind to the preparation and presentation of the integrated report and has concluded that it is presented in accordance with the International Framework. The Board approved the 2015/16 integrated report, together with the annual financial statements and supplementary information, taking into consideration the completeness of the material items it deals with and the reliability of information presented, in line with the combined assurance process followed on 28 November 2016.



Prof. Mongane Serote
Chairperson:
Board of Directors



Mr Ishmael Mkhabela
Chairperson:
Remuneration, Social and
Ethics Committee



Mr Mavuso Shabalala
Chairperson:
Audit and Risk Committee



Mr Mabutho Sithole
Chairperson:
Artistic Committee

CHAPTER ONE

LEADERSHIP & CORPORATE PROFILE



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

This integrated report covers JCT's governance, financial, social responsibility and broader economic and overall sustainability performance information for the financial period of 1 July 2015 to 30 June 2016. The report provides a perspective of past and current performance, while giving sight of future prospects and strategies with a comprehensive summary that includes operations at Joburg Theatre, Roodepoort Theatre and Soweto Theatre.

The report also covers:

- Competitive information
- Performance measurement
- Sustainability report
- Operational reports

Section 1: Corporate Profile / Overview of the entity

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

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

Joburg Theatre was corporatised by the COJ in July 2000 as The Johannesburg Civic Theatre (Pty) Ltd, from the then Johannesburg Civic Theatre Association, a Section 21 Company; and was re-branded in 2009 as Joburg Theatre. The Mandela is Joburg Theatre's flagship accommodating 1069 patrons; and has three smaller venues of 251, 150 and 100 seats each

Roodepoort City Theatre NPC t/a Joburg Promusica was founded in 1980 to operate as a 328 seater auditorium and an 80 seater box theatre. The name of the theatre was later changed to the Promusica Theatre. In 2012, Promusica was tasked with the launch of the new Soweto Theatre in Jabulani, Soweto. The vision of the Roodepoort Theatre is to be recognised for the meaningful impact the Theatre makes towards social development and cohesion through Youth Development.

Soweto Theatre, situated in the vibrant cultural precinct of Jabulani is an iconic complex that was completed in May 2012 and a legacy project of the FIFA 2010 World Cup. The Soweto Theatre operates in perfect harmony with the entrepreneurial spirit of street vendors, hustlers and the organised big business of the Jabulani Mall. It comprises a 420-seat main venue; two smaller venues of 180 and 90 seats each and an indoor foyer that circulates around all three venues.

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

The Board of the integrated "Joburg City Theatres" (JCT) is the Accounting Authority in terms of the Municipal Finance Management Act (MFMA). The Board provides strategic direction, leadership and oversight so as to enhance shareholder value and ensure Joburg City Theatres' long-term sustainability, development and growth. In fulfilling its responsibilities, the Board is supported by the Chief Executive Officer and the executive team, in implementing the approved Strategic Plan and policies.

The entity derives its mandate from the Service Delivery Agreement with the City of Johannesburg. From this mandate the priority goals are guided by the City's Integrated Development Plan (IDP), City's priorities and the Growth and Development Strategy (GDS) 2040 outcomes.

The entity has annual turnover of approximately R143 million and a staff complement of 131 permanent / fixed term employees and 108 temporary employees.

Section 2: Strategic Objectives

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

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

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

The company's strategic objectives include:

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

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

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

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

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

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

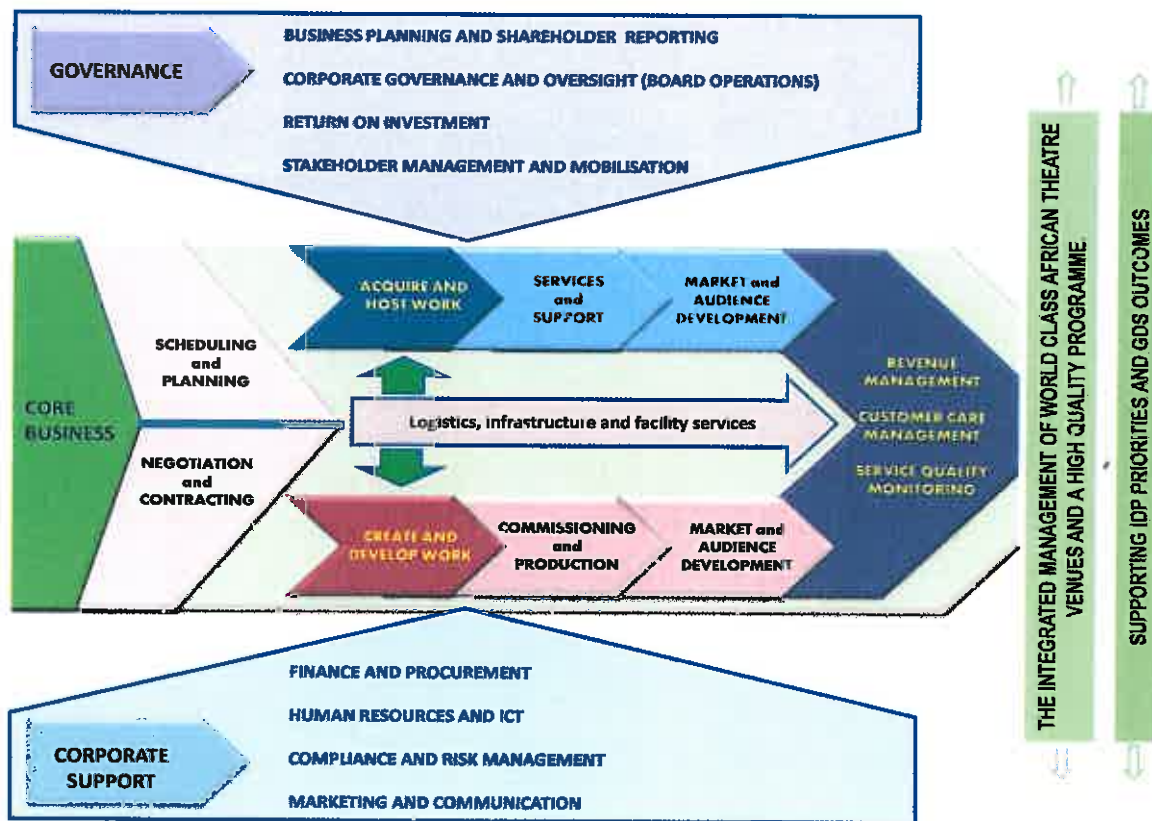
The Board and Management remain committed to achieving strong financial and operational results, ensuring good corporate governance and transparent compliance to legislation while delivering on the **mission** of the company:

We commit to:

- Facilitate social cohesion, diversity and inclusivity;
- Ensure financial viability, and resilience;
- Demonstrate financial accountability and good governance;
- Support education, training and skills development for our staff, management and artists;
- Provide audience development, content development and education programmes for the benefit of our diverse communities;
- Work in partnership with others to maximise the impact of our programmes;

So as to promote the emancipation of the African voice through theatre activity, education and entertainment.

Section 3: Value Creation Process



Section 4: Salient Features

Financial

- ✓ 33% total revenue growth year on year.
- ✓ 80% earned revenue growth year on year.
- ✓ Liquidity ratio 2016 1.27:1 (2015 1.28:1)
- ✓ Solvency ratio% 2016 1.72:1 (2015 1.89:1)
- ✓ 2% Increase in total net assets from R15 850 957 to R16 197 817.
- ✓ 100% spending on the rebased capital expenditure of R5 450 000. The capex is mainly spent on Buildings and renovations, Stage equipment upgrades and Information Technology.

The table below reflects summary results of the entity over a five year period:

ECONOMIC	Unit	2016	2015	2014	2013	2012
Total Assets	R	38 770 213	33 598 458	30 616 035	34 862 136	14 369 513
Total Equity	R	16 669 039	13 931 402	13 877 231	10 766 333	4 972 831
Non-Current Assets	R	12 591 082	13 532 648	14 797 806	6 125 079	4 222 615
Bank Balance	R	2 066 098	4 875 363	5 920 299	15 697 613	7 457 748
Capital Expenditure - COJ	R	4 913 885	8 381 433	14 696 880	4 800 000	1 200 000
Earned Revenue	R	69 955 510	38 926 687	33 953 154	27 730 778	20 964 049
Subsidies	R	73 502 000	68 823 000	56 504 000	36 790 998	26 818 000
Surplus After Tax	R	346 859	54 726	2 571 511	1 498 790	433 794

- **Non-Financial:**

In line with the company's commitment to empower youth, small, medium and micro enterprises through Jozi@Work, the company undertook a project of "Celebrating Street Performers". This is a programme specifically targeted at informal artists and given opportunity and platform to showcase their dance talent and performance skills through a series of performances which were showcased as part of June 16 Youth Month Celebrations and other performance opportunities. The aim of this programme is to assist artists to prepare various dances using their chosen dance genre - Traditional Dance, Hip-hop, Pantsula, Break dance and Contemporary Township Dance styles such as Sebujiwa and theatrical art works such as juggling and acrobatics. A short video clip can be viewed on <https://youtu.be/fikplYBI582Q>

The company achieved 100% of its set performance targets (20 KPIs out 20 KPIs) for the financial year.

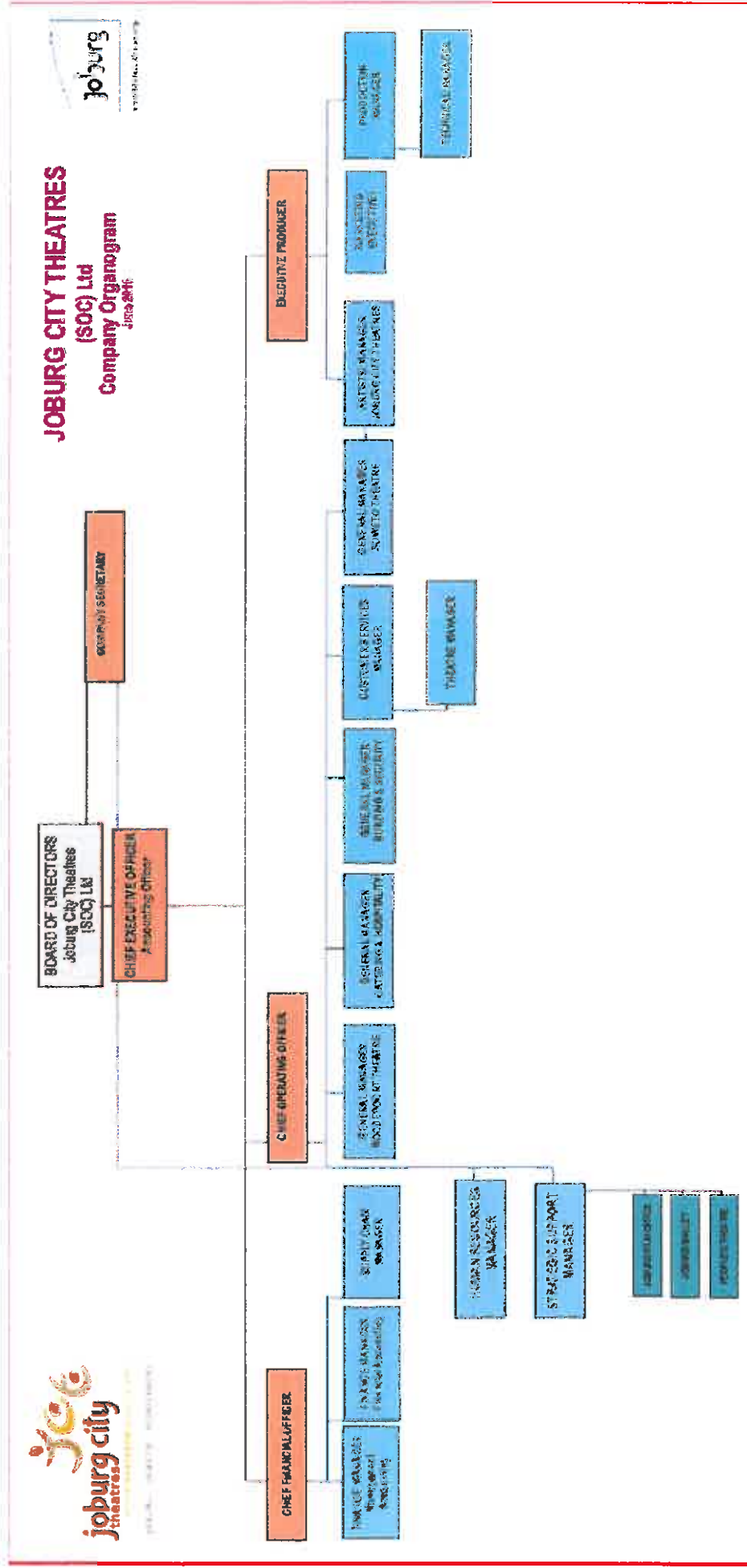
Key results:

- JCT proudly presented Jozi@work Celebrating Street Performers, a programme where informal artists from the Inner City Joburg, Sedibeng, West Rand, Soweto, Alexandra, Sandton and Diepsloot had the opportunity to showcase their dance talent and performance skills through a series of performances in their various contexts.
- In building and enhancing the image of an integrated JCT, an integrated marketing and communication strategy was approved and is now in implementation phase. The primary drivers of JCT's marketing activities are geared towards enabling the company to achieve its business goals and objectives in a manner that resonates with staff, customers and all other stakeholders.
- Eight National / Special days were celebrated with targeted programmes utilising JCT platforms to promote positive social contact.
- A five-year plan was developed to balance the dual mandate of revenue generation and social and community relevance and transformation.
- Ten South African works were presented in support of local content.
- Four hundred and thirty eight youths were trained in music and drama tuition against as set target of three hundred and twenty seven.
- Procurement spend on SMMEs against total procurement expenditure was 73%, well above the target of 30%.

ENVIRONMENTAL AND SOCIAL					
	Unit	2016	2015	2014	2013
Employees		131	146	125	120
Employment equity	%	86	87	86	88
Gender equity	%	29	31	29	38
Training cost	R	344 889	190,794.79	61,787	55,136
Broad-Based Black Economic Empowerment	%	107	93	90	84
Corporate social investment	R	2,460,064	1,464,190	1,493,633	445,830
Electricity, gas and water consumption	R	7,223,313	8,135,159	6,925,608	7,395,295

Section 5: High-level organisational structure

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



Section 6: Foreword by Member of the Mayoral Committee



It gives me a great pleasure to present to you Joburg City Theatres' Integrated Annual Report for 2015/16. The company demonstrated a progressive commitment by achieving its goals and objectives. This is explicitly evident as 100% was achieved in both Key Performance Indicators and Capital Expenditure budget which shows a collective effort.

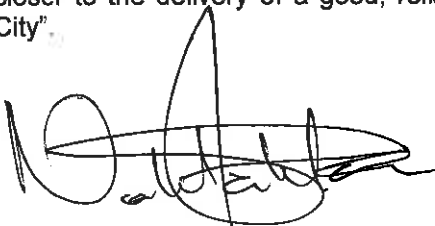
JCT plays an important role in the Growth and Development Strategy 2040 (GDS 2040) of the City to unlock talent in the arts stream through Youth Development; in-line with the City's human development agenda to provide proper, well-equipped early childhood development education and infrastructure in deprived communities.

Joburg City Theatres is primarily tasked to support **Outcome 1**, aimed at a future that presents significantly improved human and social development realities. It relates to issues of social cohesion and inclusivity and improved quality of life, supported by the establishment of development-driven resilience, and particularly resonates with the work of Joburg City Theatres. This focus on Outcome 1 forms the primary tenet of Joburg City Theatres' strategic intent

The shareholder has a role to support the company to achieve the set targets against predetermined objectives, legislation, governance and financial compliance; while ensuring that service delivery mandates are implemented.

The company has engaged into the planning process to conduct "Transformation" within its three theatres. This process will afford JCT to transform its products and audiences so as to build social cohesion, increase positive social contact, and combat social problems.

I am pleased to recognise efforts and commitment of JCT's Board and Employees. Your efforts have brought us closer to the delivery of a good, reliable, and quality service to the communities of this "World Class African City".



Cllr Nonhlanhla Sifumba
Member of the Mayoral Committee
Community Development

Section 7: Chairperson's Foreword



I am excited to present the 2015/16 integrated report as the theatres saw unprecedented growth in virtually every facet of its operations. In crafting this report, I have attempted to provide a cross-section of activities which, from the Board viewpoint, were deemed to be of particular significance.

In delivering against its mandate, and in support of the COJ Vision for "a world Class African City of the future", JCT set for itself the following vision:

To provide the integrated management of world class African theatre venues and a high quality entertaining (edu-tainment), innovative and inclusive programme which serves the diverse communities of the City of Joburg.

As we consider the results for 2015/16 financial year, JCT has proudly achieved 100% on the company's Key Performance Indicators and 100% on capital expenditure budget. The positive results attained in the year under review are a testimony to the hard work and commitment of management and staff of JCT.

This report outlines the performance of JCT in accordance with the approved Business Plan for the 2015/16 financial year. It is a management and implementation tool that sets in-year information, such as quarterly service delivery and monthly budget targets, and links each service delivery output to the budget of JCT, thus providing credible management information and a detailed plan for how JCT will provide such services and the inputs and financial resources to be used.

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

During 2015/16 JCT managed to focus on the following key strategic issues:

- Defining "transformation" in the context of Joburg City Theatres – and translating the concept to measureable outcomes and outputs;
- Defining the correct balance for the revenue generation and socio-economic development focus across Joburg City Theatres business;
- Defining the individual role and focus of the key operating divisions of Joburg City Theatres; and
- Assisting to clarify the structure and organisational processes and integration needed to fully support a longer term strategic posture.

The board and management provided an enabling environment in support of all four strategic objectives, through the provision of effective leadership, strategic management and corporate support within JCT, in fulfilment of its mandate and mission.

JCT is proud to have supported Joburg Ballet to make dance accessible to everyone, provide scholarships and tuition assistance through outreach programmes, and instil an enthusiasm, and a desire to make a positive impact on communities and the broader spectrum of society.

I would like to express my appreciation to the Board, Management, and the Staff as a whole. As a team, they have managed to achieve all the targets in the period under review and have laid a sound foundation for the exciting period ahead. We bid farewell to members who have made a tangible contribution to the entity: Mr. Monna Mokoena, a board member and Mr Kobus Froneman, Independent Audit Committee member. I would also like to welcome board member: Adv. Johnny Modipa and Independent Audit Committee member, Ms Margaret Moroka as they bring a fresh perspective and new insights to the board.

On behalf of the board, I would also like to welcome the new political administration and wish you much success in your leadership. We believe firmly in the concept of teamwork and that each employee contributes directly to the City's success.

Finally, I must thank MMC, Cllr Chris Vondo, for his strategic leadership in the year under review; the City Manager, for guidance and continuous support; and the Executive Mayor for his vision in leading this amazing and exciting City.

Dr Mongane Wally Serote
Board Chairperson

Section 8: Chief Executive Officer's Report



I am pleased that, during the year under review, we made real progress towards achieving the JCT vision, while continuing to expand our range of innovative products and services. The company delivered a very pleasing corporate performance, during the year under review, underpinned by strong financial results. This performance resulted from commitment and hard work of management, as well as staff. This report reviews the Joburg City Theatres' performance, assessing this against what we set out to achieve during the year. ***The company achieved 100% on the Key Performance Indicators. We have achieved a Clean Audit from the Office of the Auditor General and have ensured that our processes and systems meet the compliance legislations which ensure the effective delivery of services to our communities and stakeholders within the City of Johannesburg.***

The clean bill of health from the Auditor General is a key indicator of the entity's commitment to ensuring that service is managed in an effect and economically viable manner as it was achieved consecutively from 2013/14, 2014/15 and 2015/16 financial years and our focus in this regard is to continue to maintain a clean audit environment for the future.

We welcome a new and exciting joint venture with the Department of Economic Development and Department of Community Development to establish a Film Office under JCT. The concept of a Film Office is a fairly standard service offering around the world. The office will centralise all of the City's Film and Media support activities in the City of Joburg. This is a sector specific unit to grow and support the Film Industry. There are great synergies between Film, Arts and Entertainment. We hope these two sectors will positively feed off each other.

We are pleased to have creative and innovative thinkers on board to grow Joburg City Theatres as a brand and ensuring that we continue to present world class performances and services.

Joburg City Theatres' Contribution to the "HOUSE"



The Roof of the House

- ✓ Marketing and Communications Strategy approved by EXCO and implemented in the 4th Quarter.
- ✓ All marketing related positions filled.
- ✓ Marketing plans developed and are being implemented and constant monitoring on implementation.
- ✓ Media monitoring reports are being produced and monitored every month.
- ✓ Various partnerships established with media houses like Jozi FM, Soweto TV, Mnet and Khaya FM.
- ✓ A process is underway to revamp JCT websites to enhance marketability.

Corridors of freedom

- ✓ One major achievement was the acquisition of a mobile theatre truck in the 2015/2016 financial year. The truck will assist in taking theatre to the people. It has seen a lot of enthusiasm both from within the City, and outside. The theatres are extremely delighted by this achievement. This will also contribute to revenue generation on rentals of its mobile theatre stage.

Jozi@work

- ✓ JCT has engaged 65 street performers all over Johannesburg and took them through training over a period of time under the guidance of professional facilitators. This talent was then showcased during the June 16 celebrations. Plans are underway to ensure that this young talent is nurtured and registered with Wits University to obtain a formal qualification in dance. An amount of R280 000 was spent on this programme over a period of a month. JCT is extremely proud of this contribution to the young people of the City of Johannesburg.
- ✓ JCT also identified 3 work packages in the garden and maintenance across all three theatres. This is expected to create about 9 -12 job opportunities. A Cooperative has been awarded in the Soweto Theatre. In region the process of evaluating Cooperatives has just been concluded and an appointment will be made soon. In region C the process of identifying cooperatives will start in the new financial year 2016/2017. A Capability Support Agents (CSA) will be appointed soon to work with the cooperatives. All these work packages will be implemented and fully operational in the 2016/2017 financial year. Indeed JCT is committed in ensuring that the City's imperatives are implemented diligently and speedily in line with policy pronouncements.

Smart City


- ✓ The Theatres' buildings have Wi-Fi hotspots (Joburg_FreeWiFi) accessible to the theatre goers.
- ✓ Web tickets system was implemented during the financial year to enhance the ticketing environment.
- ✓ A tender has gone out for the upgrade of the PABX to enable further enhancements in our operating systems
- ✓ Other systems used by the theatres include Sage Evolution, Pastel Partner and Pilot.

Service delivery (Foundation of the house)

- ✓ Ensuring proper governance with a commitment to achieving clean audit outcomes. Ensuring that service standards and Business Plan targets and SDBIP are achieved. Over 90% of the business plan targets was achieved this financial year 2015/2016. Ensuring that diverse productions are put on the stage responding to the needs of all the people of Johannesburg. Over 100 000 people have visited the theatres during the financial year under review.

We are pleased to welcome the new political administration to be joining us. JCT team is particularly excited to work with Cllr Nonhlanhla Sifumba on projecting unprecedented growth going forward.

I would like to thank all my colleagues, particularly the EXCO team, for their willingness to help chart the JCT path. It is such a pleasure to work alongside this team. As we also close the financial year, I want to pay tribute to the enormous contribution to the evolution of the JCT made by our Chairperson, Prof Mongane Serote, the Board and the Independent Audit Committee members. MMC, Cllr Chris Vondo and Executive Director, Ms Dudu Maseko have been passionate and active supporters of all we do. I know my team at the JCT joins me in thanking them for that support and in wishing them many long and productive years ahead.



Xoliswa Nduneni-Ngema
Chief Executive Officer

Section 9: Chief Financial Officer's Report



Joburg City Theatres Financial Highlights

Revenue

The year 2015/2016 has been a challenging year for Joburg City Theatres (JCT) both from an operational and financial point of view. The industry remains engulfed with stiff competition while financially the consumers of our products and services remain squeezed by the lower disposable income. The economy in the country has seen significant negative outlook and the ratings agencies remained confident on the actions that the government was taking both nationally and in our region (Joburg City Region) in particular. Inflation and the rising interest rate continues to hit our consumers and ultimately impact on our revenue generation both from the buying of tickets and the attendance at our restaurants. Despite all these aforementioned challenges JCT continues to deliver excellent financial results.

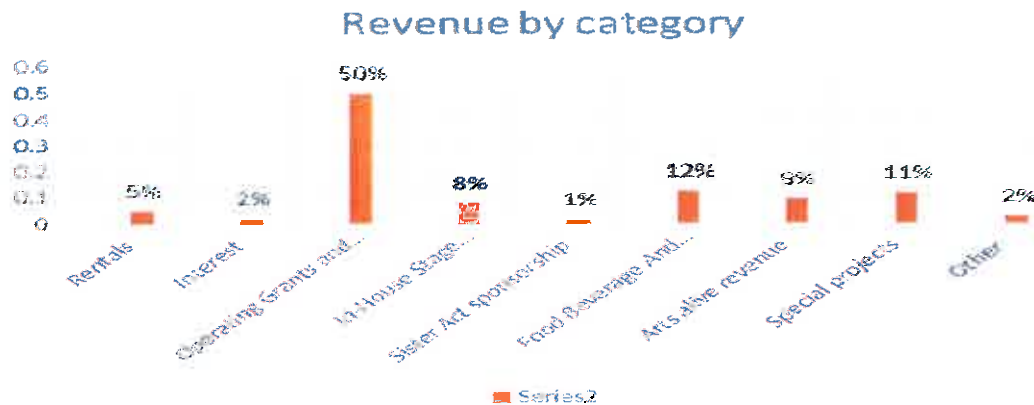
JCT increased its total revenue year on year by 33% from a total of R107.7m to R143.4m. Earned revenue from normal operations is up 13% on average which is 6.8% (which represents real growth) better than CPI of 6.2%. This strong performance particularly from in-house ticket sales and hospitality and catering is mainly due to a number of marketing initiatives and hard work that the team has put in. JCT also undertook a number of special projects such as arts alive festival and June 16 activations on behalf of Community Development, tourism activations on behalf of the tourism office, Joburg film office activities. These combined contributed revenue in excess of R20m. The management fees chargeable on these activities ranged between 10% and 15%. JCT is extremely excited and proud to have established a relationship with these big brands and sees value in the continuation thereof.

