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# PART A

## GENERAL INFORMATION



## 1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	The Playhouse Company
PHYSICAL ADDRESS:	29 Acutt Street Durban 4001
POSTAL ADDRESS:	P O Box 5353 Durban 4000
TELEPHONE NUMBER/S:	+27 (0)31 369 9555
FAX NUMBER:	+27 (0)31 306 2166
EMAIL ADDRESS:	cfo@playhousecompany.com
WEBSITE ADDRESS:	www.playhousecompany.com
EXTERNAL AUDITORS:	The Auditor-General of South Africa
BANKERS:	First National Bank

## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>AGSA</b>	Auditor-General of South Africa
<b>MEC</b>	Member of Executive Council
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>CAF</b>	Community Arts Festival
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>DAC</b>	Department of Arts and Culture
<b>PFMA</b>	Public Finance Management Act
<b>TR</b>	Treasury Regulations
<b>MTEF</b>	Medium Term Expenditure Framework
<b>SAWAF</b>	South African Women's Arts Festival
<b>SMME</b>	Small Medium and Micro Enterprises
<b>SCM</b>	Supply Chain Management

## 3. STRATEGIC OVERVIEW

### 3.1. Vision

Striving for artistic excellence and cultural diversity in the performing arts.

### 3.2 Mission

To advance, promote and preserve the performing arts by staging productions with entertainment and educational values for diverse audiences.

### 3.3. Values

- Integrity
- Professionalism
- Diversity
- Transparency
- Fairness
- Accountability
- Excellence

### 3.4. Strategic outcome orientated goals

This must be as per the public entity's strategic plan, annual performance plan and budget documents.

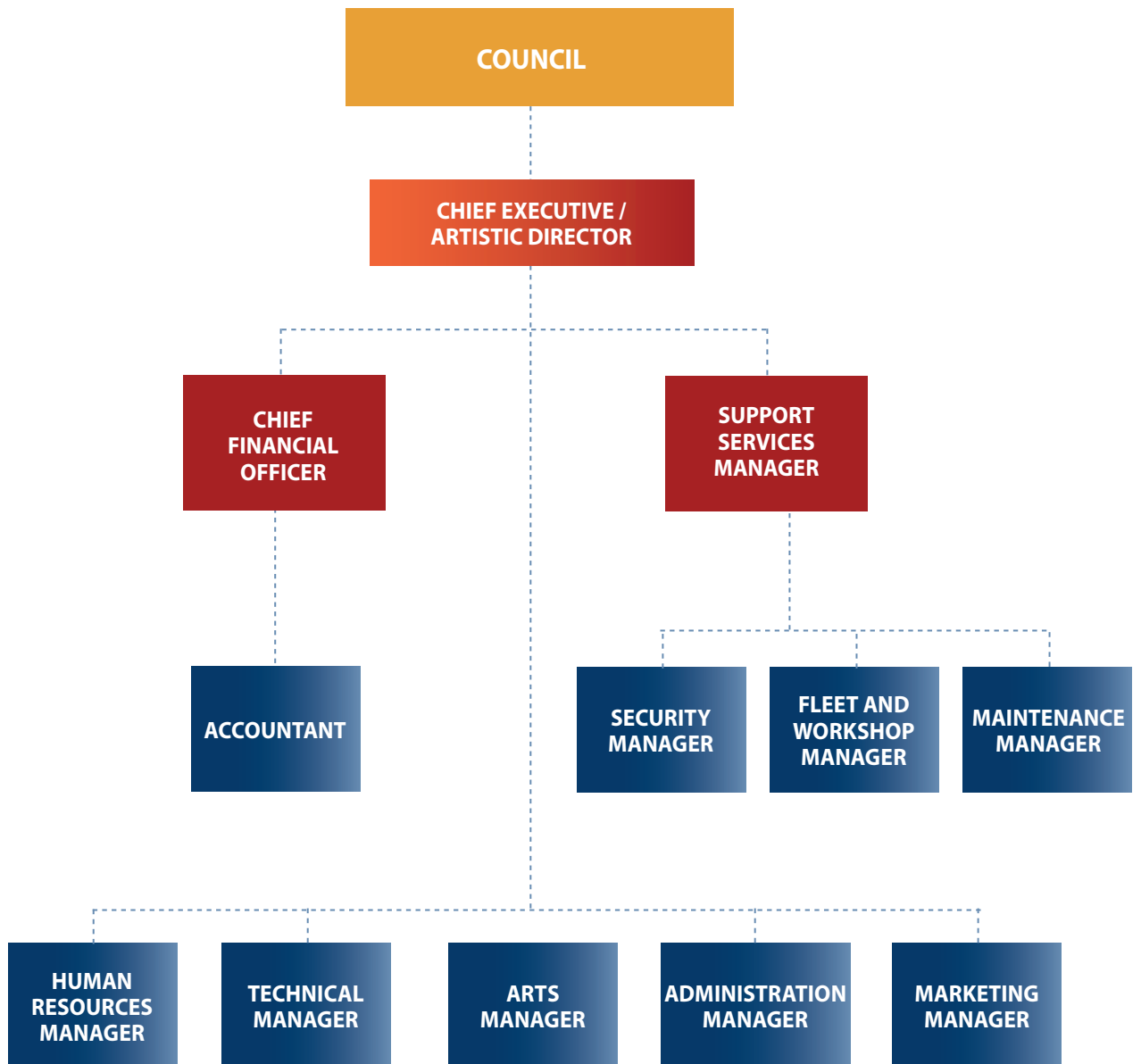
## 4. LEGISLATIVE AND OTHER MANDATES

In terms of section 8(5) of the Cultural Institutions Act 119 of 1998, the role of The Playhouse Company is to advance, promote and preserve the performing arts in South Africa.

