theatre for a world class african city
the JOBURG THEATRE complex

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

Joburg

a world class African city

Joburg Theatre (SOC) Limited
Financial statements
for the year ended June 30, 2016

Auditor General of South Africa
Registered Auditors

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

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

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

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 June 30, 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**

Audit and Risk Committee Report

We are pleased to present our report on the annual financial statements for the year ended June 30, 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 Officeer, Company Secretary, Internal Audit Manager, COJ Risk represantative 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

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.

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 occured 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.

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Chairperson of the Audit and Risk Committee

Date: ______________________

Directors' Report

The Directors submit their report for the year ended June 30, 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 highy unlikely that the company will be able to continue as a going concern.

We draw attention to the fact that as at June 30, 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 maintainance 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.

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

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 amendement 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

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; Chrystal 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.

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)

Statement of Financial Position as at June 30, 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

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 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

Statement of Changes in Net Assets

Figures in Rand	Share capital	Investment from Shareholder	Accumulated surplus	Total net assets
Balance at July 01, 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 July 01, 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 June 30, 2016	**10**	**1,784,049**	**14,413,758**	**16,197,817**
Note(s)	30			

* See note 33

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
		139,762,524	105,899,581
Payments			
Employee costs		(44,531,993)	(34,486,618)
Suppliers		(97,112,894)	(71,887,697)
		(141,644,887)	(106,374,315)
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)	-
Net cash flows from investing activities		**(417,886)**	**(81,433)**
Cash flows from financing activities			
Finance lease payments		(509,017)	(488,769)
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

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

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

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.

Appropriation Statement

Figures in Rand

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

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, it's deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment .

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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 7/1/2015 to 6/30/2016.

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.

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

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 chnges in Foreign Exchange Rate
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Seperate 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 Transations
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

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%.

* See note 33

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	June 30, 2015	June 30, 2014	June 30, 2016	June 30, 2015	June 30, 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**

* See note 33

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	Accummulated 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

* See note 33

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 Armotisation	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 Armotisation	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

* See note 33

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

	2016	2015
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 liabilty as well as the finance costs and depreciation.

9. PAYABLES FROM EXCHANGE TRANSACTIONS

	2016	2015
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 capex.

* See note 33

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

	2016	2015 Restated*
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

	2016	2015 Restated*
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**

	2016	2015 Restated*
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)

	2016	2015 Restated*
At beginning of year	(1,852,201)	(1,831,803)
Movements in temporary differences	(134,890)	(20,398)
	(1,987,091)	**(1,852,201)**

* See note 33

Notes to the Financial Statements

	2016	2015 Restated*

12. REVENUE

	2016	2015 Restated*
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:

	2016	2015 Restated*
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:

	2016	2015 Restated*
Subsidy from City of Joburg	73,502,000	68,823,000

13. OTHER INCOME

	2016	2015 Restated*
Other income	17,021,159	349,027

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

	2016	2015 Restated*
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 :

	2016	2015
Investec Bank Limited	1,113,294	14,686
Nedbank Limited	1,142,294	1,994,196
	2,255,588	**2,008,882**

* See note 33

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.

* See note 33

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 Executiive Producer was appointed on 01 September 2015.

* See note 33

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

	2016	2015 Restated*
Property, plant and equipment	1,132,368	1,332,063

18. FINANCE COSTS

	2016	2015 Restated*
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

	2016	2015 Restated*
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.

* See note 33

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

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

* See note 33

Notes to the Financial Statements

	2016	2015 Restated*

22. CASH USED IN OPERATIONS

	2016	2015 Restated*
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

	2016	2015 Restated*
Fees	712,323	882,991

* See note 33

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.

* See note 33

	2016	2015 Restated*

24. RELATED PARTIES (continued)

Related party transactions

	2016	2015 Restated*
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

	2016	2015 Restated*
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

* See note 33

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.

* See note 33

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
	1,255,283	**744,046**

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 therefter increased by 7% to R18, 293 per month and R23,317.55 quarterly for the digital copier machines with no annual escallations. 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-nogotiated during the reporting period.

30. SHARE CAPITAL

Authorised		
10 Ordinary shares of R1 each	10	10
Reconciliation of number of shares issued:		
Reported as at July 01, 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**

* See note 33

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

* See note 33

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	Perfoming 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

* See note 33

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 accummulated 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

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 interms 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.

* See note 33