JCT has also maintained its relationship with the National Department of Arts and Culture that sponsored the Africa day celebrations to the tune of R1m and a new relationship was established with the Provincial Department of Arts and Culture and has seen a sponsorship of R0.650m. These associations and relationships are critical for business sustainability and also for achieving the all-important objective of transformation and content diversification.

Table below is a summary of main revenue items:

Subs Account Name	Full Year Actual	Full Year Budget	Prior year YTD 2014/2015	Full year actual to budget	Current to prior year actual %	Commentary
INCOME	143 230 419	137 680 000	107 735 161	4%	33%	The entity achieved 4% better than plan for the year. However the performance is 33% better than last year same time.
Rental Of Facilities & Equipment	6 573 899	7 150 000	7 421 052	-8%	-11%	Target for rentals has been stretched. Rentals were 8% lower than plan for the year. The rentals are 11% lower than the previous year.
Interest Earned from External Investments	2 255 580	2 000 000	2 008 882	13%	12%	Target achieved and exceeded due to better rates negotiated with the bank and increased grant subsidy year on year. The interest is 13% better than plan while it is 12% better than the previous year.
Operating Grants and Subsidies	71 502 000	71 135 000	58 823 000	1%	4%	Year on year increase on the grant.
In-House Stage Productions	10 777 717	18 897 458	9 588 949	-43%	12%	The target for in house ticket sales was stretched. Lower attendance numbers due to the economic down and pressures on consumer spending impacted on the achievement of the target. However the results are 12% better last year.
Sister Act sponsorship	2 000 000	2 000 000	0	100%	100%	The city sponsored sister act to the tune of R2m
Food Beverage And Retail /Stages	17 651 190	19 799 072	15 627 323	-11%	13%	Target has been stretched for Hospitality and catering. The entity achieved 11% lower than plan for the year. However this performance is 13% better than last year.
Arts alive revenue	13 014 118	13 000 000	0	100%	100%	Arts Alive programme ran on behalf of Comdev a department of COJ.
Special Projects and Other income	16 376 297	0	0	100%	100%	Comdev June 16 activations, Joburg Tourism activations, Joburg Film Office funding and the Credite note accounting of R8,4m.
Other Revenue	3 079 616	3 698 470	4 265 955	-17%	-28%	DAC sponsorship of R1m, Provincial department sponsorship of R0.65m, Management fees on the special projects and ticketing services.

The bar graph below better depicts the main revenue contributors for the full year of 2015/2016 financial year:



REVENUE ANALYSIS BY SEGMENT

Analysis of earned revenue by segments



Analysis of earned revenue by segments				
Segments	Full Year Actual 2015/2016	Full Year Actual 2014/2015	% Up or Down	
Johannesburg Theatre Operations	36 187 143.00	20 154 253.00	80%	↑
Johannesburg Arts Alive	13 014 118.41	-	100%	↑
Johannesburg Stages Operations	12 923 537.28	12 457 472.95	4%	↑
Roodepoort Theatre Operations	1 313 075.00	936 084.00	40%	↑
Roodepoort Stages Operations	1 379 134.65	1 395 191.81	-1%	↓
Soweto Theatre Operations	1 767 306.00	2 194 500.00	-19%	↓
Soweto Stages Operations	3 297 165.07	1 774 658.50	86%	↑
Total earned revenue	69 881 479.41	38 912 160.26	80%	

Revenue generated by JCT is mainly generated in the Johannesburg Braamfontein area with 52% of total revenue generated from this region. The biggest contributor at 18% are the theatre operations followed by Arts Alive at 19% and at third place is Stages operations in Braamfontein. The other operations from other regions combined makeup 12% of total earned revenue.

Expenditure

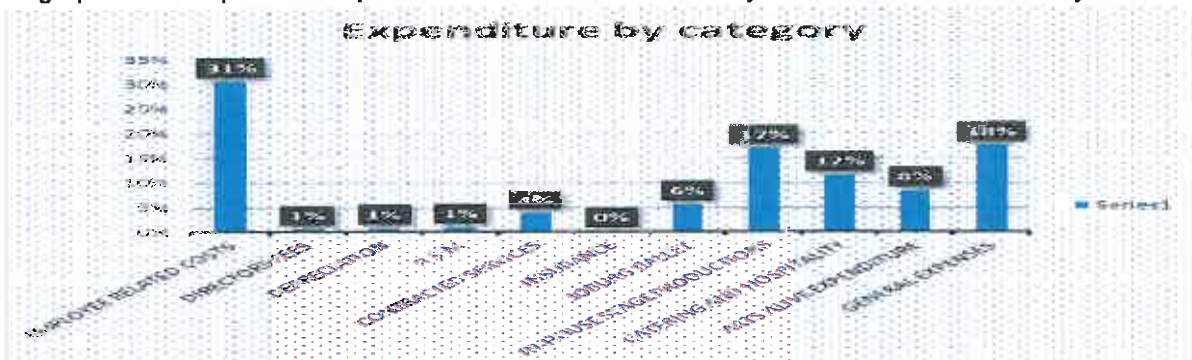
JCT continues to employ its utmost financial discipline when it comes to expenditure management. Total Expenditure for the full year results of 2015/2016 is 4% above target. The over expenditure is as a result of the special projects, which generated the revenue in excess of R20m. The special projects undertaken in the last quarter of the financial year were not budgeted for because it was already after the adjustment budget process had been concluded and the expenditure amounted to approximately about R4m. There has been considerable

savings on many expenditure lines except where the impact of rebasing was felt like on contracted services and hospitality and catering. There is huge correlation between the 4% above target YTD in revenue and the 4% overspending YTD on expenditure.

The table below depicts expenditure performance against target and the prior year:

Sub Account/line	Full Year Actual	Full Year Budget	Prior year YTD 2014/2015	YTD actual to budget	Current to prior year actual %	Commentary
Expenditure	142 883 558	137 680 000	107 680 435	4%	33%	The expenditure is slightly higher than plan by 4% for the year. However the expenditure is 33% above last years expenditure. This is resulting from arts alive and special projects for Comdev.
Employee Related Costs	43 624 006	45 886 002	36 453 205	-5%	20%	Employee related costs in line with target. Salaries are 20% higher than last year due to the implementation of pension for all JCT employees.
Directors and Committee Members	811 834	1 200 000	990 587	-32%	-18%	
Depreciation & Asset Impairment	1 132 368	1 678 000	1 332 063	-33%	-15%	
Repairs and Maintenance	1 343 864	1 396 000	1 247 488	-4%	8%	Repairs and maintenance had a saving of 4% against the budget for the year while it is 8% more than the previous year.
Contracted Services	5 534 331	5 155 995	5 259 144	7%	5%	7% overspending for the year results from the rebasing exercise where budget came down from the original allocation while contracts are already in place for services like security and cleaning.
Insurance	270 290	248 000	64 172	9%	321%	Prior insurance claims that are below excess affect the insurance expenditure line.
Joburg Ballet	8 000 000	8 000 000	8 000 000	0%	0%	
In-House Stage Productions	24 282 099	23 926 795	14 727 571	1%	65%	A number of shows have taken place during the midyear hence there is a 1% over budget on this line item but going forward this expenditure is expected to normalise through out the financial year.
Catering and Hospitality	16 539 134	14 348 153	15 180 630	15%	9%	
Arts alive expenditure	12 046 046	11 532 144		100%	100%	
Special Projects and Other expenditure	4 085 284	0	0	100%	100%	
General Expenses	25 214 303	24 308 910	24 425 576	4%	3%	The 4% overspending for the year results from the rebasing that took place during the year on contributions to tenant productions, marketing and other miscellaneous expenditure.
TRADING SURPLUS # (SHORTFALL)	346 860	0	54 726	74803395%	534%	

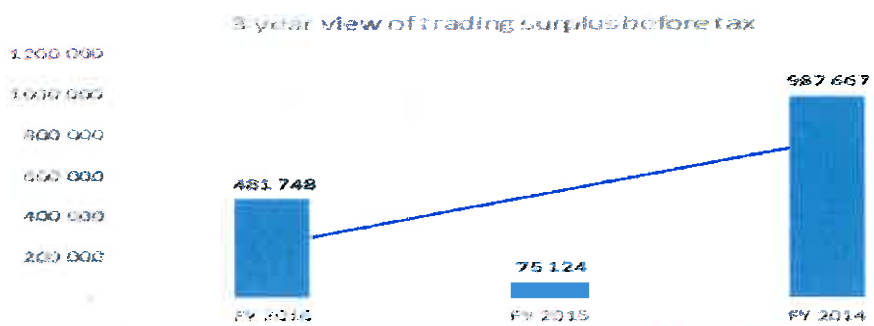
The bar graph below depicts the expenditure contribution for the full year of 2015/2016 financial year:



The entity will continue to manage the good relationship between revenue generation and expenditure patterns by employing prudent financial discipline on expenditure management.

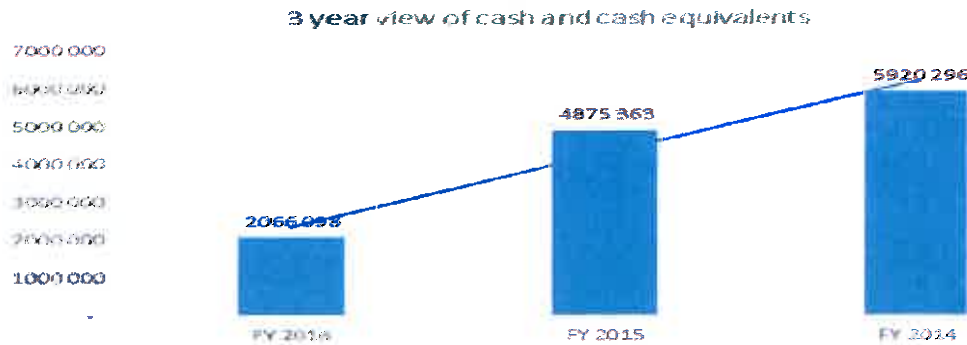
Trading Surplus/Deficit

JCT recorded a trading surplus of R346 860 for the year surplus contribution against a targeted surplus of R0m. The trading surplus is 622% better than same period the previous year. Arts Alive contributed about R968 072 to trading surplus, while the catering services department contributed R690 002 which is a 4% return on revenue generated. The surplus has decreased over the last three years, however the current year shows an improvement of 6410% year on year.

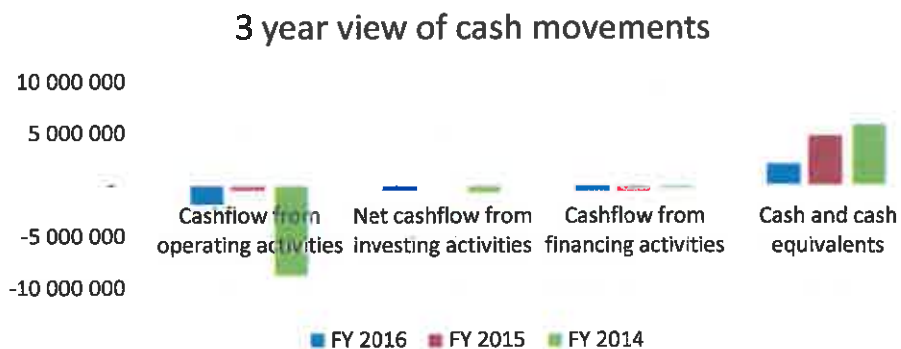


Statement of Financial Position Full Year 2015/2016

Cash and cash equivalents are down by 58% year on year due to the implementation of pensions and the June 16 activations and the expenditure on Magic Flute. The entity will have enough cash to fund and the subsidy for the 2016/2017 financial year has been invoiced. Both Liquidity and Solvency ratios have slightly deteriorated by 1% (from 1.28:1 last year to 1.27:1 in the current year) and 9% (from 1.89:1 last year to 1.72:1 in the current year) respectively year on year. Current assets have gone up 30% year on year while current liabilities went up by 31%. Total assets went up 15% year on year while total liabilities went up by 27%.



Cash flow results for the year 2015/2016 Financial Year



	FY 2016	FY 2015	FY 2014
Cashflow from operating activities	- 1 882 362	- 474 734	- 8 744 939
Net cashflow from investing activities	- 417 886	- 81 433	- 701 880
Cashflow from financing activities	- 509 017	- 488 769	- 330 496
Cash and cash equivalents	2 066 098	4 875 363	5 920 296


Solomon Mphakathi
 Chief Financial Officer
 Joburg Theatre (SOC) Ltd

Section 10: Company Secretary's Certification

In terms of Section 88 92) (e) of the Companies Act. 71 of 2008 9as amended), I certify that, to the best of my knowledge and belief, the company has lodged and/ or filed, for the financial year ended 30 June 2016, all such returns and notices as required and that all such returns and notices are true, correct and up to date.

Section 11: Statement of Responsibility

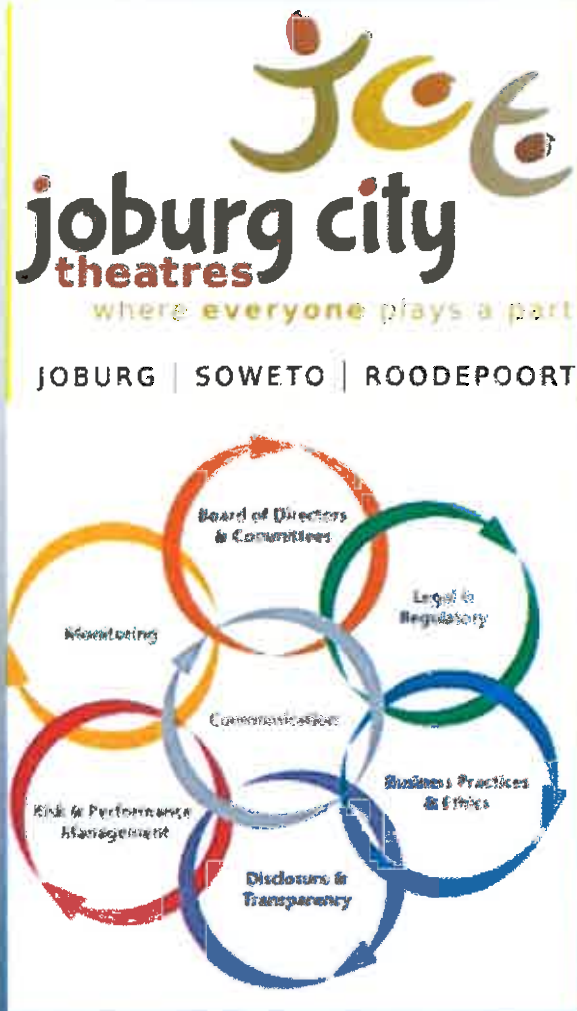
The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the Entity. The annual financial statements presented on page 86 were prepared in accordance with the statements of Generally Recognised Accounting Practice (GRAP) and include amounts based on judgement and estimates made by the management.

The directors are responsible for the preparation of the other information in the annual report and are responsible for both its accuracy and its consistency with the annual financial statements. The going concern basis has been adopted in preparing the financial statements. The directors believe that the entity will continue operating as a going concern in the foreseeable future based on the forecast and available cash resources. The appropriateness of the going concern assumption is further confirmed in the Directors report on page 91.

The Auditor-General, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the Board, has audited the annual financial statements. The directors believe that all representations made to the Auditor-General during their audit are valid and appropriate. The Auditor-General's report is presented on page 141. The annual financial statements were approved by the Board of Directors on page 87 and signed on its behalf by Prof Mongane Wally Serote.

CHAPTER TWO

GOVERNANCE



KEY ACHIEVEMENTS

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

Section 1: Corporate Governance Statement

Board of Directors promotes and supports high standards of corporate governance and in so doing endorses the principles of the third report on Corporate Governance in South Africa (King III), which came into effect on 1 March 2010. Joburg Theatres complies with the requirements for good corporate governance stipulated in the Group Governance Framework and subscribes to a governance system whereby in particular ethics and integrity set the standards for compliance. It adapts its structures and processes to facilitate effective leadership, sustainability and corporate citizenship to reflect national and international corporate governance standards, developments and best practice.

With regard to the year under review, the Board of Joburg Theatre believe that most of the King III principles are already entrenched in the company's internal controls, policies and procedures governing corporate conduct. All reasonable efforts have been carried out to the extent that King III has largely been implemented since the beginning of the financial year and the Board is committed in continuing to carrying out the full implementation of King III. The only area of partial compliance is the development of a formal Stakeholder Engagement Strategy and Communication Policy for the Group, which will be finalised during 2016/17 financial.

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

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

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

Application of King III

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

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

The Protocol is premised on the principles enunciated in the King III Report for Corporate Governance for South Africa 2009 (King III). The Company steadfastly consolidated its position in respect of adherence to the King III report on Corporate Governance. The entity practices are, in most material instances, in line with the principles set out in the King III Report. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews our progress to ensure that we improve our Corporate Governance. During the year under review the Company entrenched its risk management reviews and reporting and compliance assessments were conducted in terms of the Companies Act, the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA). The annual Board assessments and evaluations were conducted and an annual report for the previous year was effectively completed in accordance with the terms of section 121 of the Municipal Finance Management Act.

The board confirms that the company applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in our governance structures, systems, processes and procedures.

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

✓ Applied # Partially applied	No	Principle	Applied	How principle is applied or other relevant explanation
1.1	✓	The board should provide effective leadership based on an ethical foundation.	✓	JCT subscribes to high ethical standards, and responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency.
1.2	✓	The board should ensure that the company is and is seen to be a responsible corporate citizen.	✓	The board is responsible for ensuring that JCT protects, enhances and invests in the well-being of the economy and society, and is involved in a number of community development projects.
1.3	✓	The board should ensure that the company's ethics are managed effectively.	✓	The business of JCT is governed by the Code of Conduct and a Code of Ethics, both approved by the board.
2.1	✓	The board should act as the focal point for and custodian of corporate governance.	✓	The board ensures that JCT applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices, the governance structures, systems, processes and procedures.
2.2	✓	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	✓	The board approves and monitors the implementation of the strategy and business plan, sets objectives, reviews key risks, evaluates performance against the background of economic, environmental and social issues relevant to the company and international political and economic conditions.
2.3	✓	The board should provide effective leadership based on an ethical foundation.	✓	Responsible leadership characterised by the values of responsibility, accountability, fairness and transparency is a defining characteristic of the JCT. The board provides strategic direction, leadership and oversight so as to enhance shareholder value and ensure JCT's long-term sustainability, development and growth.
2.4	✓	The board should ensure that the company is and is seen to be a responsible corporate citizen.	✓	The board and management recognise that JCT is a corporate citizen and, as such, has a social and moral standing in society with all the attendant responsibilities. Under the auspices of the board, JCT is involved in a number of community and youth development projects.

No	Principle	Applied	How principle is applied or other relevant explanation
2.5	The board should ensure that the company's ethics are managed effectively.	✓	In April 2016 the board reviewed and approved Code of Conduct and Code of Ethics. An ethics and compliance programme will be presented to the board in July 2016. This will ensure that mechanisms are in place to verify observance of code and make it known within JCT. The Remuneration, Social and Ethics committee and management will perform assessments of ethical risks and opportunities and integrate these into the risk management process and, thereafter, continually monitor, report and disclose the entity's ethics performance.
2.6	The board should ensure that the company has an effective and independent audit committee.	✓	Pursuant to section 166(5) of the Local Government: Municipal Finance Management Act, 2003, the independent members of an audit committee are appointed by the shareholder at the annual general meeting.
2.7	The board should be responsible for the governance of risk.	✓	The board is responsible for the governance of risk and ensures that the company has an effective risk management system. JCT has established and maintains a system of risk management in accordance with the provision of the Municipal Finance Management Act, King III and Risk Management Standards as applicable. Oversight over the governance and management of risk in the entity is carried out by the audit and risk committee.
2.8	The board should be responsible to information technology (IT) governance.	✓	The board bears ultimate responsibility for information technology (IT) governance and has approved the IT governance framework which defines the structures, processes and responsibilities for IT governance during 2014/15 financial year. The responsibility for monitoring compliance and implementation of the IT governance framework has been delegated to the audit and risk committee.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓	The board is responsible for ensuring that JCT complies with applicable laws and considers adhering to non-binding rules, codes and standards. The company is wholly owned by the City of Johannesburg and is thus subject to a wide range of legislation applicable to government entities. As such compliance remains a core focus to ensure that we are able to monitor our compliance in a holistic manner.
2.10	The board should ensure that there is an effective risk-based internal audit.	✓	The board has established a risk-based internal audit function whose purpose, authority and responsibilities of the internal audit function are consistent with the requirements of the Institute of Internal Auditors and the principles of King III. The internal audit coverage plan takes into consideration areas that are perceived to be of high risk as per the risk registers for the three theatres and areas identified by management.

No	Principle	Applied	How principle is applied or other relevant explanation
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	✓	The board appreciates the importance of stakeholders and performs stakeholder analysis annually. The board ensures that the group operates on the basis of transparency, best practice disclosure, consistent communication and equal and timely dissemination of information to all stakeholders.
2.12	The board should ensure the integrity of the company's integrated report.	✓	On the recommendation of the audit and risk committee, the board considers and approves the company's integrated report.
2.13	The board should report on the effectiveness of the company's system of internal controls.	✓	Based on the report of the audit and risk committee and the written assessment of the internal auditors, the board reports on the effectiveness of the company's system of internal controls.
2.14	The board and its directors should act in the best interests of the company.	✓	In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company's stakeholders. The board as a whole acts as a steward of the company and each director acts with intellectual honesty and independence of mind in the best interests of the company and its stakeholders.
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act.	✓	The board is aware of the requirements of the Companies Act regarding business rescue. The board has established a risk management process that helps to continuously evaluate both internal and external risks, threats and opportunities to ensure that the company is operating optimally and is not in distress.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should also not fulfil the role of chairman of the board.	✓	Professor Mongane Wally Serote, an independent non-executive director, is chairman of the board and Ms Xoliswa Nduneni-Ngema, an executive director, is chief executive officer. The roles of the chairman and chief executive are thus separate and clearly defined.
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority.	✓	While retaining overall accountability and subject to matters reserved to itself, the board has delegated to the chief executive and other executive directors and managers authority to run the day-to-day affairs of the company subject to an approval framework established by the board.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	✓	Considerable thought is given to board balance and composition. The board has eleven directors, comprising nine non-executive directors, and 2 executive directors. All eleven non-executive directors are independent.

No	Principle	Applied	How principle is applied or other relevant explanation
2.19	Directors should be appointed through a formal process.	✓	To ensure a rigorous and transparent procedure, any new appointment of a director is considered by the shareholder. The selection process involves considering the existing balance of skills and experience, and a continual process of assessing the needs of the company.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	#	The company secretary is responsible for the induction of new directors in accordance with an established programme and based on the needs of each new director. A policy on the continuing professional development of directors will be developed in the new financial year.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	✓	Mr Vincent Motau is the acting company secretary, duly appointed by the board in accordance with the Companies Act. The board has finalised the recruitment process of the company secretary, Mrs Philipa Maduka the appointed candidate will be in post from 1 July 2016. The board is satisfied that the company secretary is properly qualified and experienced to competently carry out the duties and responsibilities of a company secretary.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	✓	The performance of the board as a whole and the board committees individually is evaluated annually and independently evaluated by an external service provider from time to time.
2.23	The board should delegate certain functions to well-structured committees without abdicating its own responsibilities.	✓	The board has three committees that assist it in discharging its duties and responsibilities. These committees operate in accordance with written terms of reference approved by the board and reviewed when required.
2.24	A governance framework should be agreed between the group and its subsidiary boards.	✓	The Governance Framework sets out the corporate governance principles that should be applied by City of Johannesburg (COJ), all COJ Municipal Entities (MEs) and the COJ departments. It outlines specific responsibilities assigned to the Executive, Legislature, MEs' Board of Directors and COJ officials and details the manner in which the COJ Group operates.
2.25	Companies should remunerate directors and executives fairly and responsibly.	✓	The shareholder determines the remuneration of directors and the board determines the remuneration of executives, based on recommendations made by the remuneration committee, taking into account market conditions, expert advice from remuneration specialists and in accordance with upper limits set by the shareholder.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	✓	The board approves the remuneration report prepared by management. The report discloses the remuneration of each individual director and prescribed officers in line with the Companies Act.

No	Principle	Applied	How principle is applied or other relevant explanation
2.27	Shareholders should approve the company's remuneration policy.	✓	Pursuant to the group governance framework the COJ must develop a policy framework that will apply across the group relating to remuneration. The shareholder approves remuneration of the directors of the company and the independent audit committee members in accordance with the relevant policy of the City of Johannesburg Metropolitan Municipality dealing with the remuneration of directors at each annual general meeting of shareholders.
3.1	The board should ensure that the company has an effective and independent audit committee.	✓	All members of the audit committee are regarded as independent directors. The audit committee is appointed by the shareholders at the AGM.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	✓	The entity's audit committee is made up of individuals with strong financial management skills. There are four (4) members sitting on the committee: 1 being a non-executive director and the other three (3) independent members who do not sit on the board and are also not employees of the entity.
3.3	The audit committee should be chaired by an independent non-executive director.	✓	Mr Mavuso Shabalala the chairman of the audit and risk committee is an independent non-executive director.
3.4	The audit committee should oversee integrated reporting.	✓	The audit committee considers the integrated report, the annual financial statements and recommends the approval of the integrated report to the board.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	✓	The combined assurance report, framework and policy was approved by the audit and risk committee and board in April 2016. A combined assurance report will tabled quarterly to the audit and risk committee.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	✓	Annually, the audit committee evaluates the expertise and experience of the chief financial officer as well as the level of financial experience and qualifications of all the financial staff members in the company. The remuneration, social and ethics committee also discusses the succession plan for senior financial resources.
3.7	The audit committee should be responsible for overseeing internal audit.	✓	The internal audit function is outsourced to the City of Johannesburg's Group Risk and Assurance Services (GRAS). The Internal Audit Executive reports to the chief financial officer on a functional basis and has direct access to the chairman of the audit and risk committee. The audit and risk committee approves the annual internal audit work plan and monitors the performance of internal audit.
3.8	The audit committee should be an integral component of the risk management process.	✓	The audit and risk committee annually reviews the effectiveness of the risk management process in the company.