The Playhouse Company operates under various legal mandates, including among others:

- The Constitution of the Republic of South Africa
- Public Finance Management Act, 1999 (Act No. 1 of 1999 as amended by Act 29 of 1999)
- Cultural Institutions Act, 1999 (Act No. 119 of 1998)
- The Treasury Regulations and Division of Revenue Act, 2010 (Act No. 1 of 2010)
- The Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- The Labour Relations Act, 1995 (Act No. 66 of 1995)
- The Cultural Promotions Act, 1998 (Act No. 35 of 1983)
- The Occupational Health & Safety Act, 1993 (Act No. 59 of 1993)
- General Administration Regulations Act, 1983 (Act No. 6 of 1983)

## 5. ORGANISATIONAL STRUCTURE



## 6. FOREWORD BY THE CHAIRPERSON

In the year under review Council played an oversight and supportive role to Senior Management and in so doing ensured that the institution delivered on all key components of its mandate. Council oversaw two strategic planning sessions that served to strengthen working relationships between Council and Senior Management.

The Playhouse Company received ongoing support from Department of Arts and Culture, both nationally and locally, without which it would not have been possible to showcase the range of productions that are geared to cater for the wide spectrum of audiences that The Playhouse Company serves.

However, there remains the challenge of maintaining the correct levels of funding to enable the institution to continue fulfilling its mandate of creating performance opportunities for South African artists. Council will continue to be innovative as it seeks assistance with fundraising for productionS from both the public and private sectors.

Council was able to carry out its fiduciary duties through a close working relationship with the CEO and Senior Management. Corporate governance arrangements and the maintenance of systems and controls were exemplary. During the year under review, Council met five times. In addition to the Council meetings there were thirteen sub-committee meetings. The work of these committees is critical in ensuring good financial management, and I would like to express my sincere thanks to the various Chairpersons of those committees for their diligence, commitment and leadership.

I would like to express my utmost thanks to all members of Council for their dedication and commitment to the institution. The staff of The Playhouse Company must be commended for their work in making the institution a leader in the field of the performing arts. We owe a debt of gratitude to the full artistic community, media and patrons, who have made it possible for the institution to deliver on its mandate. I would also like to thank the entire Department of Arts and Culture, The Presidency and the Department of International Relations and Cooperation for providing us with the opportunity to host events of national and international significance.

In 2013-2014 we will further develop key international strategic relationships to ensure that we remain relevant in the cultural space. Further to this, our sister cultural institutions around the country remain key stakeholders and provide opportunities to collaborate. Hopefully the challenges of future funding will not preclude the institution from pursuing its commitment to providing an enhanced arts programme that is reflective of both gender and cultural issues relevant to all.



**Ms Thandiwe January-McLean**  
Council Chairperson





## 7. CHIEF EXECUTIVE OFFICER'S OVERVIEW

The Playhouse Company is proud to achieve an unqualified audit report for the seventh consecutive year. This achievement bears testimony to our Council's leadership, as well as hard work and commitment from management and staff in ensuring that our institution maintains good governance practices.

This report highlights various aspects of the significant artistic work this institution is doing that serves diverse communities in our province. While our focus remains primarily on staging quality productions in our theatres, we also have the responsibility to use the performing arts in a manner that contributes to social cohesion, as well as to continue to address the systematic imbalances of the past.

The performing arts have an intrinsic value to develop responsible citizenship. It is with this background that our institution forms ongoing partnerships with various arts companies and community organisations that are committed to instil the desire and love for learning through the media of dance, music and drama. One such partnership is with Lungisisa Indlela Village (LIV), a non-profit organisation which provides holistic residential care to orphans and vulnerable children with the core vision "to rescue a child, restore a life, raise a leader, and release a star". Now in its second year, the programme offers weekly music and dance classes for the children. Dating back to 2009 The Playhouse Company is proud to be associated with African Sinakho, an NGO whose mission is to discover, develop and demonstrate distinctive abilities of artists with disabilities.

We trust that in reading this report you will gain insight into our work and be touched by the depth and spread that continuously and positively impact the communities that we serve.

### A SUMMARY OF OUR PRODUCTION STATISTICS FOR THE YEAR ARE:

	ARTISTS	PRODUCTIONS	AUDIENCE	PERFORMANCES
In-house	6 791	53	79 675	153
In Association	193	11	42 861	98
Outside Hirers	11 730	53	74 058	134
<b>Total</b>	<b>18 714</b>	<b>117</b>	<b>196 594</b>	<b>385</b>





## IN-HOUSE PRODUCTIONS

(All productions fully funded and produced by The Playhouse Company.)