No	Principle	Applied	How principle is applied or other relevant explanation
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	✓	The Auditor-General is appointed as external auditor annually by the shareholder at the annual general meeting.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties.	✓	The audit and risk committee chairman reports back to the board subsequent to each committee meeting. At the annual general meetings such reports are in writing. Annually the chairman prepares an audit and risk committee report to shareholders.
4.1	The board should be responsible for the governance of risk.	✓	Formal processes are in place reflecting the board's leadership with regard to the governance of risk.
4.2	The board should determine the levels of risk tolerance.	✓	Specific limits are regularly at the audit and risk committee meeting and approved by the board. These limits take account of both external and internal risk factors.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	✓	The board committees review all aspects of the risk function for which the board is responsible.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	✓	Management is accountable to the board, through the board committees, for embedding the risk management process in the business. Day-to-day responsibility for the management of the plan rests with the risk champion.
4.5	The board should ensure that risk assessments are performed on a continual basis.	✓	The risk assessment process identifies risks and opportunities and the process is formalised and regular.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	✓	The workshop methodology, which constitutes the basis upon which the risk assessments are conducted, ensures that unpredictable risks are considered.
4.7	The board should ensure that management considers and implements appropriate risk responses	✓	The implementation of controls, existing and new, is monitored on an ongoing basis.
4.8	The board should ensure continual risk monitoring by management.	✓	Continual risk monitoring is required and the process is monitored by management.

No	Principle	Applied	How principle is applied or other relevant explanation
4.9	The board should receive assurance regarding the effectiveness of the risk management process.	✓	Group risk services provides assurance to the board in respect of JCT's risk management processes.
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	✓	The board discloses the top risks facing JCT and confirms its satisfaction with the executive management of the risk management processes.
5.1	The board should be responsible for information technology (IT) governance.	#	The IT steering committee is empowered by the audit and risk committee to guide IT governance.
5.2	IT should be aligned with the performance and sustainability objectives of the company.	✓	IT is fully integrated into the strategic planning process ensuring strategic, tactical and operational alignment in the achievement of business objectives.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	#	The IT steering committee is empowered by the audit and risk committee to guide IT governance in the group.
5.4	The board should monitor and evaluate significant IT investments and expenditure	#	The IT steering committee monitors the performance of all major IT projects.
5.5	IT should form an integral part of the company's risk management.	✓	IT risk management is integrated into the enterprise risk management framework. The audit and risk committee monitors disaster recovery and other IT practices.
5.6	The board should ensure that information assets are managed effectively.	#	The company has approved a revised IT policy to deal with effective management of information assets. Implementation of this policy and user awareness is underway.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	✓	IT is represented at the audit and risk committee and the committee review key elements of IT practice including IT internal controls and risk management.
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	✓	The board is responsible for ensuring that the entity complies with applicable laws and considers adhering to non-binding rules, codes and standards.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	✓	Developments in laws, rules, codes and standards which affect the entity are discussed at board meeting.

No	Principle	Applied	How principle is applied or other relevant explanation
6.3	Compliance risk should form an integral part of the company's risk management process.	✓	The COJ's risk management process encompasses all classes of risk, including compliance.
6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	✓	JCT has developed an ethics and compliance implementation plan which will be approved by the board in July 2016. The Code of Conduct articulates JCT's commitment to doing business the right way, according to best practices, guided by the values of integrity, excellence, teamwork, commitment and sustainability. Legal compliance is ensured through specific interventions.
7.1	The board should ensure that there is an effective risk-based internal audit.	✓	An effective risk-based internal audit function has been established. The purpose, authority and responsibilities of the internal audit function are defined in the internal audit charter that is consistent with the Institute of Internal Auditors' definition of internal auditing, and the principles of King III.
7.2	Internal audit should follow a risk-based approach to its plan.	✓	A risk-based approach to internal audit planning is adopted in assessing the company's control environment. This approach is informed by the strategy of the company and aligned to the risk assessment process.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	✓	A written assessment regarding the effectiveness of the system of internal controls and risk management is tabled to the board annually, covering not only financial matters but also operational and compliance issues.
7.4	The audit committee should be responsible for overseeing internal audit.	✓	Group Risk and Assurance Services interacts with the Chief Financial Officer and reports to the audit and risk committee on a functional basis and has direct access to the Chairperson of the Board, and is present at all meetings. The audit and risk committee approves the annual internal audit work plan and monitors the performance of internal audit.
7.5	Internal audit should be strategically positioned to achieve its objectives.	#	The head of internal audit has unrestricted access to members of the audit and risk committee and executives of the company and attends the audit and risk committee meetings. The function is adequately skilled and resourced. A rigorous quality assurance and improvement programme is in place to ensure this, and keeps pace with the volume of risk assurance needs.
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	✓	Engagements with stakeholders are aimed at establishing open, interactive and mutually beneficial relationships. During this financial year the first customer satisfaction survey was drafted and finalised. Baseline results were established and going forward annual customer satisfaction surveys will be conducted based on the baseline.

No	Principle	Applied	How principle is applied or other relevant explanation
8.2	The board should delegate to management to proactively deal with stakeholder relationships.	#	<p>A formal Stakeholder Engagement Strategy and Communication Policy for the Group which will be developed during 2016/17 financial. The annual general meeting is attended by relevant stakeholders.</p> <p>The board and management remain firm in our commitment to sound stakeholder relationships and are committed to managing both short-term and long-term plans to standards that will ultimately benefit our communities.</p>
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	✓	Stakeholders are identified through a wide range of channels. Where concerns are legitimate, the company addresses these. Listens to suggestions and engages honestly.
8.4	Companies should ensure the equitable treatment of shareholders.	✓	The company is a strong proponent of transparency; best practice disclosure; consistent communication; and equal and timely dissemination of information to the shareholder, the City of Johannesburg.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	✓	Stakeholders are communicated with regularly, in a balanced manner through a range of channels. The Global Reporting Initiative G3 guidelines are recommended by King III as providing a comprehensive reporting framework that represents international best practice.
8.6	The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible.	✓	JCT ensures that alternative dispute resolution provisions are incorporated in agreements. Each dispute is handled in accordance with the provisions of the governing agreement, the primary objective being to ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.
9.1	The board should ensure the integrity of the company's integrated report.	✓	The board reviews the integrated report and related complementary reports. Structured authorisation and review processes are in place which include board committees, and external and internal assurance reviews.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	✓	An integrated report is produced which, together with complementary reports, addresses the sustainability of the company, including financial and non-financial aspects such as strategy, risk, environmental, social and governance issues. Reporting is prepared in line with recognised guidelines that include International Financial Reporting Standards (IFRS), Generally Revised Accounting Practices, King III, Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3.1) and international best practice.
9.3	Sustainability reporting and disclosure should be independently assured.	✓	The board, its audit and risk committee and COJ's Group Governance unit review the integrated report and complementary reports.

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

Group's Governance Framework

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

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

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

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

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

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

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

Ethical Leadership

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

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

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

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

Corporate Citizenship

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

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

Compliance with laws, rules, codes and standards

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

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

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

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

Accountability

The Board is responsible for the preparation and presentation of the information contained in the annual financial statements in accordance with applicable laws and regulations. The Board is satisfied that the statements give a true and accurate view of the results and state of affairs of the company. An independent examination of the annual financial statements has been carried out by the external auditors in accordance with International Auditing Standards and as far as the Board is aware no relevant audit information which may have had a bearing on the outcome of these statements was withheld from the auditors.

The annual financial statements were prepared in accordance with the statements of Generally Recognised Accounting Practice (GRAP). The Board has considered the correctness of the information contained in the integrated report and is satisfied that this provides a true and correct reflection of the business and activities of the JCT. The annual financial statements included in this integrated report have been prepared on the 'going concern' basis and the directors believe that the company has adequate resources to continue to operate for the foreseeable future. The Board has responsibility for the system of internal control which enables it, together with the combined assurances provided by management, Group Risk and Assurance Services (GRAS) and Sub-Committees, to provide a reasonable assurance against material misstatement and loss and of the maintenance of proper accounting records and reliable financial information. The Board is also responsible for ensuring the adequate prevention and detection of fraud and irregularities and the safeguarding of the company assets. The company has an independent whistle blowing facility hotline which provides all stakeholders with a mechanism for the reporting of irregularities. The internal control system is evaluated by the Audit and Risk Committee (ARC) and GRAS in accordance with the annually approved audit coverage plan.

Section 2: Board of Directors

The entity has a unitary board, which consist of executives and non-executives directors. The Board is chaired by a non-executive director, Prof Mongane Wally Serote. The board meets regularly, at least quarterly and retain full control over the company. The Board remains accountable to the City of Johannesburg Metropolitan Municipality, the sole member and its stakeholders, the citizens of Johannesburg. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity' relationship with the City of

Johannesburg. The Board provides Monthly, Quarterly, Bi-Annually and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA.

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

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

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

Board of Directors



DR MONGANE WALLY SEROTE
Chairperson



MS XOLISWA NDUNENI-NGEMA
Chief Executive Officer (CEO)



MR SOLOMON MPHAKATHI
Chief Financial Officer (CFO)



MR ISHMAEL MKHABELA
Non-Executive Director



MR MAVUSO SHABALALA
Non-Executive Director



MS LORRAINE MALEBO
Non-Executive Director



BISHOP EUGENE SINCLAIR
Non-Executive Director



MR MABUTHO KID SITHOLE



MS TODD TWALA



MR SIPHO SITHOLE



ADV JOHNNY MODIPA

BOARD OF DIRECTORS' PROFILES

PROF MONGANE WALLY SEROTE (CHAIRPERSON)

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

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

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

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

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

MR ISHMAEL MKHABELA

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

MR MAVUSO SHABALALA

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

Mavuso, who holds an MBL degree, is a very enthusiastic professional Independent Consultant on Organisational Design and Development. He looks for new challenges and ventures, is very dedicated to a cause and hard work. He uses and fuses experience and knowledge for finding solutions to unconventional and conventional problems. He has 20 years operational and strategic level experience as a Human Resource Practitioner, which was obtained mainly in the Financial Services and Public Sector (as Head of HR at the Special Investigating Unit), International NGO sector and Consulting. He is an all-rounder in terms of approach and thought processes.

He has deep and varied competency in the public sector obtained through consulting work done for the likes of City of Tshwane Metropolitan Municipality, Rustenburg Local Municipal Municipality and the City of Joburg and Special Investigating Unit, which has provided him an appreciation of some of the challenges faced by public sector entities.

In the financial services sector, he played several roles in Liberty Life and Stanbic Africa. Furthermore, he worked in the International Non-Government (INGO) sector, working for Oxfam Great Britain, in a regional role and Oxfam International in an expatriate pan-Africa role, where he gained great experience in the INGO sector and Africa-wide business and operating experience.

He is a good team player, with strong abilities to think independently, and focus on the ultimate outcome while obtaining buy-in to his ideas from those he needs to persuade. While mostly friendly, he is generally results/outcome focused, is ambitious and a goal-oriented self-starter.

He has excellent communication skills at all levels and political maturity and savvy, which allow him to create rapport with people from different backgrounds, persuasion and conviction. He is also able to converse successfully with experts in their specialist field, a key competency he regards as absolutely valuable for a board level engagement. He has served for over 7 years in the Board of Directors of the City of Joburg's Roodepoort City Theatre, where he also served as Chairperson of Board Committee on Human Resources and was member of the Audit Committee for three years. He is currently a Non-Executive Director and Chairperson of the Audit and Risk Committee at the Joburg City Theatres Company SOC.

MS LORRAINE MALEBO

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

MR MABUTHO KID SITHOLE

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

MS TODD TWALA

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

MR SIPHO SITHOLE

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

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

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

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

BISHOP EUGENE SINCLAIR

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

Eugene has 17 years employment experience which progressed from Sales Correspondent, Financial Advisor, Office Administrator and Bereavement and marriage counselor. He has extensive knowledge and experience in the financial and administrative field with excellent interpersonal, leadership, communication skills and computer skills. He has been working at an executive level for the past 12 years and has developed a strong understanding of the corporate etiquette and discretion required to function successfully at this level.

ADV MOTSAMAI JOHNNY MODIPA

Advocate Johnny Modipa is a non-practicing advocate of the High Court of South Africa. He joined Joburg City Theatres (RF) SOC Ltd's ("JCT") board of directors in March 2016.

Amid his areas of expertise is commercial law and labour, providing legal opinions relating to the Broad-Based Black Economic Empowerment ("BBBEE") and economic transformation matters. In addition, Adv. Modipa is a member of the Remuneration, Social and Ethics Committee (RemSec) at JCT. Based on his legal expertise, as part of Remsec, he partakes in strategically guiding the organisation's corporate social responsibility and sustainability.

Adv. Modipa also practices speech and article extramural writing for individuals and associations, respectively. Some of his publications include articles for Teachers' Monthly, an email newsletter written for teachers and anyone interested in education in South Africa.

MS XOLISWA NDUNENI-NGEMA (CEO)

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

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

MR SOLOMON MPHAKATHI CA(SA) (CFO)

Solomon Mphakathi is a qualified chartered accountant with more than 10 years' experience in the finance and auditing field was born in the then Transkei in the district of Engcobo in 1979. He graduated his Bcom (Acc) degree from the University of Fort Hare. He then went to further his studies in commerce with the University of Port Elizabeth where he graduated with a certificate in financial accounting. In 2004 he completed his Bcom (Acc) Hons with the University of Kwazulu Natal. He trained for the CA qualification in the Office of the Auditor General where he amassed a lot public sector experience.

On completion of his training he then joined Engen Petroleum Limited in Cape Town in their internal audit division. A year later he joined one the then biggest internal audit departments at Eskom where he held a position of a Senior Audit Advisor. He then joined Transnet Engineering as Corporate Governance Manager responsible for continuous internal controls improvement and monitoring, investigations and maintenance of good corporate governance practices. At a later stage he promoted to a position of Senior Finance Manager responsible for the whole financial management and financial discipline of one the biggest businesses in Transnet Engineering.

Attendance at meetings held during the year was as follows:

JOBURG THEATRE: NON-EXECUTIVE DIRECTORS (NED) AND INDEPENDENT AUDIT COMMITTEE MEMBERS (IAC)																	
NAME	BOARD MEETING	BOARD TASK TEAM MEETINGS	CHAIRPERSON'S QUARTELY	GROUP AUDIT COMMITTEE	GROUP RISK GOVERNANCE COMMITTEE	AUDIT & RISK COMMITTEE	REMUNERATION, SOCIAL & ETHICS COMMITTEE	AC & REMSEC WORKSHOP	ARTISTIC COMMITTEE	BUDGET LEKGOTLA	ANNUAL GENERAL MEETING	STRATEGIC PLANNING SESSION	RISK ASSESSMENT WORKSHOP	SHAREHOLDER COMPACT & NED/IAC INDUCTION	ATTENDANCE FOR RETAINER FEES 2015/16	TOTAL	
Number of Meetings																	
Mongana Serote (Board Chairperson)	5	1	-	-	-	-	-	-	-	-	1	1	-	-	100%	8	
Mavuso Shabalala (NED) (ARC Chairperson)	5	1	-	2	1	5	-	-	-	-	1	1	2	-	100%	8	
Ishmael Mkhizela (NED) (RemSec Chairperson)	4	1	-	-	-	-	1	-	-	-	1	1	-	-	80%	8	
Mabutho Sithole (NED)	4	-	-	-	-	-	-	-	2	-	1	1	-	-	80%	8	
Todd Twala (NED)	5	-	-	-	-	-	1	1	2	-	1	1	-	-	100%	11	
Lorraine Malebo (NED)	3	-	-	-	-	-	2	1	1	-	1	1	-	-	60%	9	
Sipho Sithole (NED)	1	-	-	-	-	-	1	-	1	-	1	1	-	-	20%	5	
Monna Mokoena (NED) *	-	-	-	-	-	-	-	-	1	-	-	-	-	-	0%	1	
Eugene Sinclair (NED)	5	-	-	-	-	-	2	1	-	-	1	1	-	-	100%	10	
Kobus Froneman (IAC) *	-	-	-	-	-	3	-	-	-	-	-	-	-	-	60%	3	
Tshidi Molala (IAC)	-	-	-	-	-	3	-	-	-	-	-	-	-	-	60%	3	
Chrystal Cape (IAC)	-	-	-	-	-	5	-	-	-	-	-	1	1	-	100%	7	
Manana Moroka (IAC) *	-	-	-	-	-	-	-	-	-	-	1	-	1	-	100%	2	
Jonny M-dipa**	1	-	-	-	-	-	-	-	-	-	1	-	-	-	100%	2	

Monna Mokoena (NED) *	Retired on 15 March 2016
Kobus Froneman (IAC) *	Retired on 15 March 2016
Manana Moroka (IAC) *	Appointed on 15 March 2016
Jonny M-dipa**	Appointed on 15 March 2016

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

Section 3: Board Committees

The board committees assist the Board in the discharge of its duties and responsibilities. Each board committee has formal written terms of reference that are reviewed annually and effectively delegated in respect of certain of the board's responsibilities. The board monitors these responsibilities to ensure effective coverage of, and control over, the operations of Joburg Theatre. The following committees have been formed, each of which is chaired by a non-executive director:

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

3.1 Audit and Risk Committee

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

- Mr Mavuso Shabalala (Non-Executive Director - Chairperson)
- Mr Jacobus Froneman* (Independent Audit Committee Member)
- Ms Tshidi Molala (Independent Audit Committee Member)
- Ms Chrystal Cape (Independent Audit Committee Member)
- Ms Margaret Moroka** (Independent Audit Committee Member)

* Retired 15 March 2016

** Appointed 15 March 2016

The role of the audit and risk committee is to assist the board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The audit and risk committee exercises its functions through close liaison and communication with corporate management and the internal and external auditors. The committee met five times during the year under review.

The audit and risk committee operates in accordance with a written charter authorised by the board, and provides assistance to the board with regard to:

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

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

The audit and risk committee addressed its responsibilities properly in terms of the charter during the year under review. No changes to the charter were adopted during the year under review.

Management has timeously provided quality quarterly reports and annual financial statements reviewed by the audit and risk committee and recommended for Board approval.

The audit and risk committee considers the annual financial statements of the entity to be a fair presentation of its financial position on June 30th 2016 and of the results of its operations, changes in equity and cash flow for the period ended then in accordance with GRAP and the Companies Act.

As recommended in King III, an Audit and Risk Committee assessment was conducted, the results of which confirmed that the Committee had discharged its mandate in full. The Board confirms that the Committee discharged its mandate during the period under review.

The audit and risk committee is pleased to note that all components of the integrated report are included as is required in terms of section 121(3) of the MFMA as follows :

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

As indicated above, the quality of the integrated report is adequate. Therefore the audit and risk committee recommended for the approval by the board and the shareholder.

3.2 Remuneration, Social and Ethics Committee

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

- Mr Ishmael Mkhabela (Chairperson)
- Ms Lorraine Malebo
- Bishop Eugene Sinclair
- Mr Siphon Sithole
- Advocate Johnny Modipa

The committee met twice during the year under review.

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

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

The social and ethics committee advises the board on remuneration policies, remuneration packages and other terms of employment for all directors and senior executives. Its terms of reference also include recommendations to the board on matters relating *inter alia*, to general staff policy remuneration, bonuses, executive remuneration, director's remuneration and fees, service contracts, and retirement funds. The independent professional advisors advise the committee when necessary.

3.3 Artistic Committee

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

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

The committee met twice during the year under review.

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

Section 4: Director's Remuneration

4.1 Entity's remuneration policy

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

Fees paid to non-executive directors (including committee members) for the 2015/16 period, is listed below:
JULY 2015 - JUNE 2016

NAME	JOBURG THEATRE: NON-EXECUTIVE DIRECTORS (NED) AND INDEPENDENT AUDIT COMMITTEE MEMBERS (IAC)												
	BOARD MEETING	SPECIAL BOARD MEETINGS	CHAIRPERSON'S QUARTELY	GROUP AUDIT COMMITTEE	GROUP RISK GOVERNANCE COMMITTEE	AUDIT & RISK COMMITTEE	REMUNERATIONS, SOCIAL & ETHICS COMMITTEE	AC & REMSEC WORKSHOP	ARTISTIC COMMITTEE	ANNUAL GENERAL MEETING	STRATEGIC PLANNING SESSION	RISK ASSESSMENT WORKSHOP	TOTAL
Mongane Serote (Board Chairperson)	57 040.00	5 704.00	-	5 704.00	-	-	-	-	-	5 704.00	5 704.00	-	79 856.00
Mavuso Shabalala (NED) [ARC Chairperson]	28 520.00	5 704.00	-	11 408.00	5 704.00	57 040.00	-	-	-	5 704.00	5 704.00	5 704.00	125 488.00
Ishmael Mkhabela (NED) [RemSEC Chair]	22 816.00	5 704.00	-	-	-	-	15 475.20	-	-	5 704.00	5 704.00	-	55 403.20
Mabutho Sithole (NED)	22 816.00	-	-	-	-	-	-	15 475.20	-	5 704.00	5 704.00	-	49 699.20
Todd Twala (NED)	28 520.00	-	-	-	-	-	4 565.50	4 565.50	9 131.00	5 704.00	5 704.00	-	58 190.00
Lorraine Malebo (NED)	17 112.00	-	-	-	-	-	12 303.10	4 565.50	-	5 704.00	5 704.00	-	45 388.60
Sijpho Sithole (NED)	5 704.00	-	-	-	-	-	4 565.50	-	4 565.50	-	5 704.00	-	20 539.00
Monna Mokoena (NED) *	-	-	-	-	-	-	-	-	-	-	-	-	-
Eugene Sinclair (NED)	28 520.00	-	-	-	-	-	13 696.50	4 565.50	-	5 704.00	5 704.00	-	58 190.00
Kobus Froneman (IAC) %	-	-	-	-	-	17 112.00	-	-	-	-	-	-	17 112.00
Tshidi Molata (IAC)	-	-	-	-	-	17 112.00	-	-	-	-	-	-	17 112.00
Chynstal Cape (IAC)	-	-	-	-	-	28 520.00	-	-	-	-	5 704.00	5 704.00	39 928.00
Manana Moroka (IAC) *	-	-	-	-	-	5 704.00	-	-	-	5 704.00	-	5 704.00	17 112.00
Jonny Modipa **	5 704.00	-	-	-	-	-	-	-	-	5 704.00	-	-	11 408.00
Sub-Totals:	216 752.00	17 112.00	-	17 112.00	5 704.00	125 488.00	50 605.80	13 696.50	29 171.70	51 336.00	51 336.00	17 112.00	595 426.00

Monna Mokoena (NED) *	Retired on 15 March 2016
Kobus Froneman (IAC) %	Retired on 15 March 2016
Manana Moroka (IAC) *	Appointed on 15 March 2016
Jonny Modipa **	Appointed on 15 March 2016

Executive Management

Composition

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

- Chief Executive Officer
- Chief Financial Officer
- Chief Operations Officer
- Executive Producer

Responsibilities

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



MS XOLISWA NDUNENI-NGEMA
CHIEF EXECUTIVE OFFICER

Age: 54

Qualifications:

B Soc Sc; Diploma in Marketing Management;
Diploma in Public Relations
Municipal Finance Management Programme



MR SOLOMON MPHAKATHI
CHIEF FINANCIAL OFFICER

Age: 37

Qualifications:

CA(SA)
10 years' experience in the finance and auditing field
Municipal Finance Management Programme



MS BRIDGET MASHIKA
CHIEF OPERATIONS OFFICER

Age: 42

Qualifications:

BCompt Degree
10 years Finance and governance experience
Municipal Finance Management Programme



MS CLAIRE PACARIZ
EXECUTIVE PRODUCER

Age: 39

Qualifications:

National Diploma in Public Relations Management
Marketing, Associate Producer and Strategic Relations
Management experience

The shareholder determines and recommends the upper limits for CEOs and all senior managers of the City's and its entities.

The City has already received the relevant market data from the appointed service provider, but in order to apply it to the incumbents affected by the upper limits of remuneration, we require the following information as a matter of urgency

The table below discloses the 2015/16 remuneration of executive management:

SENIOR MANAGEMENT REMUNERATION						
No.	Name	YTD				TOTAL
		Basic Salary	Allowances & Contributions	Other	Bonus / Fees	
1	X. Nduneni-Ngema (Chief Executive Officer)	1 470 022	315 875	61 250	200 624	2 047 771
2	B. Mashika (Chief Operations Officer)	1 027 200	218 350	42 800	139 104	1 427 454
3	S. Mphakathi (Chief Financial Officer)	1 167 018	162 479	52 608	170 982	1 553 087
4	S. James (Production Manager)	765 230	152 192	-	63 732	981 154
5	C. Pacariz (Executive Producer)	750 000	161 987	37 500	59 317	1 008 804
	TOTAL	5 179 470	1 010 883	194 158	633 759	7 018 269

Section 5: Company Secretarial Function



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

During the period under review, position the company secretary was vacant. However, Mr Vincent Motau was appointed by the Board on an acting basis, a position which he served professionally. The Board has finalised the recruitment process of Company Secretary and the appointed candidate will be post from 1 July 2016.

Section 6: Risk Management and internal controls

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

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk involve segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting. Financial risk management is dealt with in the financial statements on pages **[insert page no.]**

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

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

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

Based on the assessment done by internal auditors, the Audit and Risk Committee believed that, as at 30 June 2016, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, is adequate and effective.

At the beginning of the financial year 2015-16 the Board conducted a strategic risk assessment which focussed on identifying the critical risks that affect the company at a strategic level together with mitigating controls. During the same period Executive Management and management team also conducted the operational risks assessments focussing on risks that impact operational level in each of the departments of the entity. Both strategic and operational risks and related controls were reviewed and monitored on a monthly basis at EXCO and MANCO forums. On a quarterly basis the results of these assessments were reviewed by the ARC and the Board.

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

During the period under review, JCT noted the following significant highlights from a risk management perspective:

Obsolete and/or outdated stage machinery and equipment:

The risk remained high due to inadequate capex budget and the re-basing of budget exercise that was conducted by COJ during the adjustment budget.

The materialization of the risk will result in the following:

- Obsolete and/or outdated stage Machinery and equipment , therefore becomes not usable
- Inability to attract state of the art shows, reducing the revenue generation of the company

Inadequate funding to produce in-house productions:

There has been a huge improvement on the funding received in this period under review. Joburg Theatre received sponsorships from DAC (Department of Arts & Culture), Gauteng Provincial Government and City departments. This has improved the residual risk profile from high to moderate.

Poor attendance at theatre shows:

There have been movements on the action plans carried out during the reporting period on this risk. The movements include amongst others the appointment of the Marketing Executive and adoption of group marketing and communication strategy for JCT. This has resulted in the residual risk profile moving from high to moderate.

Risk name	Causes/background to the risk	Risk Rank	Likelihood	Impact of Risk	Mitigation activities (Partial)
Obsolete and/or outdated stage machinery and equipment	Old stage machinery becomes no longer useable. Insufficient financing to upgrade machinery and equipment. Inability to attract state of the art shows.	High	Almost Certain	Impact of Risk to Joburg Theatre	a) Lobby shareholder to increase CAPEX allocation to replace machinery in order for theatres to remain competitive. b) To request funding from Departments of arts and Culture (National and Provincial) c) To explore other alternative government or non-governmental funding
Inadequate funding to produce in-house productions	In-house productions require a lot of capital funding in order to keep ticket prices reasonable and attract a diverse audience The theatre needs to increase in-house productions in order to promote JCT as a flagship social asset	Moderate	Likely	Impact of Risk to Joburg Theatres	a) Continue to negotiate with City Departments and Entities, provincial and national government to support specific shows and programmes. b) Identify and obtain additional external sponsorships to enable more in-house productions. c) Long term lobbying the shareholder for additional funds during the budget process d) To engage and lobby embassies and foreign donors to support the theatre E) To source funding from National Lottery via an NPO vehicle.
Poor attendance at theatre shows	Some shows are attended very poorly thereby impacting negatively on planned revenue generation; some of the reasons might be: a) less appealing content to some audiences b) inadequate marketing c) limited disposable income d) external environment (eg safety & security, transport, etc)	Moderate	Likely	Impact of Risk to Joburg Theatres	a) To develop and approve the group marketing and communication strategy for JCT b) Strategic marketing efforts on various media c) To increase daytime programmes during the year d) Lobby City transport department and taxi industry to accommodate theatre's programmes on their schedules for big shows (evening shows)
Non-compliance with the MSCOA requirements	The possibility of the entity not achieving full compliance by 1 July 2017.	High	Likely	Adverse opinion None compliance with national treasury regulations	Readiness self-assessment is being conducted. Attended awareness training and non-accredited training, provided by National Treasury. Unpacking of the current chart and comparison thereof with the mSCOA chart, in preparation for the new budget cycle. Reviewing of the current business processes and the impact of mSCOA thereon, in preparation for alignment with mSCOA

Section 7: Internal Audit Function

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

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

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

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

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

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

Internal audit provided assurance on the high risks identified during risk assessments by prioritising these areas during annual planning. Some of the medium and low risk areas were also audited where possible. ***The system of internal controls was reasonably adequate and effective for the 2015-16 financial year.***

The results of the reviews and audits conducted throughout the financial year 2015/16 were communicated to management and management has committed to addressing the issues raised. The mitigating control actions implemented by management will be followed up by the Group Internal Audit Services.

Section 8: Corporate Ethics and Organisational Integrity

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

In summary the Code requires that at all times, all company personnel act with utmost integrity and objectivity and in compliance with the letter and spirit of both the law and company policies. Failure by employees to act in terms of the Code results in disciplinary action. The Code is discussed with each new employee as part of his or her induction training and all employees are asked to sign an annual declaration confirming their compliance with the Code. A copy of the Code is available to interested parties upon request. A toll-free anonymous telephone facility exists for reporting of non-adherence to the Code or ethic related matters. Furthermore, any breach of the Code is considered a serious offence and is dealt with accordingly; as a result, this acts as a deterrent. The directors believe that ethical standards are being met and fully supported by the ethics programme.

Section 9: Sustainability Report

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

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

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

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

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

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

We need to begin to appreciate the importance of the social dimension of the triple bottom line. Not only does engagement with local communities bring direct benefits to the sustainability of theatres, it could also lead to theatres having a role in strengthening and sustaining those communities. Theatres needed to develop ways of demonstrating how they delivered on well-being – why the facilities and activities they provided benefited people's health, made people feel connected and human, provided fulfilment and enabled them to participate in civic life.

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

9.1 Environmental Management

JCT will continue to plan for the implications of climate change - what are the foreseeable risks in the local areas and how will we mitigate against them? Are we ready to adopt innovative design approaches to achieve future sustainability. There is a need to employ creative who are passionate about sustainability and willing to go the extra mile on projects. Increase energy efficiency through awareness-raising and behavioural change, energy-efficient equipment and smarter building controls. Small measures can yield considerable savings (financial and in energy terms). We must be practical about working with what you have and don't be disheartened by the limitations of our particular circumstances. Not all buildings will be suitable for all technologies but that doesn't mean that other creative solutions can't be found to further our aims.

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

9.2 Economic

Johannesburg is very successful in its positioning as the cultural centre of Africa, and has an ever increasing number of theatres and live entertainment products available to its residents and visitors. The

presents major opportunities in the creation of artistic products, but also puts pressure on JCT in various respects:

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

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

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

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

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

9.3 Corporate Social Responsibility Report

The Company's Corporate Social Investment Philosophy and function have, over the years been broadly underpinned by the concept of sustainable development. The strategy of the entity is to act as a facilitator rather than as sole sponsor of social investment projects. In this way, the long-term sustainability of projects is encouraged, additional donors attracted and formerly disadvantaged communities are empowered. During the year under review, the entity contributed a total amount of R2,4m towards Corporate and Social Initiatives.

JCT strives to be socially aware: to encourage inclusivity; to be a responsible corporate citizen; and to constantly move towards transformation. The Board of Directors approved a discretionary annual Social Awareness Programmes budget for the company's Chief Executive Officer to disburse in support of causes and institutions in need and aligned with the company's arts, culture, entertainment and community support policies.

Community and Youth Development initiatives includes making the theatre available at no rental to South African producers. JCT was also proud to be able to act as host venue for many worthwhile and City of Joburg-based initiatives at no cost.

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

JCT developed a programme title "Applied Performing Arts and Arts Management and has partnered with University of the Witwatersrand through its Department of Drama for Life in the Wits School of Arts to customise, deliver, manage and administer a short course programme to participants identified from community theatre groups identified by JCT. In addition JCT partnered with Duma Ndlovu Academy on a bridging course between those who graduate from institutions higher education with the industry. Duma Ndlovu having been in this industry for more than 35 years has garnered enough information and knowledge to be able to equip those who are coming into the industry and prepare them for their individual journey(s). The workshops to grow and blossom self-confident thespians who have skills. The

workshops are also meant to instill a hunger for knowledge and education in young enthusiastic learners who have chosen acting as a career path. The overall number of youths trained in drama for the year is 226.

The Music Tutorial Program at Roodepoort and Soweto Theatres has been in existence since 1994, when it had 13 learners until 2013 where the number grew to 325. The programme is continuing with the outreach campaign in schools. The purpose of the campaign is to link/expose more learners to the programme by providing workshops followed by live music performances at the schools. The overall number of learners that have been reached for the year is 212.

9.4 Health and safety

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

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

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

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

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

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

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

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

Section 10: Anticorruption and Fraud

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

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

Section 11: ICT Governance

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

For the effective implementation of ICT governance, and in order to improve the value of governance and sustainability, JCT aligns the framework and policy in the following objectives:

Objective	What we plan to achieve	Progress
Improved value and strategic delivery	-Technology plans for every unit review and alignment to business requirements	<ul style="list-style-type: none"> - The annual Disaster Recovery Plan (DRP) testing took place. A training session on the DRP and VMWare Infrastructure took place prior to the testing. A successful test took place, and the results have been signed off by the CEO. - The IT Risk Register was re-evaluated.
Readiness for compliance legislation	<ul style="list-style-type: none"> -Active planning for audits -Audit process aligned with King III reporting structures 	<ul style="list-style-type: none"> -An updated IT Policy is waiting for Board for ratification, before being distributed to staff. - User Validation Access profiles for Sage Pastel Payroll, Pastel Server Level Access and Email and User Verification have been reviewed and signed off this quarter. Housekeeping on the server has been processed following the reviews. - Access control procedures for Sage Pastel have been formally documented and submitted to REMSEC for consideration as part of the updated IT policy. Thereafter the policies will be submitted to the Board for approval.
Sustainability	-Priorities addressed by strategic projects	<ul style="list-style-type: none"> - A steering committee has been formed to evaluate medium to long term strategies, track the status of projects and resolve project conflicts; and monitor service levels and services improvements. The terms of reference and the steering committee charter are being drafted. -EPWP has generously sponsored two IT interns for a year. Interviews have taken place and the interns are expected to start work in July 2016.

The business and technology strategies of JCT need to be aligned as required by King III and enforced with visible improvement in innovative thinking and response. However, JCT must recognise the following challenges:

- It's no longer useful to utter phrases like "technology is the future". If companies are not fully integrating technological advancements in every area of business, no degree of strategic prowess is going to make a measurable impact. There is a consistent lack of understanding from managers as to how the IT environment can affect their day-to-day operations as well as their strategic planning. As a result not all business units consult with the IT department before embarking on new projects. Concerns and restrictions in the IT environment may only become obvious when the new plan is implemented, resulting in unnecessary delays and/or budget overruns. This is an ongoing problem, particularly when new staff join the organisation, with little understanding of an IT environment
- Budget is tight and there is little space for innovation.
- End user problems with general user errors are increasing at a rapid pace. Although the solutions are normally simple, the demands are time heavy on limited manpower.

IT is pervasive and strategic across all measure of business. It is a necessary key enabler of public sector service delivery and also private sector economic growth and competitiveness.

The ability to make, fund and enforce the correct long-term decisions across all 3 JCT venues remains a key challenge and opportunity.

The following business and technology strategies were identified this quarter:

- Installation of wifi in all 3 venues
- Upgrade the PABX system at Joburg Theatre, with integration across all three theatres.
- Investigation into a Joburg City Theatres app
- Motivation for an additional IT staff member
- Assistance with the establishment of Joburg Film Office
- Upgrading and replacing the servers at Joburg, Soweto and Roodepoort Theatres

a) Wifi access at all JCT venues

Joburg_FreeWiFi is now available in the public areas at Joburg, Soweto and Roodepoort Theatres, currently offering 300MB per day. Fair use rules apply and the access may be slow during busy times.

b) Upgrade the PABX system at JCT

The submissions for the tender for the upgrade of the PABX system are currently being evaluated. The standard tender procedures are being followed.

c) Joburg City Theatres App

Now that the ticketing system is stable and successfully implemented, discussions have commenced regarding the development of a specific app for all 3 theatres. The need for the app to integrate with the ticketing has made the process slightly more complicated than anticipated.

The app remains as a long term goal, and will now only be finalised in the new financial year.

d) Motivation for additional IT Staff member

The responsibilities and functions of the IT department have increased significantly in the past year. A motivation for an additional technical staff member was accepted, and the position will be filled on 1 July 2016.

e) Establishment of the Joburg Film Office (JFO)

The City of Joburg is busy establishing a Joburg Film Office. In the short-term, the oversight of the JFO falls under Joburg City Theatres. The IT department has been tasked with assisting the JFO from an IT perspective, including, but not limited to, the securing of domain names, email hosting services and website hosting, as well as securing social media handles. The department is also busy with infrastructure for IT connectivity to the physical offices of JFO.

f) The servers at Joburg, Soweto and Roodepoort Theatres are reaching end-of-life

Joburg Theatre is reaching maximum space capacity. The servers at Roodepoort & Soweto Theatres need to be upgraded. Roodepoort theatre's server is running out of HDD space & due to the limitations of the technology used, no additional hard drives can be added to it. Due to this the Roodepoort theatre could start experiencing issues more regularly. This can become urgent. The IT department is waiting for the approval to use the 2016/2017 IT Capex allocation to relieve some of the problems. There is no internal budget allocated.

Section 12: Supply Chain Management and Black Economic Empowerment

The entity has adopted Supply Chain Management systems in compliance with the provisions of the MFMA and the National Treasury: Municipal Supply Chain Management Regulations, 2005. An SCM unit was established in September 2005 and which monitors the implementation of the entity's SCM policies in line with the regulations which seeks to modernises financial governance and improve accountability and transparency in the entity's processes. The entity's SCM policies provide for the exclusion of awards persons in the service of the state subject to the exemptions and regulations issued by National Treasury from time to time.

The entity has implemented the three-stage bidding processes with separate Bid specification, Bid evaluation and Bid Adjudication committees having been created.

The company SCM policy contains the following fundamental aspects:

- Adherence to the constitutional expectations regarding the procurement system
- Adherence to the Preferential Procurement Policy Framework Act
- Adherence to the Municipal Finance Management Act
- Adherence to delegation of powers as per requirements of the law
- A bid Adjudication committee was incepted in the last quarter of 2005
- All bid committees were subsequently aligned in 2006, namely Bid Specification, Bid

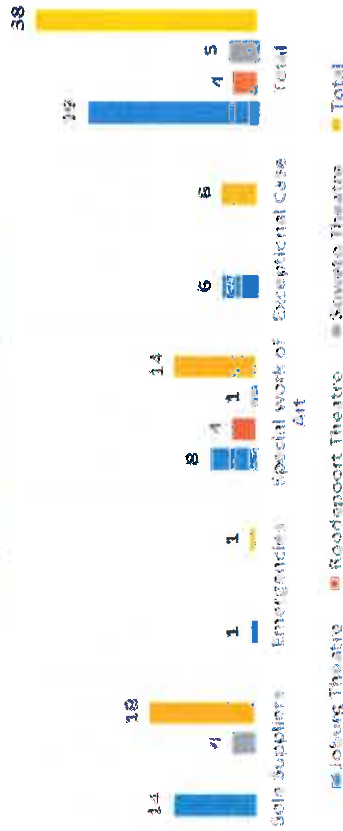
The Board has ensured that the procurement policy embraced the objectives of broad-based Black Economic Empowerment and the Managing Director, as the Accounting Officer of the Company, was tasked as the custodian for effective implementation. The Capital projects implemented during this period served as valuable foundations for ensuring community participation in our BEE programmes. This pace will be enhanced and the Company will continue to be sensitive to the financial constraints facing emerging black businesses.

Deviations report

Analysis of deviations by quarter



Analysis of deviations by theatre

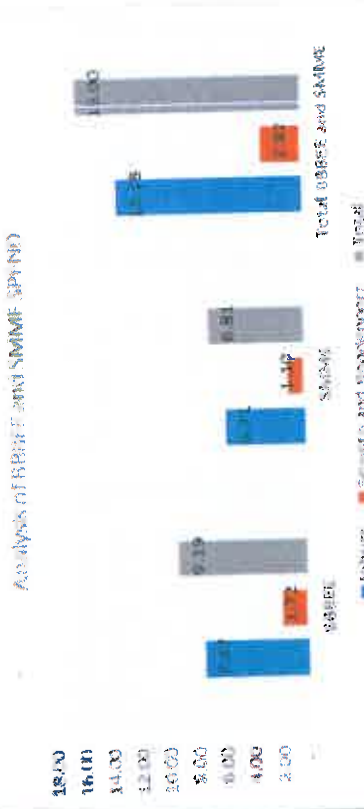


Category	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Sole Suppliers	3	10	3	2	18
Emergencies	5	4	1	1	11
Special work of Art	8	7	1	3	19
Exceptional Case	3	1	1	1	6
Total	19	22	6	7	54

Category	Joburg Theatre	Roddepoort Theatre	Soweto Theatre	Total
Sole Suppliers	14	1	3	18
Emergencies	1	1	1	3
Special work of Art	8	4	7	19
Exceptional Case	1	1	1	3
Total	24	7	12	43

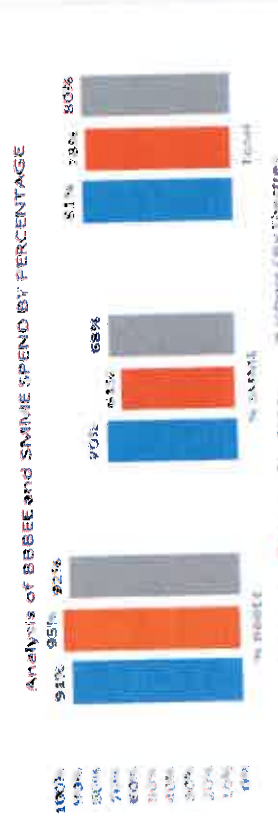
Joburg City Theatres had a total of 38 deviations for the 2015/2016 financial year. Of these about 7 deviations were used in the 4th quarter and about almost half (18 deviations) of the deviations during the financial year are sole suppliers accounting for 47%. Special works of arts which relates to professional and artistic fees on productions accounted for 14 deviations which is about 37%. There has been a reduction of 17% Year on year on deviations.

Tenders and Rfqqs Awarded And The Contribution To BBBEE AND SMMEs



Joburg City Theatres awarded RFQs and tenders amounting to R27.9m during the financial year under review. This shows a 108% year on year movement and this movement is primarily due to the Arts Alive Programme expenditure. The expenditure to both BBBEE and SMME has increased exponentially. Both Joburg theatre and its sister theatres do primarily spend on BBBEE and SMME. The average spend for Joburg City Theatres on BBBEE is 93% which is 18% better than the scorecard target while spend on SMMEs averages at 55% and this is 25% above the scorecard target of 30%. This achievement has been consistent throughout the years and maintenance of phenomenon is critical for the advancement of the objectives of South African Constitution, Preferential Procurement Framework Policy Act, MFMA, BBBEE codes. This ultimately translates into the economic transformation of citizens of the city of Johannesburg. This contributes towards job creation and the reduction of poverty as one of the imperatives and priorities of the city of Johannesburg. With this expenditure a total of 88 BBBEE and SMME companies were supported and of these about 40 were SMMEs.

Theatres	BBBEE	SMME	Total BBBEE and SMME
Joburg	5.71	1.05	6.76
Soweto and Roodepoort	1.72	7.47	9.19
Total	7.43	8.52	15.95



Theatres	% BBBEE	% SMME	Total
Joburg	93%	15%	88%
Soweto and Roodepoort	19%	81%	100%
Joburg City Theatres	92%	68%	80%

CHAPTER THREE

SERVICE DELIVERY PERFORMANCE



KEY ACHIEVEMENTS

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

- The company achieved 100% on the Key Performance Indicators
- In line with the company's commitment to empower youth, small, medium and micro enterprises through Jazi@Work, the company undertook a project of "Celebrating Street Performers". This is a programme specifically targeted at informal artists and given opportunity and platform to showcase their dance talent and performance skills through a series of performances which were showcased as part of June 16 Youth Month Celebrations and other performance opportunities. The aim of this programme is to assist artists to prepare various dances using their chosen dance genre - Traditional Dance, Hip-hop, Pantsula, Break dance and Contemporary Township Dance styles such as Sebujwa and theatrical art works such as juggling and acrobatics. A short video clip can be viewed on <https://vimeo.com/161616161>
- Youth and community development programme
- Contribution to the city's expanded public works programme
- Contribution towards building the arts, with focus on social cohesion, job creation and inclusion of previously disadvantaged groups
- Delivery according to mandate – create a better life for residents of Johannesburg; Value for money and Quality productions and service delivery

Section 1: Core Business

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

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

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

Because our work is based on partnerships and the Batho Pele principles of service delivery All our work requires extensive and ongoing consultation with all sectors of our society. Our programmes are integrated with those of other government departments and all spheres of government. We work in partnership with NGOs, faith-based communities, the business sector, organised labour, and other role players. We are committed to the Batho Pele (People First) principles, and use them to improve service delivery to our clients and the public.

CORE BUSINESS	SERVICE STANDARD	ACHIEVEMENT	PROGRESS / COMMENTS
<ul style="list-style-type: none"> Creation of theatres accessible to people living with disabilities 	<ul style="list-style-type: none"> 100% accessibility 	<ul style="list-style-type: none"> 100% 	<p>Joburg City Theatres offers tickets to disadvantaged communities, this largely includes people leaving with disabilities and senior citizens. There are adequate facilities to accommodate senior citizens with limited mobility or in wheelchairs and people with physical disabilities.</p>
<ul style="list-style-type: none"> Customer satisfaction 	<ul style="list-style-type: none"> 90 - 100% satisfaction 	<ul style="list-style-type: none"> 86% 	<p>As of June 2016, Joburg City Theatres has it's first customer satisfaction survey benchmark. The objectives of benchmarking are (1) to determine what and where improvements are called for, (2) to analyze how other organizations achieve their high performance levels, and (3) to use this information to improve performance. The Joburg City Theatres are scoring higher than average on all positive aspects of the survey, including across the SurveyMonkey Global benchmarks (where applicable)</p>
<ul style="list-style-type: none"> Access to information 	<ul style="list-style-type: none"> JCT app must be developed 	<ul style="list-style-type: none"> No App 	<p>Joburg City Theatres has engaged the ticketing company for the development of apps for all 3 theatres that integrate with the ticketing system. The app remains as a long term goal, and will now only be finalised in the new financial year due to the challenges with the integration. The app remains as a long term goal, and will now only be finalised in the new financial year.</p>
<ul style="list-style-type: none"> Query resolution 	<ul style="list-style-type: none"> Within 24 hours of logged call 	<ul style="list-style-type: none"> 100% accessibility 	<p>As of 1 January a Customer Services log book has been created in order to monitor complaints and compliments that come into the theatre. 12 different areas of concern are being monitored. At present the most compliments are coming in for excellent customer service. All compliments and compliments are responded to, and issues arising addressed appropriately. The most compliments that came in were regarding the quality of the production of Mozart's Magic Flute. All compliments and compliments are responded to, and issues arising addressed appropriately.</p>
<ul style="list-style-type: none"> Prompt start times 	<ul style="list-style-type: none"> Ensure all shows start on time 	<ul style="list-style-type: none"> 80% 	<p>Production which started late were due to school bus arriving late, and another performance started late as band had a puncture on their way to the theatre, delaying their sound check and the subsequent start of the show</p>
<ul style="list-style-type: none"> Cancellation of productions 	<ul style="list-style-type: none"> 98 -100% showing of scheduled productions 	<ul style="list-style-type: none"> 98% 	<p>Joburg City Theatre maintains 98-100% on cancellation of productions. Few of cancellations were based no audience – this was due to unseasonable rain and extremely cold weather</p>
<ul style="list-style-type: none"> Safety of patrons 	<ul style="list-style-type: none"> 100% compliance to health and safety legislation 	<ul style="list-style-type: none"> 100% 	<ul style="list-style-type: none"> There were complaints of rats in the Sappi Theatre Park after the PikitUp Strike. Sappi increased their pest control in the area at our request 2 patrons were victims of an attempted highjacking on the way to the theatre to see Giselle and arrived at the venue in an extreme state of shock. The paramedics on duty at the theatre were able to assist.

Section 2: Day to day operations

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

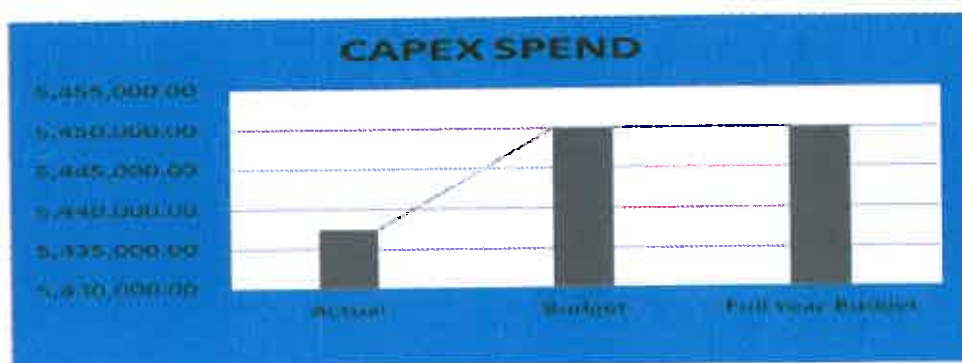
Section 3: Highlights and Achievements

JCT continues to reflect efforts to meet and exceed the expectations of City of Johannesburg Metropolitan Municipality (CoJ) as the sole shareholder which is determined by the service delivery objectives in the company scorecard. City Theatres is Africa's leading home of live entertainment, presenting world-class international and home-grown theatre. It is further responsible for providing venues where performing arts professionals and amateurs alike can showcase their work.

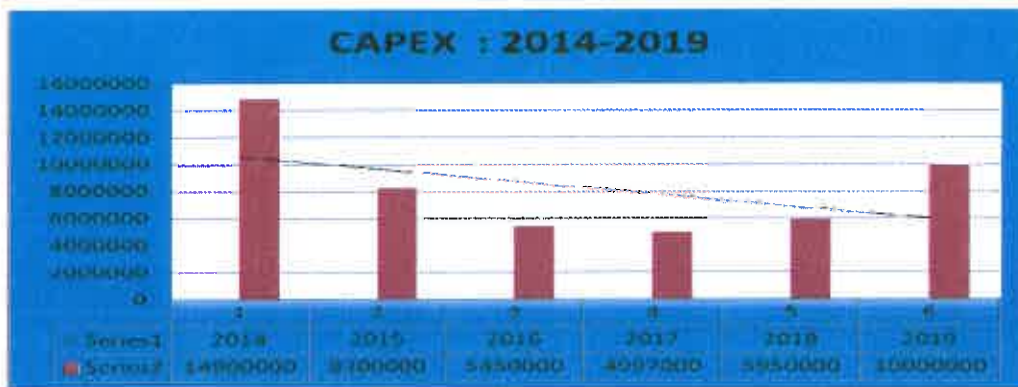
The following highlights and achievements are notable:

- From the 20 targets set for the 2015-16 financial year and 100% was achieved.
- Hosting of quality performing arts and entertainment productions that are attractive to both traditional and regular theatre goers but also to new and diverse audiences.
- Promotion and development of local content and local markets through programmes that advance social cohesion and support the transformation of society.
- In-house and/or co-production and staging of arts and entertainment productions in collaboration with local arts practitioners, entrepreneurs and enterprises
- Accelerated youth development through programmes that stimulate an interest in the arts as a viable career path and provide opportunities for future arts practitioners and entrepreneurs.
- Generation of revenue over and above the subsidy received from the city through the effective delivery of the above services.
- The overall capital expenditure for JCT in quarter 4 is 100%. JCT managed to achieve 100 % expenditure on the capital expenditure budget of R 5,450,000(included is the R 500,000 internally funded) approved by the City of Johannesburg.

The diagram below better depicts the overall capital expenditure for the 2015/2016 financial year:



The diagram below better depicts the overall capital expenditure budget allocation pattern from the year 2014 to 2019.



JCT's budget capital expenditure allocations from COJ has been declining as reflected on the diagram above. JCT spent and invested a lot on the infrastructure of the organisation, where there has been a major upgrade amongst all the Theatres's buildings, stage machinery, Catering & Hospitality department. The capex projects included roof waterproofing of the Joburg Theatre building, the upgrade of the bars, the upgrade of the cooling towers, the replacement of stage equipment including stage projectors and lighting and IT hardware. In the coming years the Theatre is looking at continuing investing on upgrading the stage machinery and the acquisition of a back up generator that will ensure that the operation of the business continue without interruptions. These future capex requirements are a priority for the theatres due to the impact they have on the operations of the theatre and they are also rated high in the strategic risk register. The purpose of investing on the Theatre's infrastructure is for growth and be in line with the Theatre's mission to become the world class of entertainment theatre venues.

Management and promotion of high quality performing arts and entertainment facilities and their supportive hospitality infrastructure and services - to enable Joburg residents to access and benefit from quality arts and culture facilities and experiences;

Hosting and showcasing of revenue-generating local and international productions that have a positive impact on the financial sustainability of Joburg City Theatres, whilst also exposing Joburger's to globally recognised world class entertainment;

The nominees for the 2016 Naledi Theatre Awards were announced to honour some of South Africa's best theatre productions. Musical comedy *Sister Act*, which was considered the biggest musical in South Africa last year, has received the most nominations in 12 categories.

The following Joburg City Theatres productions received nominations for 2016 Naledi Awards:

Category	Nominee
Best Production For Children (0 – 12)	Shrek' The Musical. JR.
Best Lighting Design	Declan Randall, Sister Act
Best Av / Animation	Declan Randall, Sister Act
Best Set Design	Declan Randall, Sister Act
Best Sound Design	Trevor Peters, Sister Act
Best Musical Director	Rowan Bakker, Sister Act
Best Musical Director	Steve Dyer, Colour Me Human
Best Production: Cutting Edge	Masote's Dream
Best Ensemble	Colour Me Human
Best Ensemble	The Story I am about to Tell
Best Original Choreography	Nicol Sheraton, Sister Act
Best Original Choreography	Sonia Radebe & Nhlanhla Mahlangu Colour Me Human
Best Director Of A Musical / Revue	Janice Honeyman, Sister Act
Best Director Of A Play	Monageng "Vice" Motshabi, The Story I am about to Tell
Best Support / Featured Performance In A Musical	Phumi Mncayi, Sister Act

Best Support / Featured Performance In A Musical	Michelle Levin, Sleeping Beauty
Best Performance In A Musical (Female)	Candida Mosoma, Sister Act
Best Performance In A Musical (Female)	Kate Normington, Sister Act
Best Performance In A Musical (Male)	Keith Smith, Sister Act
Best Performance In A Musical (Male)	Tobie Cronjé, Sleeping Beauty
Best Production Of A Musical (the Joan Brickhill Award)	Sister Act

Section 4: Financial Performance

During the year under review earned income increased by 80% to (R69.88m), as compared to the prior year (R38.93m). The increase was principally due to the income earned from the in-house production of the pantomime – Sleeping Beauty, Interest from investments, Arts Alive, Special Projects for Comdev, Electricity revenue from credit note and Catering Services. Sponsorship was secured by management for Africa Month celebrations and June 16 celebrations.

Expenditure totalled R142.88m, an increase of 33% as compared to the prior year (R107.68m) – this was due the special projects ran on behalf of Comdev. The entity also implemented pensions for all employees during the financial year. The expenditure increase is also impacted by the Arts Alive Festival which the entity ran for the first time on behalf of Comdev to the tune of R12m.

4.1 Results of Operations

The company posted a surplus of R0.481m (prior to taxation) for the year under review, inclusive of COJ subsidy.

Earned Income consists of:

- Ticket sales from in-house productions R10.777m;
- Theatre rentals R6.573m,
- Sponsorship of R0.877m from Comdev and R0.877m from Department of Arts and Culture, and R1.315m from (COJ) Community Development.
- Ticketing services of R1.153m,
- Retail income from hospitality, bars, restaurant, refreshments, merchandise R17.651m,
- Interest earned R2.255m and Other income of R17.021m
- Earned Income calculation excludes the City of Joburg subsidy of R69.88m.

4.2 Cash Flow

Cash flow results for the year 2015/2016 Financial Year

3 year view of cash movements



	FY 2016	FY 2015	FY 2014
Cashflow from operating activities	- 1 882 362	- 474 734	- 8 744 939
Net cashflow from investing activities	- 417 886	- 81 433	- 701 880
Cashflow from financing activities	- 509 017	- 488 769	- 330 496
Cash and cash equivalents	2 066 098	4 875 363	5 920 296

4.3 Statement of Financial Position

Cash and cash equivalents are down by 58% year on year due to the implementation of pensions and the June 16 activations and the expenditure on Magic Flute. The entity will have enough cash to fund and the subsidy for the 2016/2017 financial year has been invoiced. Both Liquidity and solvency ratios have slightly deteriorated by 1% (from 1.28:1 last year to 1.27:1 in the current year) and 9% (from 1.89:1 last year to 1.72:1 in the current year) respectively year on year. Current assets have gone up 30% year on year while current liabilities went up by 31%. Total assets went up 15% year on year while total liabilities went up by 27%.

	FY 2016	FY 2015	FY 2014	Movement
Assets				
Current assets	26 179 131	20 065 810	15 818 229	↑
Non current assets	12 591 082	13 532 648	14 797 806	↑
Total assets	38 770 213	33 598 458	30 616 035	↑
Liabilities				
Current Liabilities	20 585 305	15 658 230	12 333 430	↑
Non current Liabilities	1 987 152	2 089 271	4 405 374	↓
Total liabilities	22 572 457	17 747 501	16 738 804	↑
Net Assets	16 197 756	15 850 957	13 877 231	↑
Net Assets				
Share capital	10	10	10	↔
Investment	1 784 049	1 784 049	-	↔
Accumulated Surplus	14 413 758	14 066 898	13 877 221	↑
Total Net Assets	16 197 817	15 850 957	13 877 231	↑

Section 5: Capital Projects

During the year under review the company's shareholder, the City of Joburg, allocated R5, 450m for the Capital projects listed in the table below:

Project	Expenditure To date (VAT EXCL.)	Budget After Rebasing	Available Budget
JOBURG THEATRE			
BUILDING RENOVATIONS	2,999,999.80	3,000,000	0
STAGE EQUIPMENTS	670,565	700,000	29,435
TOTAL - JOBURG THEATRE	3,670,564	3,700,000	29,435
ROODEPOORT THEATRE			
BUILDING RENOVATIONS	490,858	500,000	9,142
STAGE EQUIPMENTS UPGRADES	232,274	200,000	-32,274
INFORMATION TECHNOLOGY	221,637.57	200,000	-21,638
TOTAL - ROODEPOORT	944,770	900,000	-44,770
SOWETO THEATRE			
BUILDING RENOVATIONS	238,773.04	250,000	11,227
STAGE EQUIPMENTS UPGRADES	94,573.80	100,000	5,426
TOTAL - SOWETO	333,346.84	350,000	16,653
(INTERNAL FUNDING)			
OPERATING EQUIPMENT	488,678.26	500,000	11,322
TOTAL CAPEX JCT 2015/16	5,437,360	5,450,000	12,640
100%			

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

Section 6: Performance against IDP and City Scorecard

Set out below, is an analysis of the entities performance against its KPIs for the financial year 2015/16 as set out in the City's IDP scorecard.

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

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

For the period 2015/16 and beyond, four (4) Strategic Objectives were developed in order to enable JCT to effectively focus and prioritise its options in delivering on its mandate and respond to the above strategic focus areas. From the 20 targets set for the 2015-16 financial year 100% was achieved.

Strategic Objective	Objective Description	Achievement
1. A recognised centre of excellence and improved perceptions of the role and contribution of JCT.	To build the JCT reputation and market share of JCT as a recognised world class theatre experience.	Approved integrated marketing and communications strategy
	To monitor and enhance customer satisfaction and the achievement of service standards.	12 media monitoring reports received. These will form a baseline for measurement
	To build JCT visibility by the development and leveraging of a unique value proposition that is recognised and appreciated in the market through enhanced marketing, communication and stakeholder management.	Customer satisfaction survey approach developed. Baseline result established from first survey
	The leveraging of mutually beneficial partnering agreements and joint programmes.	17 stakeholder partnerships were created against a target of 15
2. Increased accessibility by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact.	To provide opportunities for increased positive social contact and accessibility of theatre through management of the three City theatres.	8 national / special days were celebrated with targeted programming
	Maximise accessibility and usage of theatre facilities by the City of Johannesburg citizens	12 arts and culture festivals/in-house productions were held
	Increase the number of learners attending theatres so as to develop	25 064 discounted tickets issued to school learners
	Explore mechanisms and approaches that assist to make theatre going practical for disadvantaged communities.	8 112 free tickets issued to disadvantaged communities
	Engagement with communities and bringing new audiences into contact with JCT Venues. new audiences for the future.	3 007 discounted tickets issued to senior citizens

Strategic Objective	Objective Description	Achievement
3. Balance the imperative for revenue generation with socio-economic development, and provide opportunities for future arts practitioners and entrepreneurs.	To balance the need to transform while at the same time addressing the commercial imperatives that contribute to funding the same transformation agenda.	5-year plan to address revenue focused vs transformation focussed content approved and aligned to business plan.
	To support local content development and support for socio-economic development in the Arts.	10 South African works supported, against a target of 2
	To facilitate relationships and co-productions that widen the participation of local producing partners engaged with JCT.	6 Ballet seasons were held
	To facilitate production partnerships with theatres in South Africa and the African Diaspora for the development of productions from African stories that might develop from the studio to the main stage.	212 Youths attended music tuition programme per annum, against a target of 127
4. Good governance, financial sustainability and sound management.	To conceptualise and implement structured opportunities for in depth development of the talents and skills of young people, and opening up opportunities for future employment in the arts.	226 attending drama tuition programme per annum, against a target of 200
	To grow shareholder value by ensuring good governance, sound financial management, financial control and growth in revenue; thereby supplementing the CoJ subsidy while increasing service delivery coverage and ensuring a positive return on investment.	Clean audit report
	A second critical component of this objective is to ensure sound and consistent supply chain management processes that support preferential procurement, green procurement and enhance the contribution of JCT to enterprise development and job creation through strategic supplier management and development.	100% CAPEX budget spent
	A second critical component of this objective is to ensure sound and consistent supply chain management processes that support preferential procurement, green procurement and enhance the contribution of JCT to enterprise development and job creation through strategic supplier management and development.	51%/49% Earned Revenue - R69,88m Total Revenue -R143,383m 73% of procurement spend on SMMEs quarterly against total procurement expenditure - target of 30% 107% of procurement spend on BBBEE quarterly against total procurement expenditure - target of 75% 24% of procurement spend on Jozi @ Work, quarterly against total procurement expenditure – target 10%. 65 jobs were created

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

7.1 Assessment of Municipal Taxes and Service Charges owed to the entity

JCT does not charge Municipal Taxes and Service Charges.

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

7.2 Amounts owed by entity for service charges

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	8,451,162	The account is sitting under current on the creditors age analysis.	The balance relates to amount owed to Group Corporate Services for OHASA, Group Assurance Services for internal audit services, insurance services and Joburg Film Office

7.3. Assessment of Directors' and senior managers' municipal accounts

NED - Non-Executive Director

IAC – Independent Audit Committee member

COJ – City of Johannesburg

Name of Director/Senior Managers	Designation	Name of Municipality	Municipal Acc Number	Account Status as at 30 06 16	Comments
Pro Mongane Serote (Chairperson)	NED	COJ	400864220	Current	
Ms Xoliswa Nduneni	CEO	COJ	207540933	Current	
Mr Solomon Mphakathi	CFO	COJ	551983685	Current	
Mr Mavuso Shabalala	NED	Account with Sectional Title Management			
Mr Monna Mokoena	NED	Account with Sectional Title Management			
Mr Sipho Sithole	NED	COJ	206973927	Current	
Mr Eugene Sinclair	NED	Account with Sectional Title Management			
Ms Lorraine Malebo	NED	Account with Sectional Title Management			
Mr Mabutho Kid Sithole	NED	COJ	500719629	Current	
Ms Todd Twala	NED	COJ	505487335	Current	
Mr Ishmael Mkhabela	NED	COJ	206645940	Current	
Mr Jacobus Froneman	IAC	COJ	550890042	Current	
Ms Tshidi Molala	IAC	Account with Sectional Title Management			
Ms Chrystal Cape	IAC	Account with Sectional Title Management			
Ms Bridget Mashika	COO	COJ	440859900	Current	

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

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	20,467,452	63% is sitting under 30 days on the debtors age analysis and 37% is sitting over 60 days on the debtors age analysis	100% of this balance is for COJ department and COJ entities
Department of arts and culture	100,000	This department is sitting under current on debtors age analysis	This was sponsorship for the Africa Day celebration
Gauteng province department of sports and recreation	650,000	This department is sitting under current on debtors age analysis	This was sponsorship for the Africa Day celebration

Section 9: Recommendation and Plans for next financial year

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

CHAPTER FOUR

HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT



UNITY. RESPECT. EXCELLENCE. INTEGRITY. GROWTH

OUR VALUES

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

Section 1: Human Resource Management

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

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

Organisational Structure

The company organogram, points out the different levels of the reporting structure. The theatre's management team is inclusive and representative of the demographics of the country. The members of the support management team comprise of staff members from a diverse background. 86% of the staff compliment is made up of historically disadvantaged individuals and 29% is female.

As at June 30th 2016, the company had a total of 131 permanent employees. Every employee of the theatre is trained to offer services to the clients, namely the entity renting a part of the complex for any relevant core or support business purpose; and the customer, i.e the patron choosing to participate in a core or support business of the theatre.

The company is divided into 7 (seven) essential departments:

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

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

Employees					
Description	2013/14		2014/15		
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Top Management	1	1	1	0	0%
Senior Management	3	4	3	1	25%
Middle Management	15	15	15	0	0%
Junior Management / Skilled Technical	59	63	59	4	6.3%
Semi Skilled and Discretionary	53	54	53	1	1.9%
Totals	131	137	131	6	4.4%

Employees					
Job Level	Year - 1 (2013/14)		Year 0 (2014/15)		
	Employees	Posts	Employees	Vacancies (fulltime equivalents) No	Vacancies (as a % of total posts) %
	No	No.	No.		
0 - 3	1	1	1	0	0%
4 - 6	3	4	3	1	25%
7 - 9	15	15	15	0	0%
10 - 12	59	63	59	4	6.3%
13 - 15	53	54	53	1	1.9%
16 - 18					
Temps/Casuals	124	124	124	0	0%
Totals	255	261	255	6	3%

The table below depicts skilled and unskilled labour

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	0	0	0	0	1	0	0	0	0	0	1
Senior management	1	0	0	0	1	0	0	1	0	0	3
Professionally qualified and experienced specialists and mid-management	7	1	2	2	2	0	0	1	0	0	15
Skilled technical and academically qualified workers, junior management, supervisors	32	3	1	10	11	2	0	0	0	0	59
Semi-skilled and discretionary decision making	29	0	0	0	23	0	1	0	0	0	53
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	69	4	3	12	38	2	1	2	0	0	131
Temporary employees	58	1	0	0	55	1	0	2	4	3	124
GRAND TOTAL	127	5	3	12	93	3	1	4	4	3	255

Section 2: Employment Equity

The implementation of JCT's employment equity plan is on track. The company is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution and the Employment Equity Act. In this context, JCT seeks to create an institution that reflects the diversity of

South African society, and which contributes to maximising the human resource potential of its entire people.

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

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

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

People with Disabilities - Despite all the efforts to increase the employment of people with disabilities, the company does not receive responses from people living with disabilities when advertising vacant positions. The company has adapted to the primary needs of the disabled persons by ensuring that disabled theatre patrons have a smooth access to the theatre.

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

As we look to 2016-17 and beyond, the company's success will depend on the quality of the strategic objectives set. These decisions will need to be made in an organisational culture which is fully representative of our society in terms of race, gender, disability and other forms of diversity. Hence we promote ongoing transformation at all levels of the company in line with our objectives for employment equity.

Towards achieving this goal, we will continue to implement various policies and practices throughout JCT. These include:

- Identifying and eliminating employment barriers
- Eliminating unfair discrimination on the grounds of race, religion, sexual preference, gender or any other basis
- Complying with regulations and legislation, including empowerment and transformation, within operational environments
- Subscribing to a Code of Ethics that will guide and promote sound governance and equal opportunity within our organisation

Gender Equity - With the recent integration of the three theatres, it was noticed that the Gender Equity was not balanced. The company plans to promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and levels in the workforce. To balance the Employment Equity within the company will give preference to females on middle, senior and executive management when opportunities arise.

Workforce Movement-Recruitment - JCT has started filling some of the critical positions which include the Company Secretary who will be assisting in effective and efficient functioning of the Board and its Committees, ensuring a smooth interface between the entity's deliverables and JCT Board's mandate and also eases the executive's work load by providing legal advice where needed. The vacant position for Marketing Coordinator has been filled. The General Manager, Marketing Executive

and Artistic Manager positions are being finalised. The recruitment will be finalised in the next two months.

Section 3: Skills Development and Training

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

JCT is committed to sustaining a continuous programme of training and development for its management and staff to improve either job performance and/or competitiveness for promotion. The company has a policy in respect of paid assistance for skills development courses, which help in enhancing the skills of previously disadvantaged individuals. The policy also includes access to training by members of designated groups, structured training and development programmes. Company retention strategies include the promotion of diverse organisational cultures, interactive communication and feedback and ongoing labour turnover analysis.

The company's skills development programmes are in line with the requirements of the Skills Development Act and its workplace plan (WSP) is aligned to the business plan and focus is placed on occupational specific programmes, management development and legally required training. The implementation of the Workplace Skills Plan is on track. All grants due to JCT are claimed and received annually from CATHSETA.

Compliance to the Skills Development Act is an on-going. The implementation of the Workplace Skills Plan is on track. All grants due to JCT are claimed and received annually from CATHSETA. JCT's tax compliance is on track with the e-filing done twice per annum as required. All tax directives for lump sum are implemented as they are received.

JCT has signed a Memorandum of Understanding with Ekurhuleni West College to host 17 students. The students are doing three year vocational program in Hospitality and they are required to do a short term practical training. The placement is effective 27 June 2016 until 22 July 2016. The students are placed in Stages Restaurants.

JCT is also committee skill development of young performing artists into entrepreneurial minds. The Youth Development programme is aimed at incubating artists, imbibing a theatre-going culture in our young audience while developing and unleashing excellent productions that form a base from which our young artists can grow.

In partnership with Drama for Life, JCT launched a strategic intervention programme called Introduction to APPLIED PERFORMING ARTS AND ARTS MANAGEMENT (APAAM). APAAM is an intense outcome-based training programme that encompasses business, technical and artistic skills. This programme is aimed at empowering the youth artistically, develop their business skills and ensure that they create employment within their own communities. Four (4) theatre organisations from different regions in the City of Johannesburg have been selected through a process of auditions to participate in this three year programme. The programme is accredited by Wits University.

Theatre and television Producer Duma Ndlovu continues to facilitate acting workshops are held every Thursday throughout the year. This is a training programme for acting graduates from various institutions around the world. This is a candid class about the industry, talent, you education, work ethic, professional behaviour, audition preparations and how to carry oneself once cast.

Section 4: Performance Management

The performance management policy and procedure aims to achieve a shared understanding of the company's direction; performance management processes which focus on the achievement of individual and departmental goals, which are established and maintained in all departments; improved service delivery; recognition of employee contributions; improved employee wellbeing; a culture of

continuous improvement and feedback evident in all departments; security of tenure, and possibilities of promotion. Poor work performance will be dealt with in terms of the incapacity procedure outlined in the company's Human Resources Policies and Procedures manual.

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

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

Succession planning within the company has been implemented for all senior management. The succession and retention policy will be presented to RemSEC and Board for approval in July 2016.

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

The entity will continue to set new standards of service delivery and our customer relationship programme will serve as a pillar for our on-going success. We remain firm in our commitment to sound stakeholder relationships and are committed to managing both short-term and long-term plans to standards that will ultimately benefit our communities. The challenges that we face are the increasing portfolio and a budget that is not scientifically proportionate to it. We will, however, continue to strive for operational effectiveness and, with our customers and stakeholders, we will collectively focus on improving the environmental well-being of our society.

Section 5: Employee Wellness

Corporate Wellness provides tools and research to help make employees healthier and in this way, help reduce costs related to healthcare, productivity and absenteeism. The workplace environment provides the ideal opportunity to influence health behaviour. In providing a targeted wellness programme the theatre invests in the health and well being of its employees in order to:

- Improve the health and wellbeing of employees
- Improve quality of life,
- Reduce the use of healthcare,
- Control disability, and
- Enhance productivity.

5.1 Employee satisfaction

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

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

5.2 Employee retention

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

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

5.3 HIV/AIDS on the Workplace

The management of HIV/Aids is an important challenge facing every organisation in our country. The entity has determined that HIV/Aids will have an impact on the following risk areas: operations, target market risk, supplier risk, legal risk and health risk. Whilst all these risk are under further investigation, and has adopted the following core principles as a basis for its HIV/ Aids policy:

- Continuously assess the risks posed by HIV/Aids on the business;
- Limit the number of new infections among employees;
- Ensure employees living with HIV/ Aids are aware of their rights and that their rights are respected and protected;
- Provide care and support to employees living with HIV/Aids.

5.3.1 HIV/Aids Structures

In order to achieve the policy objectives, entity has formed an HIV/Aids committee which consists of three experienced independent medical practitioners, four union representatives and five members of senior management. The company has trained five peer educators, who are fulltime employees, who have shown passion and willingness to assist their fellow HIV positive colleagues to ensure that HIV positive employees receive care and support in their work environment.

5.3.2 Prevalence rate

To identify the current prevalence rate, the committee with the co-operation and support of the union conducted two studies: an actuarial study of the company's risk profile and a survey to measure the employee's knowledge, attitudes, practices and beliefs (KAPB) about HIV/Aids.

5.3.3 Actuarial impact analysis

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

5.3.4 Awareness of the disease

The committee has focussed its attention on identifying and measuring the extent of the risk of HIV/Aids to the organisation. In order to identify employees' level of awareness, the committee used the help of three psychologist and qualified counsellor to anonymously survey all staff numbers through the KAPB survey.

5.3.5 Education

To build on the awareness programme, an ongoing education programme has been instituted. The first place of this programme was to train peer educators who will then provide HIV/Aids education to all staff on an ongoing basis. Peer educators received training on lay counselling, grief management, company benefits, first aid and treatment of workplace injuries.

Section 6: Employee Benefits

The Company is a participating employer in the various retirement benefit schemes through which the City of Johannesburg Metropolitan Municipality and its associated Municipal Entities (MEs) provide post-employment benefits to their permanent employees (a contractual policy that ceased for any new employees from July 2000). The Board has approved for all permanent and fixed term employees to join e-Joburg pension fund.

6.1 Defined Benefit Funds

Joburg City Theatres currently operates three funds and has the following number of employees on each fund:

- Johannesburg Municipal Pension Fund (NMG) has 17 employees.
- E-Joburg Pension Fund has 102 employees.
- Mutual Gratuity Pension Fund (MGF) has 9 employees.

6.2 Medical Aid Funds

The company also administers three accredited medical aid schemes and pays a minimum of 50% and 60% monthly premium contribution on behalf of its members. Currently 49 employees are members of the schemes as follows:

- Discovery has 57 employees who receive 50% company contributions.
- LA Health has 1 employee who receive 60% company contributions
- Key Health has 1 employee who receive 60% company contributions

6.3 Company Allowances

Five (5) employees still receive monthly housing allowances with their salaries (a contractual policy that ceased for any new employees from July 2000), and 35 employees receive allowances towards the use for business purposes of their personal cell phones.

CHAPTER FIVE

FINANCIAL PERFORMANCE



KEY ACHIEVEMENTS

- 11% total revenue increase year on year
- 14% earned revenue increase year on year
- Solvency ratio 1:1.3 (2014: 1:1.3)
- Liquidity ratio 1:1.7 (2014: 1:1.8)
- Net asset value maintained at R13 931 957
- JCT has spent 100% of the allocated budget.

Section 1: Audited Annual Financial Statements



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



a world class African city
Joburg Theatre (SOC) Limited
Financial statements
for the year ended 30 June 2015

Audite General of South Africa
Registered Auditors

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

General Information

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

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Abbreviations

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Directors' Responsibilities and Approval

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

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

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

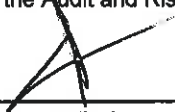
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for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

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


The directors have reviewed the entity's budget for the financial year 01 July 2016 to 30 June 2017 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 7 to 55, which have been prepared on the going concern basis were approved by the Audit and Risk Committee.



Prof. Mongane Wally Serote (Chairperson)
Chairman (Board of Directors)



Ms Xoliswa Nduneni-Ngema (CEO)
Chief Executive Officer

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)
Financial Statements for the year ended 30 June 2016

Audit and Risk Committee Report

We are pleased to present our report on the annual financial statements for the year ended 30 June 2016.

Audit committee members and attendance

The Audit and Risk Committee consists of the members listed hereunder and the chairman of the Audit and Risk Committee is not the chairman of the board of the company. The following Audit and Risk Committee members served on the Audit and Risk Committee during the reporting period and met 5 times during the current financial year. The chairman of the committee periodically meets separately with the external auditor and the internal audit staff without members of executive management being present.

Name of member	Number of meetings attended
Mr Jacobus Froneman (Independent member) - Retired 15 March 2016	3
Mr Mavuso Shabalala (Chairperson) - Non Executive Director	5
Ms Mamadiga Molala (Independent member) CA(SA)	3
Ms Chrystal Cape (Independent member) CA(SA)	5
Ms Manana Moroka (Independent member) - Appointed 15 March 2016	1

At the AGM held on 15 March 2016 it was resolved that Mr Jacobus Froneman (Independent member) be retired as an Independent Audit and Risk Committee member. Ms Manana Moroka was appointed at the AGM held on 15 March 2016. The Chief Financial Officer, Chief Executive Officer, Chief Operating Officer, Company Secretary, Internal Audit Manager, COJ Risk representative and Auditor General of South Africa also attend meetings of the committee as invitees.

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 Audit and Risk Committee are set out in its charter. In summary the committee:

- Aims to ensure the maintenance of adequate accounting records and effective financial reporting and internal control systems
- Aims to ensure compliance of published financial reports with relevant legislation, reporting standards and good governance
- Aims to ensure Joburg Theatre's assets are safeguarded
- Has oversight of fraud and information technology risks in so far as these impact on the financial reporting process
- Confirms the nomination and appointment of the external auditor
- Ensuring such appointment is legislatively compliant;
- Approves the terms of engagement and fees of the external auditor as recommended by management
- Defines and considers the non-audit services that may be rendered by the external auditor
- Considers the external auditor's findings arising from the annual financial statement audit
- Monitors the functioning and approves the coverage plan of the internal audit department
- Reviews risk management and tax compliance programmes and initiatives
- Fulfils the function of Audit and Risk Committee to the Roodepoort City Theatre NPC which is part of the group
- Reviews the expertise, resources and experience of the Joburg Theatre's finance function and the expertise and experience of the Chief Financial Officer and
- Reviews and recommends to the board the approval of the Joburg Theatre's Integrated Annual Report, Interim Report and published results announcements

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Audit and Risk Committee Report

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The Joburg Theatre aims to maintain a high standard of internal control. The sound control environment in the Joburg Theatre is founded on: strong responsibility for controls by executives; executive commitment to integrity and ethical values; and the skills and competence of executives.

The soundness of the Joburg Theatre's control environment is illustrated through: management's hands-on operating style; clear communication through staff policies; assignment of authority and responsibility to appropriate levels of management; and a control consciousness throughout the Group.

The Joburg Theatre Board of Directors is ultimately responsible for the system of internal control, which is designed to ensure: effectiveness and efficiency of operations; safeguarding, verification and accountability of assets; detection and minimisation of fraud and losses; reliability of financial and operational information and reporting; and compliance with applicable laws, regulations, policies and procedures.

The Joburg Theatre Board delegates responsibility for the implementation and maintenance of the control framework to management. The Audit and Risk Committee and the internal and external auditors, assist the board in monitoring the effectiveness and adequacy of the control environment.

The Audit and Risk Committee reports that during the period under review: internal control procedures were represented by management as having been substantially effective and appropriate; no material breach of internal controls and procedures was brought to its attention; key risks appeared to be adequately documented by management and appropriately monitored and reported on by the Audit and Risk Committee; policies and authority levels were represented by management as having been enforced and adhered to; and no material breaches of any laws affecting the Group 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 entity during the year under review.

Evaluation of annual financial statements

The Audit and Risk Committee has:

- Reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor General and the directors;
- The Audit and Risk Committee is satisfied that the annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The committee has recommended the annual financial statements (of which this report forms part) and the Integrated Annual Report to the board for approval.

Internal audit

The internal audit function provides assurance to the Joburg Theatre Board, via the Audit and Risk Committee, on the adequacy and effectiveness of the entity's internal control and risk management practices, and the integrity of financial reporting systems. Internal audit also assists management by making recommendations for improvements to the control and risk management environment.

The principle of independence of the internal audit (Group Risk Assurance Services) is upheld and the Internal Audit Manager reports on operational matters to the Audit and Risk Committee and on administrative matters to the Accounting Officer.

The scope of the internal audit department work includes: reviewing, appraising and reporting on the adequacy and effectiveness of the system of internal control; reviewing the processes and systems which are designed to ensure integrity in reporting of financial and operating information; and reviewing the adequacy of compliance with applicable policies, plans, procedures, laws and regulations.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Audit and Risk Committee Report

Specific focus is placed on the system of internal control that ensures that assets and information are protected against loss, theft or misuse, as well as on those controls that ensure key transactional information is of high integrity. Internal audit also provides consultation and other services to management such as due diligence services, forensic audit services, systems auditing services, risk management services and special reviews or audits.

Audit and Risk Committee Report

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

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

External audit

The Joburg Theatre's external auditor is Auditor General of South Africa. Fees paid to the auditor are detailed in note 23 of the Joburg Theatre's annual financial statements.

The external auditor's annual audit plan, which incorporates the identification of significant risks and how they are to be addressed during the audit, is presented and approved at a meeting of the Audit and Risk Committee before the commencement of audit fieldwork.

The Audit and Risk Committee is satisfied that the external auditor and the designated Audit Manager and Senior Manager are independent of the Joburg Theatre and management and are therefore able to express an independent opinion on the fair presentation of the Joburg Theatre's annual financial statements. The external auditor has unrestricted access to the Joburg Theatre's records and management. The auditor furnishes a written report to the Audit and Risk Committee on significant findings arising from the annual audit and is able to raise matters of concern directly with the Chairman of the Audit and Risk Committee.

Chief Financial Officer expertise and experience

The Audit and Risk Committee reports in terms of the MFMA requirements that it was satisfied as to the appropriateness of the expertise and experience of the Joburg Theatre's Chief Financial Officer during the reporting period.

Finance function expertise, resources and experience

Based on a consideration of the qualifications, participation in continuing professional education and the nature, duration 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 reports in terms of the King III Code that it is satisfied as to the appropriateness of the collective expertise and experience of the Joburg Theatre's Finance function and the adequacy of its human and technological resources.

Annual financial statements and integrated annual report

The Audit and Risk Committee is satisfied that the annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates. The Audit and Risk Committee has recommended the annual financial statements (of which this report forms part) and the Integrated Annual Report to the Board for approval.



Chairperson of the Audit and Risk Committee

Date: _____

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Directors' Report

The Directors submit their report for the year ended 30 June 2016.

1. INCORPORATION

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

2. REVIEW OF ACTIVITIES

Main business and operations

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

Net surplus of the entity was R 346,859 (2015: surplus R 54,726), after taxation of R 134,889 (2015: R 20,398).

3. GOING CONCERN

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

We draw attention to the fact that as at 30 June 2016, the entity had accumulated surplus of R 14,413,758 and that the entity's total assets exceeded its liabilities by R 16,197,817.

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 Board of Directors of JCT has considered the budgets and forecasts for the 2016/2017 financial year approved by Council of the City of Johannesburg, and has satisfied itself that these were sufficient for the continued existence of operations of the entity at least in the foreseeable future, and therefore has concluded that the use of a going concern basis in its preparation of financial statements was appropriate.

The contractual period of Joburg Theatre's lease agreement on the use of the building is 20 years and the remaining period of this agreement is 4.5 years. The use and maintenance agreement for Soweto Theatre building has been concluded - the effective date is 01 January 2013. The operation of Roodepoort Theatre is covered by the transfer agreement signed on the 27th of November 2013.

4. SUBSEQUENT EVENTS

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

5. ACCOUNTING POLICIES

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

6. SHARE CAPITAL

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

7. BORROWING LIMITATIONS

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Directors' Report

8. DIVIDENDS

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

9. DIRECTORS

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

Name	Nationality	Changes
Prof. Mongane Wally Serote (Chairperson)	South African	
Adv. Jonny Motsamai Modipa	South African	Appointed 15 March 2016
Ms Lorraine Malebo	South African	
Mr Ishmael Mkhabela	South African	
Mr Mabutho Kid Sithole	South African	
Ms Todd Twala	South African	
Mr Mavuso Shabalala	South African	
Ms Xoliswa Nduneni-Ngema (CEO)	South African	
Mr Monna Mokoena	South African	Retired 15 March 2016
Mr Solomon Mphakathi CA(SA) (CFO)	South African	
Bishop Eugene Sinclair	South African	
Mr Sipho Sithole	South African	

10. SECRETARY

The acting secretary of the entity is Vincent Motau

Business address

Joburg Theatre Complex
163 Civic Boulevard
Braamfontein
Johannesburg
2017

Postal address

P O Box 31900
Braamfontein
Johannesburg
2017

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Directors' Report

11. CORPORATE GOVERNANCE

General

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

Board of directors

The Board:

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

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

Chairperson and chief executive

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

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

Remuneration

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

Non-Executive Directors meetings

The Board of Directors has met on 5 separate occasions during the financial year. The Board of Directors schedules to meet at least 4 times per annum.

Name	Board Meeting	Audit and Risk committee meeting	Remunerations, Social & Ethics Committee meeting	Artistic Committee
Total number of meetings held	5	5	1	2
Prof. Mongane Wally Serote (Chairperson)	5	-	-	-
Adv. Jonny Motsamai Modipa	1	-	-	-
Ms Lorraine Malebo	3	-	-	1
Mr Ishmael Mkhabela	4	-	1	-
Mr Mabutho Kid Sithole	4	-	-	2
Ms Todd Twala	5	-	-	2
Mr Mavuso Shabalala	5	5	-	-
Ms Xoliswa Nduneni-Ngema (CEO)	5	5	1	2
Mr Monna Mokoena	-	-	-	-
Mr Solomon Mphakathi CA(SA) (CFO)	5	5	-	-
Bishop Eugene Sinclair	5	-	1	-
Mr Sipho Sithole	1	-	1	1

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Directors' Report

Audit and Risk Committee

For the current financial year the members of the Audit and Risk Committee are Mr Mavuso Shabalala (Chairperson); Mr Jacobus Froneman independent member (retired on 15 March 2016); Ms Mamadiga Molala independent member; Chrysal Cape independent member and Manana Moroka independent member (appointed on 15 March 2016).

In terms of Section 166 of the Municipal Finance Management Act and Section 94 of the Companies Act 71 of 2008 the Audit and Risk Committee members were appointed at the Annual General Meeting held on 15 March 2016 by the City of Johannesburg Metropolitan Municipality, the City of Johannesburg, as a parent municipality, must appoint members of the Audit and Risk Committee. Notwithstanding that non-executive directors appointed by the parent municipality constituted the municipal entities' Audit and Risk Committees, National Treasury policy requires that parent municipalities should appoint further members of the entity's Audit and Risk Committees who are not directors of the municipal entity onto the Audit and Risk Committee.

Internal audit

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

12. CONTROLLING ENTITY

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

13. BANKERS

Nedbank Limited

Investec Limited

14. AUDITORS

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Company Secretary's Certification

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

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended and the Municipal Finance Management Act, Act 56 of 2003, I certify that to the best of my knowledge and belief, the company has lodged and /or filed, for the financial year ended 30 June 2016, all such returns and notices as are required and that all such returns and notices are true, correct and up to date.



Vincent Motau
Company Secretary (Acting)

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015 Restated*
ASSETS			
Current Assets			
Inventories	2	1,215,012	6,611,527
Receivables from exchange transactions	3	21,489,999	8,578,920
Cash and cash equivalents	4	2,066,098	4,875,363
		24,771,109	20,065,810
Non-Current Assets			
Property, plant and equipment	5	10,885,191	11,904,962
Intangible assets	6	113,191	34,986
Heritage assets	7	1,592,700	1,592,700
		12,591,082	13,532,648
Total Assets		37,362,191	33,598,458
LIABILITIES			
Current Liabilities			
Finance lease obligation	8	175,304	398,786
Payables from exchange transactions	9	15,261,017	13,931,402
VAT payable	34	2,691,431	350,074
Provisions	10	1,049,531	977,968
		19,177,283	15,658,230
Non-Current Liabilities			
Finance lease obligation	8	-	237,070
Deferred tax	11	1,987,091	1,852,201
		1,987,091	2,089,271
Total Liabilities		21,164,374	17,747,501
NET ASSETS		16,197,817	15,850,957
NET ASSETS			
Share capital	30	10	10
Investment from Shareholder		1,784,049	1,784,049
Accumulated surplus		14,413,758	14,066,898
TOTAL NET ASSETS		16,197,817	15,850,957

* See note 33

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015 Restated*
Revenue			
Ticketing Services	12	1,153,071	1,131,454
Catering Services	12	17,651,190	15,627,323
Rental of facilities and equipment	12	6,573,899	7,421,052
Arts Alive Festival	12	13,014,118	-
Sponsorship	12	1,508,768	2,800,000
In-house Ticket Sales	12	10,777,717	9,588,949
Other income	13	17,021,159	349,027
Interest received - investment	14	2,255,588	2,008,882
Subsidy	15	73,502,000	68,823,000
Total revenue		143,457,510	107,749,687
Expenditure			
Salaries and Wages	16	(44,794,428)	(37,533,607)
Depreciation and amortisation	17	(1,132,368)	(1,332,063)
Finance costs	18	(51,588)	(106,381)
Transfers and Subsidies	19	(8,000,000)	(8,000,000)
General Expenses	20	(88,997,378)	(60,702,512)
Total expenditure		(142,975,762)	(107,674,563)
Operating surplus		481,748	75,124
Surplus before taxation		481,748	75,124
Less Taxation	21	134,889	20,398
Surplus		346,859	54,726

* See note 33

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Statement of Changes in Net Assets

	Share capital	Investment from Shareholder	Accumulated surplus	Total net assets
Figures in Rand				
Balance at 01 July 2014	10	1,784,049	14,012,172	15,796,231
Changes in net assets				
Surplus for the year	-	-	54,726	54,726
Total changes	-	-	54,726	54,726
Restated* Balance at 01 July 2015	10	1,784,049	14,066,899	15,850,958
Changes in net assets				
Surplus for the year	-	-	346,859	346,859
Total changes	-	-	346,859	346,859
Balance at 30 June 2016	10	1,784,049	14,413,758	16,197,817
Note(s)	30			

* See note 33

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Cash Flow Statement

Figures in Rand	Note(s)	2016	2015 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		64,015,941	35,067,699
Grants		73,502,000	68,823,000
Interest income		2,244,583	2,008,882
		<u>139,762,524</u>	<u>105,899,581</u>
Payments			
Employee costs		(44,531,993)	(34,486,618)
Suppliers		(97,112,894)	(71,887,697)
		<u>(141,644,887)</u>	<u>(106,374,315)</u>
Net cash flows from operating activities	22	(1,882,363)	(474,734)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(321,993)	(81,433)
Purchase of other intangible assets	6	(95,893)	-
		<u>(417,886)</u>	<u>(81,433)</u>
Cash flows from financing activities			
Finance lease payments		(509,017)	(488,769)
		<u>(509,017)</u>	<u>(488,769)</u>
Net increase/(decrease) in cash and cash equivalents		(2,809,266)	(1,044,936)
Cash and cash equivalents at the beginning of the year		4,875,363	5,920,299
Cash and cash equivalents at the end of the year	4	2,066,097	4,875,363

* See note 33

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Ticketing services	1,306,674	-	1,306,674	1,153,071	(153,603)	1
Catering services	19,799,072	-	19,799,072	17,651,190	(2,147,882)	2
Rental facilities and equipment	6,500,000	650,000	7,150,000	6,573,899	(576,101)	3
Arts Alive Revenue	-	13,000,000	13,000,000	13,014,118	14,118	
Sponsorship	1,625,000	-	1,625,000	1,508,768	(116,232)	4
In-house ticket sales	21,002,458	(2,105,000)	18,897,458	10,777,717	(8,119,741)	5
Other income	766,796	-	766,796	17,021,159	16,254,363	6
Interest received - investment	2,000,000	-	2,000,000	2,255,588	255,588	
Total revenue from exchange transactions	53,000,000	11,545,000	64,545,000	69,955,510	5,410,510	
Revenue from non-exchange transactions						
Transfer revenue						
Subsidy	73,502,000	(367,000)	73,135,000	73,502,000	367,000	
Total revenue	126,502,000	11,178,000	137,680,000	143,457,510	5,777,510	
Expenditure						
Employee cost	(41,753,000)	(5,333,000)	(47,086,000)	(44,794,428)	2,291,572	7
Depreciation and amortisation	(1,677,996)	-	(1,677,996)	(1,132,368)	545,628	
Finance costs	(156,000)	-	(156,000)	(51,588)	104,412	
Transfers and Subsidies	(8,000,000)	-	(8,000,000)	(8,000,000)	-	
General Expenses	(74,915,004)	(5,845,000)	(80,760,004)	(88,997,378)	(8,237,374)	8
Total expenditure	(126,502,000)	(11,178,000)	(137,680,000)	(142,975,762)	(5,295,762)	
Surplus before taxation	-	-	-	481,748	481,748	
Taxation	-	-	-	134,889	134,889	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	346,859	346,859	

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Explanation of major variances between budget and actual

1. The R153,603 on ticketing services is 12% lower than target due to economic down turn that the country is facing. As a result of this there were not a lot of contracts to charge ticketing fees.
2. The R2,147,882 on catering services is 11% lower than target. The year 2015/2016 has been a challenging year for the Joburg City Theatres (JCT) both from an operational and financial point of view. The industry remains engulfed with stiff competition while financially the consumers of our products and services remain squeezed by the lower disposable income.
3. The R576,101 on rentals is 8% lower than target due to economic down turn that the country is facing. As a result of this the number of incoming show productions from the tenants were lower than expected. Inflation and the rising interest rate continued to hit consumers and ultimately impact on JCT revenue generation both from the buying of tickets and the attendance at our restaurants. It must also be noted that target for the rentals has been stretched.
4. The R116,232 on Sponsorship is 7% lower than target due to one sponsor (Bankserve Africa) that pulled out in the current financial year.
5. The R8,119,741 on inhouse ticket sales is 42% lower than target. Historically the target for in-house ticket sales has been unrealistically stretched hence in the subsequent periods the entity has submitted requests for a reduction to make it realistic.
6. The R16,254,363 on other income is 2120% more than the target. JCT undertook a number of special projects such as June 16 activations on behalf of Community Development, tourism activations on behalf of the tourism office, Joburg film office activities. Other income also includes a credit note for overbilling on the electricity account which was identified and corrected.
7. The R2,291,572 on employee related costs is 5% lower than budget due to savings resulted from vacant positions including the Company Secretary which was allocated a budget in the adjustment budget in February 2016. All vacant positions have been filled. Employees have already started working with the exception of the Company Secretary, who will start in July 2016.
8. The R8,237,374 is 10% more than the budget. The over expenditure is as a result of the special projects which generated more revenue as explained above on note 6. The special projects undertaken in the last quarter of the financial year were not budgeted for because it was already after the adjustment budget process had been concluded.

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Financial Statements for the year ended 30 June 2016

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments and budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2016											
Financial Performance											
Interest Received - Investment	2,000,000	-	2,000,000	-	-	2,000,000	2,255,588	-	255,588	113 %	113 %
Other own revenue	124,502,000	11,178,000	135,680,000	-	-	135,680,000	141,201,922	-	5,521,922	104 %	113 %
Total revenue	126,502,000	11,178,000	137,680,000	-	-	137,680,000	143,457,510	-	5,777,510	104 %	113 %
Employee costs	(41,753,000)	(5,333,000)	(47,086,000)	-	-	(47,086,000)	(44,794,428)	-	2,291,572	95 %	107 %
Depreciation and asset impairment	(1,677,996)	-	(1,677,996)	-	-	(1,677,996)	(1,132,368)	-	545,628	67 %	67 %
Finance charges	(156,000)	-	(156,000)	-	-	(156,000)	(51,588)	-	104,412	33 %	33 %
Transfers and grants	(8,000,000)	-	(8,000,000)	-	-	(8,000,000)	(8,000,000)	-	-	100 %	100 %
Other expenditure	(74,915,004)	(5,845,000)	(80,760,004)	-	-	(80,760,004)	(88,997,378)	-	(8,237,374)	110 %	119 %
Total expenditure	(126,502,000)	(11,178,000)	(137,680,000)	-	-	(137,680,000)	(142,975,762)	-	(5,295,762)	104 %	113 %
Surplus (Deficit)	-	-	-	-	-	-	481,748	-	481,748		
Taxation	-	-	-	-	-	-	134,889	-	134,889		
Surplus/(Deficit) for the year	-	-	-	-	-	-	346,859	-	346,859		

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Accounting Policies

1. Presentation of Financial Statements

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

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

1.1 Going concern assumption

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

1.2 Significant judgements and sources of estimation uncertainty

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

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

1.3 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost 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.

Accounting Policies

1.3 Property, plant and equipment (continued)

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

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

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	12-15 years
Motor vehicles	Straight line	10-15 years
IT equipment	Straight line	10-13 years
Stage equipment	Straight line	15-20 years

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

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

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

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

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

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

1.4 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

Accounting Policies

1.4 Intangible assets (continued)

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

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:

Item	Useful life
Computer software	5-8 years

1.5 Heritage assets

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

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

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

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

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

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.

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Accounting Policies

1.5 Heritage assets (continued)

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

Average useful life of Heritage assets is indefinite

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

Derecognition

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

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Financial instruments

Initial recognition and measurement

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

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

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

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

Subsequent measurement

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

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

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

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Financial Statements for the year ended 30 June 2016

Accounting Policies

1.6 Financial instruments (continued)

Receivables from exchange transactions

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

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

Payables from exchange transactions

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

Cash and cash equivalents

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

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Accounting Policies

1.7 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

Tax expenses

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

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

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

1.8 Leases

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

Finance leases - lessee

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

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

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

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

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Accounting Policies

1.8 Leases (continued)

Operating leases - lessee

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

1.9 Inventories

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

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

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

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

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

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

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

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

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

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

1.10 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

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

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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

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

Useful life is either:

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

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

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

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

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

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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Reversal of impairment loss

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

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

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

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

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

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

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

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

Redesignation

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

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

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

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

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

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

Useful life is either:

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

Identification

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

Reversal of an impairment loss

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

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Accounting Policies

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

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

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

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

Redesignation

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

1.12 Share capital

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

Net assets instruments issued by the company are classified according to the substance of the contractual arrangements entered into. Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

1.13 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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Accounting Policies

1.14 Provisions and contingencies (continued)

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

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

The provision as at 30 June 2016 is the discretionary bonuses.

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

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

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

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

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

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

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

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

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

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Accounting Policies

1.15 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

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

Rendering of services

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

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

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

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

Interest, royalties and dividends

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

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

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

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

1.16 Revenue from non-exchange transactions

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

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

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

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

Measurement

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

Subsidy

Subsidy is recognised as revenue when:

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

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

Other grants and donations

Other grants and donations are recognised as revenue when:

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

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

1.17 Investment income

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

1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19 Comparative figures

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

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Accounting Policies

1.20 Unauthorised expenditure

in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), of the municipality and includes: (a) overspending of the total amount appropriated in the municipality's approved budget; (b) overspending of the total amount appropriated for a vote in the approved budget; or (c) expenditure from a vote unrelated to the department or functional area covered by the vote; (d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose; (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or (f) a grant by the municipality otherwise than in accordance with this Act; "vote" means— (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

in relation to a municipality or municipal entity, means—(a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170; (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act; (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure";-

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

1.23 Budget Information

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

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

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

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

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

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

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Accounting Policies

1.24 Related parties

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

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

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

1.25 GRAP Standards Approved and Not Yet Effective

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

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Accounting Policies

1.26 GRAP Standards Approved and effective

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

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015 Restated*
2. INVENTORIES		
Work in progress	396,597	5,894,007
Consumable stores	171,169	208,067
Trading Stock - Food and Beverage	647,246	509,453
	1,215,012	6,611,527

Joburg City Theatres operate as a both receiving and production house. The expenditure on show productions prior to maturity is treated as Work in Progress (WIP). Included in work in progress is the expenditure to date on the following productions: Robin Hood (Pantomime) and other small shows. The reason for a decrease in WIP is that, last financial year (2014/15) there was in-house stage production (Sister Act) in July and August 2015 and this financial year (2015/16) the company does not have inhouse stage production in July and August 2016.

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

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

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

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

3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	1,011,542	1,358,738
Accrued Income (Interest Earned)	11,005	-
Related Party Debtors	20,467,452	7,220,182
	21,489,999	8,578,920

Trade and other receivables

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

Related party debtors - represents the amounts owed to Joburg City Theatres by the City of Johannesburg and Municipal Owned Entities. Joburg City Theatres does not charge interest on related party debtors. Included in the related party debtors is the electricity credit note (R7,275,225) and Joburg Film balance of R9,177,000

Debtors are measured at fair value.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	60,942	61,561
Nedbank current account balance	676,227	2,455,795
Nedbank and Investec Investment Accounts	1,328,929	2,358,007
	2,066,098	4,875,363

Cash and cash equivalents comprise of cash on hand, current account and deposits on call accounts that are readily convertible into known amounts of cash. The effective interest rates of the cash equivalents investment as at 30 June 2016 were between 4.5% and 6.9%.

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2016

2015
Restated*

4. CASH AND CASH EQUIVALENTS (continued)

The entity had the following bank accounts

Account description	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
Nedbank - current account Joburg Theatre	21,204	1,233,796	53,930	21,204	1,233,796	53,930
Nedbank - current account Roodepoort and Soweto Theatre	3,054	299,390	175,596	3,054	299,390	175,596
Nedbank - current account Ticketing Account	80,363	16,797	296,048	80,363	16,797	296,048
Nedbank - current account Hospitality and Catering	71,259	905,812	688,135	71,259	905,812	688,135
Nedbank - call account Joburg Theatre	210,939	368,034	34,727	210,939	368,034	34,727
Nedbank - call account Roodepoort and Soweto Theatre	137,911	597,600	4,155	137,911	597,600	4,155
Nedbank - call account Ticketing account	57,422	532,318	3,477,875	57,422	532,318	3,477,875
Nedbank - call account Hospitality and Catering	269,950	858,642	550	269,950	858,642	550
Investec - call account	1,153,054	1,413	1,086,728	1,153,054	1,413	1,086,728
Sub Total	2,005,156	4,813,802	5,817,744	2,005,156	4,813,802	5,817,744
Cash on hand	60,942	61,561	102,555	60,942	61,561	102,555
Total	2,066,098	4,875,363	5,920,299	2,066,098	4,875,363	5,920,299

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

5. PROPERTY, PLANT AND EQUIPMENT

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	3,664,773	(1,988,448)	1,676,325	3,856,591	(1,855,533)	2,001,058
Motor vehicles	523,424	(313,188)	210,236	523,424	(283,382)	240,042
IT equipment	1,075,096	(515,377)	559,719	932,475	(476,253)	456,222
Finance lease asset	1,277,212	(336,925)	940,287	1,277,212	(209,204)	1,068,008
Stage equipment	13,154,648	(5,656,024)	7,498,624	14,098,786	(5,959,154)	8,139,632
Total	19,695,153	(8,809,962)	10,885,191	20,688,488	(8,783,526)	11,904,962

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015 Restated*
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5. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Write Offs	Depreciation	Total
Furniture and fixtures	2,001,058	96,082	(99,976)	(320,839)	1,676,325
Motor vehicles	240,042	-	-	(29,806)	210,236
IT equipment	456,222	174,597	(11,168)	(59,932)	559,719
Finance lease asset	1,068,008	-	-	(127,721)	940,287
Stage equipment	8,139,632	51,314	(115,940)	(576,382)	7,498,624
	11,904,962	321,993	(227,084)	(1,114,680)	10,885,191

Stage equipment and motor vehicle useful life was re-assessed in terms of the policy by 3 years and 2 years respectively.

Property Plant and Equipment Written Off 2016

	Cost	Accumulated Depreciation	Total
Furniture and Fixtures	287,900	(187,924)	99,976
Stage and Equipment	995,453	(879,512)	115,941
Computer Equipment	31,976	(20,808)	11,168
	1,315,329	(1,088,244)	227,085

Reconciliation of property, plant and equipment - 2015

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

Property Plant and Equipment Written Off 2015

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

6. INTANGIBLE ASSETS

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	188,316	(75,125)	113,191	95,492	(60,506)	34,986

Joburg Theatre (SOC) Limited

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Notes to the Financial Statements

	2016	2015 Restated*		
6. INTANGIBLE ASSETS (continued)				
Reconciliation of intangible assets - 2016				
	Opening balance	Additions	Amortisation	Total
Computer software	34,986	95,893	(17,688)	113,191
Intangible Assets Written Off				
		Cost	Accumulated Amortisation	Total
		3,069	(3,069)	-
Reconciliation of intangible assets - 2015				
	Opening balance	Amortisation	Total	
Computer software	43,672	(8,686)	34,986	
Other Information				
Intangible Assets Written Off				
		Cost	Accumulated Amortisation	Total
		50,048	(44,704)	5,344

7. HERITAGE ASSETS

	2016			2015		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Artwork and Historical Assets	1,592,700	-	1,592,700	1,592,700	-	1,592,700

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015 Restated*
7. HERITAGE ASSETS (continued)		
Reconciliation of heritage assets - 2016		
	Opening balance	Total
Artwork and Historical Assets	1,592,700	1,592,700
Reconciliation of heritage assets 2015		
	Opening balance	Total
Artwork and Historical Assets	1,592,700	1,592,700
Additional Information		
Heritage assets includes artwork valued R851 0000 and Historical assets valued at R741 700. Deemed cost was determined using fair value.		
8. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- within one year	180,382	510,877
- in second to fifth year inclusive	-	180,382
	180,382	691,259
less: future finance charges	(5,078)	(55,404)
Present value of minimum lease payments	175,304	635,855
Present value of minimum lease payments due		
- within one year	175,304	398,786
- in second to fifth year inclusive	-	237,069
	175,304	635,855
Non-current liabilities	-	237,070
Current liabilities	175,304	398,786
	175,304	635,856
Joburg Theatre entered into a 3 year lease agreement with Pilot Software (Pty) Ltd for point of sales hardware. The entity had one finance lease during the current financial year. The company used Grap 13 to recognise finance lease asset and liability as well as the finance costs and depreciation.		
9. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade payables	743,882	675,757
Deferred Income	2,039,688	3,782,767
Accrued Leave	1,127,219	946,749
Sundry creditors	277,789	4,954,434
Accrued 13th Cheque	352,823	755,553
Year end accruals	2,268,454	1,379,867
Related Party	8,451,162	1,436,275
	15,261,017	13,931,402

Trade payables consists of trade creditors due as at 30 June 2016.

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

Related party consist of joburg film office activities to the value of R8,050,000 that must be carried out by Joburg Theatre in the following financial year..

~~Sundry creditors is made up of~~

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015 Restated*		
10. PROVISIONS				
Reconciliation of provisions - 2016				
	Opening Balance	Additions	Utilised during the year	Total
Bonus Provision and Other	977,968	2,138,780	(2,067,217)	1,049,531
Reconciliation of provisions - 2015				
	Opening Balance	Additions	Utilised during the year	Total
Bonus and other	921,798	3,085,000	(3,028,830)	977,968
11. DEFERRED TAX				
Deferred tax liability				
Property, plant and equipment			(681,379)	(885,441)
Allowance for future expenditure section 24c			(5,301,928)	(2,954,449)
Total deferred tax liability			(5,983,307)	(3,839,890)
Deferred tax asset				
Finance lease obligation			49,085	178,040
Provisions			727,216	750,476
Deferred income			3,219,915	1,059,173
Total deferred tax asset			3,996,216	1,987,689
Deferred tax liability			(5,983,307)	(3,839,890)
Deferred tax asset			3,996,216	1,987,689
Total net deferred tax liability			(1,987,091)	(1,852,201)
Reconciliation of deferred tax asset \ (liability)				
At beginning of year			(1,852,201)	(1,831,803)
Movements in temporary differences			(134,890)	(20,398)
			(1,987,091)	(1,852,201)

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015 Restated*
12. REVENUE		
Ticketing services	1,153,071	1,131,454
Catering services	17,651,190	15,627,323
Rental facilities and equipment	6,573,899	7,421,052
Arts Alive	13,014,118	-
Sponsorship	1,508,768	2,800,000
In-house ticket sales	10,777,717	9,588,949
Other income	17,021,159	349,027
Interest received - investment	2,255,588	2,008,882
Subsidy	73,502,000	68,823,000
	143,457,510	107,749,687

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

Ticketing services	1,153,071	1,131,454
Catering services	17,651,190	15,627,323
Rental facilities and equipment	6,573,899	7,421,052
Agency services	13,014,118	-
Sponsorship	1,508,768	2,800,000
In-house ticket sales	10,777,717	9,588,949
Other income	17,021,159	349,027
Interest received - investment	2,255,588	2,008,882
	69,955,510	38,926,687

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

Subsidy from City of Joburg	73,502,000	68,823,000
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13. OTHER INCOME

Other income	17,021,159	349,027
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The table below provides the breakdown of other income:

Description	2016	2015
Joburg Film Office	1,754,385	-
Electricity (Credit Note)	8,439,597	-
Creative Arts	959,115	-
June 16 Celebration	3,692,565	-
Joburg Tourism Activations	825,987	-
Other income	1,349,510	349,027
	17,021,159	349,027

Other income from electricity amounting to R8.4million is the recovery of over charged electricity by City Power from April 2014 to August 2015

14. INTEREST RECEIVED - INVESTMENT

Interest revenue		
Bank	2,255,588	2,008,882

Interest income is calculated using the effective interest rate between 4.5 to 6.9%

The table below shows the interest received from two bank accounts

Investec Bank Limited	1,113,294	14,686
Nedbank Limited	1,142,294	1,994,196
	2,255,588	2,008,882

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015 Restated*
15. SUBSIDY		
Operating Grants and Subsidies		
Joburg Theatre	51,150,000	48,265,104
Roodepoort Theatre	9,355,000	8,865,588
Soweto Theatre	12,997,000	11,692,308
	73,502,000	68,823,000

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015 Restated*
16. EMPLOYEE RELATED COSTS		
Salaries and Wages	43,982,594	36,543,020
Employee costs included in other expenses	811,834	990,587
	44,794,428	37,533,607
Finance Manager		
Annual Remuneration	-	53,645
Contributions to UIF, Medical and Pension Funds	-	149
	-	53,794
The Finance Manager resigned on 31 July 2014.		
Chief Executive Officer		
Annual Remuneration	1,470,022	1,396,032
Performance Bonuses	200,624	190,122
Contributions to UIF, Medical and Pension Funds	315,875	50,140
Other	61,250	-
	2,047,771	1,636,294
Chief Operating Officer		
Annual Remuneration	1,027,200	967,200
Performance Bonuses	139,104	117,600
Contributions to UIF, Medical and Pension Funds	218,350	48,950
Other	42,800	-
	1,427,454	1,133,750
Chief Financial Officer		
Annual Remuneration	1,167,018	590,000
Performance bonus	170,982	-
Contributions to UIF, Medical and Pension Funds	162,479	6,578
Other	52,608	-
	1,553,087	596,578
The company appointed the Chief Financial Officer (CFO) in January 2015.		
Executive Producer - current		
Annual Remuneration	750,000	-
Performance Bonuses	59,317	-
Contributions to UIF, Medical and Pension Funds	161,987	-
Other	37,500	-
	1,008,804	-
Executive Producer - former		
Annual Remuneration	-	811,606
Performance Bonuses	-	220,025
Contributions to UIF, Medical and Pension Funds	-	25,492
	-	1,057,123

The contract of the Executive Producer (EP) expired on 31 December 2014 and the new Executive Producer was appointed on 01 September 2015.

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015 Restated*
16. EMPLOYEE RELATED COSTS (continued)		
Year on year movements on employee related costs include the implementation of pension fund for all employees during the 2015/16 financial year.		
17. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	1,132,368	1,332,063
18. FINANCE COSTS		
Finance leases	51,588	106,381
Total interest expense, calculated using the effective interest rate (13%) on finance lease liability amounted to R 51,588 (2015: R 106,381).		
19. GRANTS AND SUBSIDIES PAID		
Other subsidies		
Joburg/Mzansi Ballet	8,000,000	8,000,000

GRANT PAID TO JOBURG BALLET

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

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015 Restated*
20. GENERAL EXPENSES		
Auditors remuneration	712,323	882,991
Bank charges	615,493	537,971
Cleaning	2,678,905	2,395,081
Consulting and professional fees	296,976	408,056
Consumables	1,741,912	1,814,421
Community Development	2,460,064	1,928,798
Entertainment	318,548	61,618
Building signage, framing and printing	466,220	318,837
Gifts	6,000	15,947
Insurance	377,352	201,003
Employee Uniforms	56,074	69,249
IT expenses	568,114	499,263
Marketing and show contributions	8,539,351	6,641,803
Ticketing	725,716	1,308,899
Motor vehicle expenses	1,040,588	967,937
Licences	405,391	296,879
Productions	23,673,188	14,721,766
Printing and Stationery	548,241	568,216
Security	1,960,241	1,764,703
Subscriptions and membership fees	185,266	134,964
Business travel	250,140	113,880
Electricity	5,826,769	7,069,453
Gas	324,443	449,395
Sewerage and waste disposal	1,072,101	976,335
Assessment Rates	72,918	42,673
Employee Wellness & Training	76,436	69,730
Arts Alive and Special Projects	16,038,717	-
Write offs	227,086	14,526
Other hospitality and catering expenses	10,015,285	9,319,827
Repairs and Maintenance	1,193,671	1,247,488
Cost of Sales	6,523,849	5,860,803
	88,997,378	60,702,512

Arts Alive and Special projects (R16,038,717)

Joburg Theatre was appointed to manage Arts Alive International Festival at the beginning of August 2015 and other special projects in June 2016 such as June 16 celebration and Joburg Tourism activations. These were the events that the entity undertook on behalf of the City of Johannesburg. These events generated revenue in excess of R20 million

21. TAXATION

Major components of the tax expense

Deferred

Other deferred tax	134,889	20,398
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Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

Accounting surplus	481,748	75,124
Tax at the applicable tax rate of 28% (2015: 28%)	134,889	21,035

Joburg Theatre (SOC) Limited

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Notes to the Financial Statements

	2016	2015 Restated*
22. CASH USED IN OPERATIONS		
Surplus	346,859	54,726
Adjustments for:		
Depreciation and amortisation	1,132,368	1,332,063
Finance costs - Finance leases	51,588	106,381
Movements in provisions	71,563	56,170
Other non-cash items	223,966	(7,778)
Changes in working capital:		
Inventories	5,396,515	(4,016,506)
Receivables from exchange transactions	(12,911,083)	(1,859,047)
Tax	134,889	20,398
Payables from exchange transactions	1,329,615	2,905,745
VAT	2,341,357	933,114
	(1,882,363)	(474,734)
23. AUDITORS' REMUNERATION		
Fees	712,323	882,991

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

2016

2015

Restated*

24. RELATED PARTIES

Name	% Equity interest	% Equity interest
City of Johannesburg Metropolitan Municipality	Controlling entity	Controlling entity
City Power Johannesburg (SOC) Ltd	100% owned by COJ	100% owned by COJ
Johannesburg Water (SOC) Limited	100% owned by COJ	100% owned by COJ
City of Joburg Property Company (SOC) Limited	100% owned by COJ	100% owned by COJ
Johannesburg City Parks NPC	100% owned by COJ	100% owned by COJ
Johannesburg Development Agency (SOC) Limited	100% owned by COJ	100% owned by COJ
Johannesburg Metropolitan Bus Services (SOC) Limited	100% owned by COJ	100% owned by COJ
Johannesburg Roads Agency (SOC) Limited	100% owned by COJ	100% owned by COJ
Johannesburg Social Housing Company (SOC) Limited	100% owned by COJ	100% owned by COJ
Pikitup Johannesburg (SOC) Limited	100% owned by COJ	100% owned by COJ
Joburg Market (SOC) Limited	100% owned by COJ	100% owned by COJ
Development Company (Pty) Ltd	100% owned by COJ	100% owned by COJ
Yamikani Projects (Pty) Ltd - Transport Services	Close family member of management	Close family member of management

Yamikani Projects (Pty) Ltd contract has ended and the company has a contract with Avis for transportation services.

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	2016	2015 Restated*
24. RELATED PARTIES (continued)		
Related party transactions		
Revenue from related parties		
Johannesburg Metropolitan Bus Services (SOC) Limited	21,474	-
City of Johannesburg Metropolitan Municipality	99,062,670	70,553,442
City of Joburg Property Company (SOC) Limited	260	-
City Power Johannesburg (SOC) Ltd	8,639,661	61,695
Johannesburg City Parks NPC	1,852,057	126,628
Johannesburg Roads Agency (SOC) Limited	31,750	52,632
Joburg Market (SOC) Limited	106,645	-
Johannesburg Social Housing Company (SOC) Limited	15,473	-
	109,729,990	70,794,397
Operating Expenditure		
City of Johannesburg Metropolitan Municipality	412,054	231,716
Yamikani Projects Pty Ltd	146,450	180,020
Pikitup Johannesburg (SOC) Limited	148,438	103,758
City Power Johannesburg (SOC) Ltd	4,398,737	7,152,048
Johannesburg Water (SOC) Limited	947,848	925,584
	6,053,527	8,593,126
Related party balances		
Assets		
City of Johannesburg Metropolitan Municipality	18,431,381	7,195,580
Johannesburg Social Housing Company (SOC) Limited	17,640	-
Johannesburg City Parks NPC	2,006,611	13,297
Johannesburg Roads Agency (SOC) Limited	5,295	-
Joburg Market (SOC) Limited	6,525	-
City Power Johannesburg (SOC) Ltd	-	11,305
	20,467,452	7,220,182
Liabilities		
City of Johannesburg Metropolitan Municipality	8,451,162	3,220,324

Amounts in trade and other payables regarding related parties from City of Johannesburg Metropolitan Municipality includes Group Corporate services OHASA (R2 052) and Group Assurance Services (R181 260), insurance services (R217 849.62) and deferred income (R8 050 000) as at 30 June 2016.

Terms and conditions of transactions with related parties

The sales and purchases from related parties are made at terms equivalent to those that prevail in arm's length transaction

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

25. DIRECTORS' EMOLUMENTS

Directors

2016

	Directors' fees	Committees fees	Other fees	Total
Prof. Mongane Wally Serote (Chairperson)	57,040	-	22,816	79,856
Adv. Jonny Motsamai Modipa	5,704	-	5,704	11,408
Ms Lorraine Malebo	17,112	12,303	15,973	45,388
Mr Ishmael Mkhabela	22,816	21,179	11,408	55,403
Mr Mabutho Kid Sithole	22,816	15,475	11,408	49,699
Ms Todd Twala	28,520	13,696	15,973	58,189
Mr Mavuso Shabalala	28,520	79,856	17,112	125,488
Ms Xoliswa Nduneni-Ngema (CEO)	-	-	-	-
Mr Monna Mokoena	-	-	-	-
Mr Solomon Mphakathi CA(SA) (CFO)	-	-	-	-
Bishop Eugene Sinclair	28,520	13,697	15,974	58,191
Mr Sipho Sithole	5,704	4,566	10,270	20,540
	216,752	160,772	126,638	504,162

2015

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

26. RISK MANAGEMENT

Capital risk management

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

The capital structure of the entity consists of cash and cash equivalents disclosed in note 4, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

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

Liquidity risk

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

Joburg Theatre (SOC) Limited

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

26. RISK MANAGEMENT (continued)

Interest rate risk

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

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

Credit risk

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

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

Foreign exchange risk

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

27. GOING CONCERN

We draw attention to the fact that as at 30 June 2016, the entity had an accumulated surplus of R 14,413,758 and that the entity's total assets exceed its liabilities by R 16,197,817.

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.

28. COST OF SALES

Sale of goods

Cost of goods sold	6,523,849	5,860,803
--------------------	-----------	-----------

29. OPERATING LEASE

Operating Lease Commitments

	2016	2015
Up to 1 year	724,055	298,427
2- 5 years	531,228	445,619
	<u>1,255,283</u>	<u>744,046</u>

Joburg City Theatres leases cash vaults machines, digital copier machines and Toyota Quantum from Nedbank Limited, Resultant Finance and Avis respectively. The lease payments for the cash vaults machines are R17,096 per month for period July - January and thereafter increased by 7% to R18, 293 per month and R23,317.55 quarterly for the digital copier machines with no annual escalations. The lease payment for the Avis fleet is R33,739 per month. No contingent rent is payable. The lease agreement is not renewable at the end of the lease term. There were no defaults or breaches and no terms or conditions were re-negotiated during the reporting period.

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

30. SHARE CAPITAL

Authorised

10 Ordinary shares of R1 each	10	10
-------------------------------	----	----

Reconciliation of number of shares issued:

Reported as at 01 July 2015	10	10
-----------------------------	----	----

Issued

Ordinary	10	10
----------	----	----

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

31. FINANCIAL INSTRUMENTS DISCLOSURE

Categories of financial instruments

2016

Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions	21,490,575	21,490,575
Cash and cash equivalents	2,067,511	2,067,511
	23,558,086	23,558,086

Financial liabilities

	At fair value	At amortised cost	Total
Investment from Shareholder	-	1,784,049	1,784,049
Trade and other payables from exchange transactions	17,033,430	-	17,033,430
Taxes and transfers payable	2,762,574	-	2,762,574
Finance Lease	175,304	-	175,304
	19,971,308	1,784,049	21,755,357

2015

Financial assets

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

Financial liabilities

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

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

32. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

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

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

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

Service Provider	Services/Goods	Reason for deviation(s)	Amount
Who's Who Management	Professional and artistic fees	Special works of Art	378,000
Provision of artists for Arts Alive 2015	Professional and artistic fees	Special works of Art	7,000,000
Burn the Floor	Professional and artistic fees	Special works of Art	60,000
Youth Development 2015/2016	Professional and artistic fees	Special works of Art	650,000
Soweto Theatre in-house productions	Professional and artistic fees	Special works of Art	1,677,750
Slo Jo	Syrup	Sole Supplier	24,289
Ola Cool Runners	Ice Cream	Sole Supplier	80,000
Slush Puppy	Ice drink	Sole Supplier	150,000
In-House Production at Joburg Theatre	Professional and artistic fees	Special works of Art	3,375,000
Marketing Partners/Special Barter arrangements	Marketing services	Other exceptional case	3,862,279
International Productions	Productions	Other exceptional case	100,000
Electrosonic	Jem Martin products	Sole supplier	226,086
L- Acoustics / Sound Harmonics	L-Acoustic products	Sole supplier	400,000
External team events, company relays and team building	employee wellness and a healthy lifestyle	Sole supplier	30,000
Dwr distribution cc	MA Lighting, Robert Juliat, Philips entertainment, Robe, Plasa, LeMaitre and Polyte	Sole supplier	186,267
Stage Audio Works	LCD and DLP Projectors	Sole supplier	100,000

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

32. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

Ratification report in relation to the payment of Publicist	Publicist and social media consultant	Ratification	155,000
New Way Power	Goosen generator	Sole supplier	200,000
Sysman Public Safety Systems	RemRad Radio link system	Sole supplier	15,000
Ga Se Lerato & Kudelowaziyo	Professional and artistic fees	Special work of art	202,000
In-house Productions (New Year's Eve, Luther Vandross, Freedom week, Magic Flute, Africa Day)	Professional and artistic fees	Special work of art	11,850,000
Colabnetwork	The Contract with Colabnetwork expired on 30 November 2015. Services were still required by JCT and continued.	Exceptional case	105,000
KPMG	Deferred Tax services	Ratification	95,160
DWR	Repairs and Maintenance	Exceptional case	200,000
Wet Management Services	Water Storage Tank service	Exceptional case	7,311
Levitt's Distribution CC	Chilla products	Sole supplier	200,000
Sappi	Parking Tickets	Sole supplier	30,000
The Flavour Lab	sauces and spices products	Sole supplier	200,000
Promusa	Musical tutorial programme instruments repairs	Special Work of Art	9,500
Facilitators	Jozi@work	Special Work of Art	280,000
Slojo	Slojo Products	Sole supplier	200,000
Step and Move (Moving minds)	Facilitators	Special work of art	49,600
June 2016 Youth month	Performing artists	Special work of art	2,700,000
Inhouse events at Joburg Theatres	Artists performers at stages restuarants	Special work of art	7,000
The Drain Surgen	Unblocking of drains	Emergency	50,000
ERS Biometrics	Annual subscription	Exceptional case	24,556
Power Development Services	Borri uninterrupted power supply (UPS)	Sole supplier	2,109

34 881 907

Joburg Theatre (SOC) Limited

(Registration number 2000/013032/07)

Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

Figures in Rand

2016

2015

33. PRIOR PERIOD ERRORS

1. Correction of error on deferred tax as a result of GRAP 105 adjustment.

During the current financial year it was discovered that grap 105 adjustment on PPE was not accounted for in the deferred tax balance in prior year. The prior period error was adjusted retrospectively. The table below depicts the restated balances.

Statement of financial position

Decrease in deferred tax liability	-	134,951
Increase in accumulated surplus	-	(134,951)
	-	-

2. Correction of error as a result of reclassification of loan from shareholder (Liabilities) to investment from shareholder (Equity).

During the current financial year, management realised that take on balance amounting to R1,784,049 was transferred as a loan from shareholder instead of Investment from shareholder on the 1st of January 2013. The prior period error was adjusted retrospectively. The table below depicts the restated balances.

Statement of financial position

Decrease in Loan from shareholder	-	1,784,049
Increase in investment from shareholder	-	(1,784,049)
	-	-

34. VAT PAYABLE

VAT payable	2,691,431	350,074
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The company accounts for VAT on an accrual basis of accounting.

35. CONTINGENCIES

Economic entity

Litigation and Claims

A letter of demand was received from Adam Prinsloo attorneys on behalf of their client Mr Langa Mancunga stating that "Notice of intention to proceed with legal proceedings in terms of section 3 subsection 1(a) of the institution of legal proceedings against certain organs of state at 40 of 2002". On the 5th of September 2014 at approximately 23h:45 Mr Langa Mancunga was severely injured when he fell in the orchestra pit of the Nelson Mandela Theatre at Joburg Theatre. According to Adam Prinsloo Attorneys their client (Mr Mancunga) has suffered damages which includes medical expenses and loss of earnings. This is a legal claim that has arisen in the normal course of business and represent the possible amounts that could be awarded should the claim prove successful. The amounts have been based on attorney's best estimates of the possible amount payable R400,000.

The amounts have not been provided for as this is considered as a potential obligation that may be incurred depending on the outcome of a future event.

CHAPTER SIX

AUDITOR-GENERAL AUDIT FINDINGS



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

KEY ACHIEVEMENTS

- Clean audit opinion
- Annual financial statements submitted were free from material misstatements.
- 100% resolution of 2014/15 external audit findings
- No repeat findings
- Stable internal control environment

Section 1: Report of the Auditor-General

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the Joburg Theatre SOC Ltd set out on pages 83 to 139, which comprise the statement of financial position as at 30 June 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

3. Auditor-general's responsibility

4. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Joburg Theatre SOC Ltd as at 30 June 2016 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA and the Companies Act.

Additional matters

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

Unaudited supplementary schedules

9. The supplementary information set out on pages 01 to 82 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Other reports required by the Companies Act

10. As part of our audit of the financial statements for the year ended 30 June 2016, I have read the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

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

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected strategic objectives presented in the annual performance report of the entity for the year ended 30 June 2016:

- Strategic objective 1: A recognised centre of excellence and improved perceptions of the role and contribution of Joburg Theatre on pages 150 to 154
- Strategic objective 2: Increased access by diverse communities, ensuring that more Joburg residents benefit from the cultural experience and opportunities for positive social contact on pages 150 to 154
- Strategic objective 3: Balance the imperative for the revenue generation with socio-economic development, and provide opportunities for future arts practitioners and entrepreneurs on pages 150 to 154

13. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned strategic objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information (FMPP)*.

14. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

Reliability of reported performance information

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

Additional matters

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

Achievement of planned targets

17. Refer to the annual performance report on page(s) 150 to 154 for information on the achievement of the planned targets for the year.

Unaudited supplementary schedules

18. The supplementary information set out on pages 01 to 82 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report on them.

Compliance with legislation

19. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

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

Johannesburg

30 November 2016



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

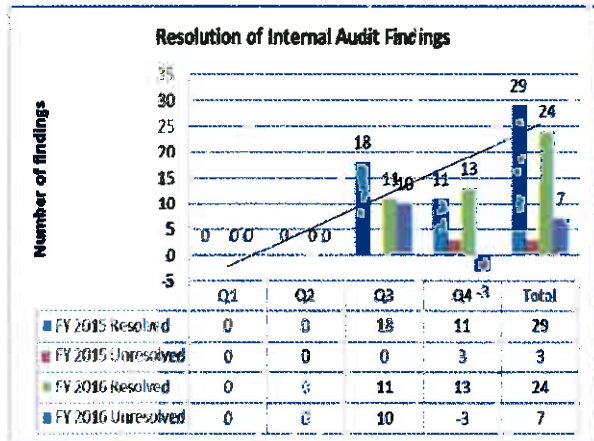
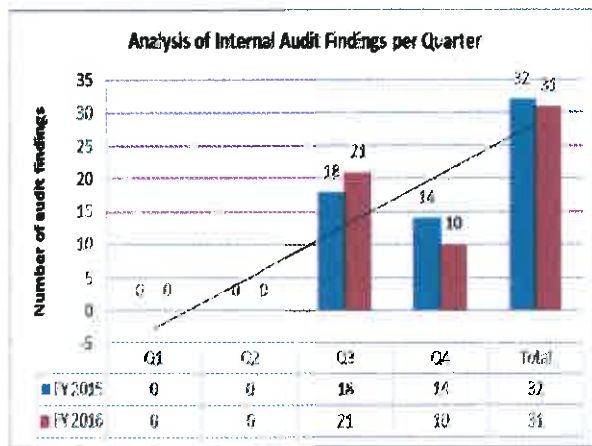
Section 2: History of Auditor-General Findings

Section 2: History of Auditor-General Findings

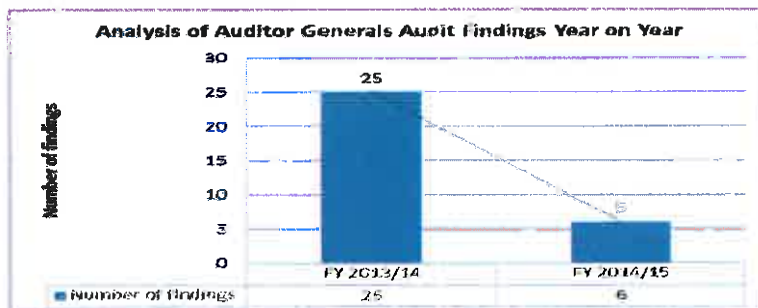
The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

	2012/13	2013/14	2014/15	2015/16
Financial Audit Opinion	Unqualified	Clean	Clean	
Performance Audit Opinion	Unqualified	Clean	Clean	

As an independent appraisal function, our primary objective is to review, appraise and report on the adequacy and effectiveness of the system of internal controls regarding risk management and governance processes.


















There has been a reduction on the internal audit findings year on year i.e. in 2014/15 financial year 32 findings were raised and 31 findings were raised in 2015/16 financial year by 1 which is 3% reduction. 32 internal audit findings were raised in 2014/15 financial year and 29 were resolved. The remaining 3 unresolved internal audit findings were resolved in this financial year (2015/16). 31 internal audit findings were raised in 2015/16 financial year and 24 have been resolved and the remaining 7 will be resolved in the new financial year.


















Auditor General's audit findings reduced from 2013/14 financial year to 2014/15 financial year by 19 findings which is 76% reduction.

The focus areas have been discussed with management and the following audits have been performed and completed:

No.	AUDIT AREA	STATUS	# audit findings	Resolved	Outstanding	Status
1	Marketing	Finalised	4	3	1	
2	Youth Development	Finalised	3	3	0	
3	Health and Safety	Finalised	6	5	1	
4	Maintenance and Security	Finalised	2	2	0	
5	Leave Management	Finalised	0	0	0	
6	Payroll Management	Finalised	0	0	0	
7	Human Capital	Finalised	1	1	0	
8	IT Application Controls	Finalised	0	0	0	
9	IT General Controls	Finalised	6	3	3	
10	Performance information	Finalised	1	1	0	
11	Supply chain management	Finalised	2	2	0	
12	Accounts payable	Finalised	0	0	0	
13	Petty cash	Finalised	2	1	1	
14	Revenue management	Finalised	1	1	0	
15	Asset management	Finalised	3	2	1	
Total			31	24	7	

All the above audit findings were raised for the first time in this current financial year. Therefore there were no repeat audit findings.

No.	AUDIT AREA	STATUS	# audit findings	Resolved	Outstanding	Status
1	Marketing	Finalised	4	3	1	
2	Youth Development	Finalised	3	3	0	
3	Health and Safety	Finalised	6	5	1	
4	Maintenance and Security	Finalised	2	2	0	
5	Leave Management	Finalised	0	0	0	
6	Payroll Management	Finalised	0	0	0	
7	Human Capital	Finalised	1	1	0	
8	IT Application Controls	Finalised	0	0	0	
9	IT General Controls	Finalised	6	3	3	
10	Performance information	Finalised	1	1	0	
11	Supply chain management	Finalised	2	2	0	
12	Accounts payable	Finalised	0	0	0	
13	Petty cash	Finalised	2	1	1	
14	Revenue management	Finalised	1	1	0	
15	Asset management	Finalised	3	2	1	
Total			31	24	7	

All the above audit findings were raised for the first time in this current financial year. Therefore there were no repeat audit findings.

The following table shows audit findings raised by Auditor General

Finding #	Heading	Description	Action Required	By Whom	When	Status																								
B1	SCM - Non-compliance with SCM Regulation 23 (C) (iii)	<p>During the audit of quotations and contracts auditors identified that the bid results are not published on the municipal entity's website. The following Bids Serves as an example</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Bid No</th> <th>Supplier</th> <th>Value of contract R</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>00054/15</td> <td>IMPERIAL GROUP (Pty) Ltd</td> <td>4 869 507.72</td> </tr> <tr> <td>2</td> <td>00057/15</td> <td>WEBTICKETS</td> <td>1 153 000.00</td> </tr> <tr> <td>3</td> <td>00061/15</td> <td>GEARHOUSE SA (PTY) LTD</td> <td>340 005.00</td> </tr> <tr> <td></td> <td>00063/15</td> <td>KAPOK LIVE EVENT-</td> <td>512 574.16</td> </tr> <tr> <td>5</td> <td>00068/15</td> <td>BALTIMORE AIRCOIL COMPANY</td> <td>432 446.68</td> </tr> </tbody> </table>	No.	Bid No	Supplier	Value of contract R	1	00054/15	IMPERIAL GROUP (Pty) Ltd	4 869 507.72	2	00057/15	WEBTICKETS	1 153 000.00	3	00061/15	GEARHOUSE SA (PTY) LTD	340 005.00		00063/15	KAPOK LIVE EVENT-	512 574.16	5	00068/15	BALTIMORE AIRCOIL COMPANY	432 446.68	<p>All the reports on award of tenders and RFQs for 2015/2016 and the first quarter of 2016/2017 financial year have been placed on the website. This will be the practice going forward to ensure full compliance with SCM Regulation 23 (C) (iii)</p>	Supply Chain Manager	Immediately	Implemented
No.	Bid No	Supplier	Value of contract R																											
1	00054/15	IMPERIAL GROUP (Pty) Ltd	4 869 507.72																											
2	00057/15	WEBTICKETS	1 153 000.00																											
3	00061/15	GEARHOUSE SA (PTY) LTD	340 005.00																											
	00063/15	KAPOK LIVE EVENT-	512 574.16																											
5	00068/15	BALTIMORE AIRCOIL COMPANY	432 446.68																											
B1	Interest on late payments: Fruitless and Wasteful Expenditure	<p>During an inspection of the supporting documents relating to expenditure items it was noted that interest was charged on overdue accounts of Eskom's electricity bill for the Soweto Theatre. Interest was charged on the following invoices:</p> <table border="1"> <thead> <tr> <th>Invoice date</th> <th>Description</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>27 November 2015</td> <td>November 2015 electricity bill</td> <td>R 128,53</td> </tr> <tr> <td>01 March 2016</td> <td>February 2016 electricity bill</td> <td>R 683,94</td> </tr> <tr> <td>28 August 2015</td> <td>August 2015 electricity bill</td> <td>R 1 512,24</td> </tr> <tr> <td></td> <td>Total amount</td> <td>R 2 324,71</td> </tr> </tbody> </table>	Invoice date	Description	Amount	27 November 2015	November 2015 electricity bill	R 128,53	01 March 2016	February 2016 electricity bill	R 683,94	28 August 2015	August 2015 electricity bill	R 1 512,24		Total amount	R 2 324,71	<p>Management comment on internal control deficiencies: Sufficient internal controls are in place to prevent the recurrence of this audit finding. Monitoring tools are in place to ensure that all invoices are paid on time. Payments are made twice in a week and an invoice register is kept of when the invoices were received and paid.</p>	Finance Manager	Immediately	Implemented									
Invoice date	Description	Amount																												
27 November 2015	November 2015 electricity bill	R 128,53																												
01 March 2016	February 2016 electricity bill	R 683,94																												
28 August 2015	August 2015 electricity bill	R 1 512,24																												
	Total amount	R 2 324,71																												

Finding #	Heading	Description	Action Required	By Whom	When	Status	
C1	PPE Discrepancies noted during Fixed Asset Verifications	1. Incorrect location					
		The fixed asset register contained the following incorrect location for the following assets:					
		No	Asset code	Description	Location on asset register	Location where verified	Purchase price
		1	R0391738	underbar s/s fridge	Joburg theatre	Roodepoort Theatre	R 15 223,50
		2	R0391739	underbar s/s fridge	Joburg theatre	Roodepoort Theatre	R 15 223,50
		3	R0391760	Staple Jigsaw	Joburg theatre	Soweto theatre	R 17 928,72
		4	R0391633	Bar Counter	Joburg theatre	Roodepoort Theatre	R 146 842,15
		5	R0391422	Apple iMac 27inch	Joburg theatre	Soweto Theatre	R 22 815,96
		6	R0391439	Undercounter Bar Fridge	Joburg theatre	Roodepoort Theatre	R 1 750,00
		Total					
2. Asset without asset code							
No	Asset Code	Asset Description	Purchase Date	Purchase Price			
1	R0182707	GEORGE BERNARD SHAW	2002/07/01	R 12 800,00			
Total					R 12 800,00		
			Management will continue to conduct physical verification and updating the Fixed Assets Register accordingly	Finance Manager	Immediately	Implemented	


Section 3: Historical Audit Findings and Remedial Action

ANALYSIS OF 2015/16 AUDIT FINDINGS

	NEW IN 2015/16	REPEAT FINDING	ACTIONS TO RESOLVE
Matters affecting Audit opinion	None		Not applicable
Important Matters	4	0	
Administrative Matters	1	0	

Section 4: Commitment by the Board of Directors

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



Chairperson

As submitted to the Auditor-General on 02 December 2016

Section 5: Mitigation strategies on the assessment of the Integrated Reporting and MFMA Circular 63

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

7.2.5. Content Elements

i. IIRC Integrated Reporting Framework

The report lacks sufficient discussion of the following:

- Competitive landscape, i.e. whether Joburg Theatres understand the competitive environment they operate in and how they respond to competition in the industry;
- How remuneration and incentives are linked to value creation in the short, medium and long term, including how they are linked to the organisation's use of and effects on the capitals. Does not discuss program/system of staff retention; and
- Identifies the key risks and opportunities that are specific to the organisation, including those that relate to the organisation's effects on, and the continued availability, quality and affordability of, relevant capitals in the short, medium and long term in relation to the ranking organisations.

ii. Circular 63, MSA AND MFMA

The report lacks sufficient discussion of the following:

- In the chief executive officer's report:
- Statement of corrective actions whereby service delivery can be improved;
- Internal management changes, if any;

- Risk assessment, including the development and implementation of measures to mitigate the top 5 risks;
- By-laws applicable to the entity;

iii. King III

The report lacks sufficient discussion of the following:

- A remuneration report which should include the use of incentives to encourage retention, justification of salaries above the median, material payments that are ex-gratia in nature and policies regarding executive employment;
- The entity's preparedness to deal with undue, unexpected or unusual risks;
- IT risks in the risk report; and
- The number of, and reasons for, refusals of requests of information that were lodged with the company in terms of the Promotion.

APPENDICES AND ANNEXURES

PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2016

STRATEGIC OBJECTIVE 1:

A RECOGNISED CENTRE OF EXCELLENCE AND IMPROVED PERCEPTIONS OF THE ROLE AND CONTRIBUTION OF JOBURG CITY THEATRES

IN SUPPORT OF:

- GDS: Outcome 1:**
Improved quality of life and development driven resilience for all
- "9+1" Priorities:**
- Active and engaged citizenry
 - Investment attraction, retention and expansion.
- IDP 2015 Priority:**
Roof – Communication and development approach.

Result Area (IDP Programme)	JCT Target by 2017/18 (Output)	Key Performance Indicator	Strategic Objective Annual Targets				Means of Verification	Unit Responsible for Reporting	Reporting Period	2015/16 Performance Targets				Comments
			Baseline 2014/15 Estimate	2015/16 Target	2016/17 Target	2017/18 Target				Q1 Jul - Sep 2015	Q2 Oct - Dec 2015	Q3 Jan - Mar 2016	Q4 Apr - Jun 2016	
Building and enhancing the image of an integrated JCT	Quarterly reports on implementation of Marketing and Communications strategy	Approved integrated Marketing and Communications strategy Quarterly reports	New	Approved integrated Marketing and Communications strategy 4th Quarter report	4 Quarterly reports on implementation of Marketing and Communications strategy	4 Quarterly reports on implementation of Marketing and Communications strategy	Approved integrated Marketing and Communications strategy Quarterly Reports	Quarterly	First draft integrated Marketing and Communications strategy Integrated Marketing and Communications strategy Drafted	Final draft integrated Marketing and Communications strategy Final integrated Marketing and Communications strategy Drafted	Approved integrated Marketing and Communications strategy Final integrated Marketing and Communications strategy Drafted	1 Quarterly report on implementation of Marketing and Communications strategy Marketing and Communications strategy Implemented	Annual Target was achieved	
Monitoring perceptions and media reporting	36	Number of monthly media monitoring reports	New	12	24	36	Monthly media monitoring report	Monthly	3 0	6 0	9 9	12 12	Annual Target was achieved	
Monitoring levels of Customer Satisfaction	Annual CSI Survey conducted	Customer satisfaction survey approach developed Baseline result established from first survey	New	Customer satisfaction survey approach developed Baseline result established from first survey	Annual CSI Survey concluded - target to be defined based on baseline	Annual CSI Survey conducted - target to be defined based on baseline	Customer satisfaction survey approach and framework Responses to first CSI survey roll-out in Q4	Quarterly	Conceptualisation and first draft Customer satisfaction survey approach First draft conceived	Finalisation of Customer satisfaction survey approach Designed electronic survey that will be distributed to the customer database	Preparations for roll out of Customer satisfaction survey approach Preparations for roll out of Customer satisfaction survey approach were made	Baseline result established from first survey Baseline results established	Annual Target was achieved	
Creating partnerships with stakeholders	20	Number of partnerships created	12	15	18	20	Signed MoA / MoU / Contract	Quarterly	3	9 10	9 14	15 17	Annual Target was achieved	

STRATEGIC OBJECTIVE 2:

INCREASED ACCESS BY DIVERSE COMMUNITIES, ENSURING THAT MORE JOBURG RESIDENTS BENEFIT FROM THE CULTURAL EXPERIENCE AND OPPORTUNITIES FOR POSITIVE SOCIAL CONTACT

IN SUPPORT OF:

- GDS: Outcome 1:
Improved quality of life and development-driven resilience for all
"9+1" Priorities:
- Active and engaged citizenry
 - Sustainable Human Settlements
- IDP 2015 Priority:
Roof – Communication and development approach

Result Area (IDP Programme)	JCT Target by 2017/18 (Output)	Key Performance Indicator	Strategic Objective Annual Targets				Means of Verification	Unit Responsible for Reporting	Reporting Period	2015/16 Performance Targets				Comments
			Baseline 2014/15 Estimate	2015/16 Target	2016/17 Target	2017/18 Target				Q1 Jul - Sep 2015	Q2 Oct - Dec 2015	Q3 Jan - Mar 2016	Q4 Apr - Jun 2016	
Utilising platforms to promote positive social contact	8 National / Special Days celebrated annually with targeted programmes	Number of annual National / Special Days celebrated with targeted programming	New	8	8	8	Annual schedule Marketing Material Show reports	Executive Producer	Quarterly	3	4	5	8	Annual Target was achieved
Image building of the COJ by Joburg Ballet	6	Number of Ballet seasons at JCT	5	6			Quarterly Reports	Executive Producer	Quarterly	2	4	5	6	Annual Target was achieved
Audience development to make venues more accessible	18	Number of Arts and Culture festivals held/in-house productions held	New	12	15	18	Contracts and marketing material	Executive Producer	Quarterly	3	4	4	6	Annual Target was achieved
Future audience development	40 000	Number of discounted tickets issued to school learners	20 000	25 000	30 000	40 000	Ticket reports	COO	Quarterly	5 000	15 000	20 000	25 000	Annual Target was achieved
Increase accessibility to JCT	15 000	Number of free tickets issued to disadvantaged communities	6 500	7 000	10 000	15 000	Ticket reports	COO	Quarterly	1 000	3 500	5 500	7 000	Annual Target was achieved
Increase accessibility to JCT	6 500	Number of discounted tickets issued to senior citizens	2 000	3 000	4 500	6 500	Ticket reports	COO	Quarterly	1 000	2 000	2 500	3 000	Annual Target was achieved

STRATEGIC OBJECTIVE 3:

BALANCE THE IMPERATIVE FOR REVENUE GENERATION WITH SOCIO-ECONOMIC DEVELOPMENT, AND PROVIDE OPPORTUNITIES FOR FUTURE ARTS PRACTITIONERS AND ENTREPRENEURS.

IN SUPPORT OF:

- GDS: Outcome 1:
Improved quality of life and development-driven resilience for all
- "9+1" Priorities:
- Active and engaged citizenry
 - Sustainable Human Settlements
- IDP 2015 Priority:
Roof – Communication and development approach

Result Area (IDP Programme)	JCT Target by 2017/18 (Output)	Key Performance Indicator	Baseline 2014/15 Estimate	Strategic Objective Annual Targets				Means of Verification	Unit Responsible for Reporting	2015/16 Performance Targets				Comments	
				2015/16 Target	2016/17 Target	2017/18 Target	2017/18 Target			Q1 Jul - Sep 2015	Q2 Oct - Dec 2015	Q3 Jan - Mar 2016	Q4 Apr - Jun 2016		
Balance the dual mandate of revenue generation and social and community relevance and transformation	5-year plan to address Revenue focused vs. Transformation focused content	Develop a 5-year Strategic Plan to address proportion of commercial revenue focused content vs. Transformation focused content offered by JCT	New	Approved 5-year plan to address Revenue focused vs. Transformation focused content	Implementation of 5-year plan to address Revenue focused vs. Transformation focused content	Implementation of 5-year plan to address Revenue focused vs. Transformation focused content	Implementation of 5-year plan to address Revenue focused vs. Transformation focused content	Approved Strategic Plan	CEO	Annually	Conceptualisation and 1 st draft	2 nd draft	Approved 5-year Strategic plan	Alignment of 5-year Strategic Plan to Business Plan	Annual Target was achieved
Support the South African works	4	Number of South African works presented	New	2	3	4	4	Annual schedule Signed contracts	Executive Producer	Quarterly	-	1	-	2	Annual Target was achieved
Train Youths in music tuition - which is a year-long training programme	220	Number of Youths attending music tuition programme per annum (non-cumulative)	127	127 July - Dec 150 Jan - Jun	150 July - Dec 200 Jan - Jun	200 July - Dec 220 Jan - Jun	200 July - Dec 220 Jan - Jun	Attendance registers Artistic Manager's Report	Executive Producer	Quarterly	127	127	127	127	Annual Target was achieved
Train Youths in drama - which is a year-long training programme	250	Number of Youths attending drama tuition programme per annum (non-cumulative)	250	150 July - Dec 200 Jan - Jun	200 July - Dec 250 Jan - Jun	250 July - Dec 250 Jan - Jun	250 July - Dec 250 Jan - Jun	Attendance registers Artistic Manager's Report	Executive Producer	Quarterly	127	150	200	200	Annual Target was achieved
											127	127	212	200	Annual Target was achieved
											136	150	200	226	

STRATEGIC OBJECTIVE 4:

GOOD GOVERNANCE, FINANCIAL SUSTAINABILITY AND SOUND MANAGEMENT

IN SUPPORT OF:

- GDS: Outcome 4:**
A high performing metropolitan government t
- "9+1" Priorities:**
- Financial sustainability and resilience
 - SMME and entrepreneurial support (emphasis on skills for economy).
 - Smart city.
 - Investment attraction, retention and expansion.
- IDP 2015 Priority:**
- Foundation – Good governance and sound management.
 - Jozi@work

Result Area (IDP Programme)	JCT Target by 2017/18 (Output)	Key Performance Indicator	Strategic Objective Annual Targets					Means of Verification	Unit Responsible for Reporting	2015/16 Performance Targets				Comments
			Baseline 2014/15 Estimate	2015/16 Target	2016/17 Target	2017/18 Target	Q1 Jul - Sep 2015			Q2 Oct - Dec 2015	Q3 Jan - Mar 2016	Q4 Apr - Jun 2016		
Attainment of a clean audit opinion	Clean audit report	Clean audit report	Clean audit report	Clean audit report	Clean audit report	Clean audit report	External Audit opinion and report	CFO	Annually	Clean audit report	Clean audit report attained			Annual Target was achieved
CAPEX budget spending	100% of R17m	100% CAPEX budget spent	100% of R8.3m	100% of R4.9m	100% of R4.9m	100% of R5.9m	CAPEX expenditure report Financial statements	CFO	Quarterly	R0.500m 10%	R 1.74m 30%	R 4.06m 70%	R 5.8m 100%*	Annual Target was achieved
Proportion of earned income against total revenue including subsidy	60% / 40% R 168.6m R 234.2m	Proportion of earned income against total revenue	60% / 40% R 36.1m	60% / 40% Earn Revenue R 54,027m Total revenue R 131,821m	60% / 40% Earn Revenue R 61,336m Total revenue R 142,382m	60% / 40% Earn Revenue R 52,500m Total revenue R 126,002m	Financial statements Income reports	CFO	Annually	64% / 36% Earned revenue R13,733m Total revenue R 38,108m	53% / 47% Earned revenue R36,777m Total revenue R 77,528m	57% / 43% Earned revenue R43,600m Total revenue R 100,727m	58% / 42% Earned revenue R52,500m Total revenue R 126,002m	Annual Target was achieved

Result Area (IDP Programme)	JCT Target by 2017/18 (Output)	Key Performance Indicator	Strategic Objective Annual Targets				Means of Verification	Unit Responsible for Reporting	2015/16 Performance Targets				Comments
			Baseline 2014/15 Estimate	2015/16 Target	2016/17 Target	2017/18 Target			Q1 Jul - Sep 2015	Q2 Oct - Dec 2015	Q3 Jan - Mar 2016	Q4 Apr - Jun 2016	
Support small businesses through procurement	30%	Percentage of procurement spend on SMEs quarterly against total procurement expenditure	30%	30%	30%	30%	CFO	Quarterly	30%	30%	30%	30%	Annual Target was achieved
	75%	Percentage of procurement spend on BBBEE quarterly against total procurement expenditure	89.60%	75%	75%	75%	CFO	Quarterly	48%	38%	50%	73%	Annual Target was achieved
	10%	Percentage of procurement spend on Jozi @ Works quarterly against total procurement expenditure	New	10%	10%	10%	CFO	Quarterly	79%	76%	89%	107%	Annual Target was achieved

Summary

Total number of KPIs	20
Number of KPIs Achieved	20
Total achieved constitutes	100%

* JCT was initially allocated Capex budget of R5 850 000.00 by its shareholder, the City of Joburg, the Board of Directors approved this budget which is captured in the approved Business Plan for 2015/16. The final approval of Capex budget was adjusted to from R5.950 to R4.950m plus utilization of cash reserves of R0.500m. JCT has spent 100% of the adjusted. Capex budget. Capex adjusted Reporting of actuals based on adjusted budget but scorecard remained unchanged.

The year revenue budget was also adjusted from R1.26m to R1.37m.

As submitted to the Auditor-General on 31 August 2016