### The BRICS Summit

A spectacular song and dance concert was staged for guests at the presidential dinner during this important summit.

<b>Date:</b>	25 March 2013
<b>Artists:</b>	247
<b>Audience:</b>	1 500
<b>Performances:</b>	1



## TRADITIONAL ARTS FESTIVAL

### Iscathamiya

This was the 15th year of the National Iscathamiya Festival celebrated at The Playhouse. The music style continues to be popular with artists and attracts large audiences. More than 200 groups from various parts of the country participate in this festival. In addition to the standard categories, the Festival also includes the highly popular Oswenka and Onobuhle category, as well as prize money and a traditional goat prize.

<b>Date:</b>	29 September 2012
<b>Artists:</b>	2 794
<b>Audience:</b>	1 980
<b>Performances:</b>	1

### Ingoma

This traditional Zulu dance competition includes various styles such as Isgekle, Ushameni, Ingoma yezintombi and Ingomasikhuze.

<b>Date:</b>	21 March 2013
<b>Artists:</b>	2 420
<b>Audience:</b>	13 000
<b>Performances:</b>	2

## SOUTH AFRICAN WOMEN'S ARTS FESTIVAL (SAWAF)

### SAWAF – Intergenerational Dialogue

Nancy Richards led a panel of distinguished speakers on the subject of 'Nation building', with panellists including First Lady, Thobeka Zuma; MEC of Arts, Culture, Sport & Recreation for KwaZulu-Natal, Ntombikayise Sibhidla-Saphetha; eThekweni Deputy Mayor, Councillor Nomvuzo Shabalala; producer/director, Duma Ndlovu; and former Chairperson of the Durban Chamber of Commerce and Industry, Thato Tsautse. The session provided attendees from all walks of life with an opportunity to make their own contributions to the discussion, resulting in an environment conducive to sharing ideas, expertise and positive empowerment. The session closed with a performance by gospel sensation Ntokozo Mbambo.

<b>Date:</b>	4 August 2012
<b>Artists:</b>	37
<b>Audience:</b>	468
<b>Performances:</b>	1

### SAWAF – Open Mic Poetry Session

Directed by Naima McLean, the session was hosted by the well known South African storyteller and author, Dr Gcina Mhlophe and featured Bongani Mavuso, Ntsiki Mazwai, Buzetsheni Mkhohliseni Mdletshe and Sbo da Poet.

<b>Date:</b>	4 August 2012
<b>Artists:</b>	15
<b>Audience:</b>	468
<b>Performances:</b>	1

### SAWAF – Visual Arts Exhibition

Amazwi Abesifazane – Voices of Women Museum holds in trust about 3 000 memories of ordinary women in embroidered cloths and recorded personal stories. Selections of these memory cloths entitled ‘Conversations We Do Not Have’ were exhibited throughout August. The exhibition contained a comprehensive educational programme engaging visitors and scholars in organised dialogue sessions regarding the history of the pieces on display. Other artworks drawn from the MTN Art Collection, Phansi Museum and Mary Stainbank Collection were also on display.

<b>Date:</b>	3-31 August 2012
<b>Artists:</b>	20
<b>Audience:</b>	2 200
<b>Performances:</b>	28

### SAWAF – Arts & Crafts

In partnership with the Departments of Health; Arts and Culture; and Agriculture & Environmental Affairs various exhibitions and a free clinic were offered as part of the Provincial Premier’s programme “Sukuma Sakhe”. Services on offer included free counselling, medical tests, vegetable seedlings, beadworks etc.

<b>Date:</b>	3-11 August 2012
<b>Artists:</b>	20
<b>Audience:</b>	3 800
<b>Performances:</b>	14



### SAWAF – Celebration Concert

Music lovers were treated to an eclectic mix of South Africa’s top female performers at the SAWAF’s Women’s Celebratory Concert. This concert featured Thandiswa Mazwai, Zahara, Xolisa Dlamini, DJ Zinhle and Celeste Ntuli, with Minnie Dlamini and Alex Mthiyane as programme directors. The concert was directed by Somizi Mhlongo, and featured The Playhouse Company Dance Residency dancers.

<b>Date:</b>	4 August 2012
<b>Artists:</b>	40
<b>Audience:</b>	1 160
<b>Performances:</b>	1

### SAWAF – Sailing Somewhere

This one-woman play written by Matthew Hurt, directed by Vanessa Cooke and starring Fiona Ramsay focused on a mother’s painful dilemma of reuniting with her estranged daughter or continuing to avoid facing herself, her life and her daughter.

<b>Date:</b>	3-5 August 2012
<b>Artists:</b>	2
<b>Audience:</b>	232
<b>Performances:</b>	3

### SAWAF – Dance Explosion Double Bill

Offering audiences a double dose of exceptional dance, this double bill wowed audiences. This featured the young choreographer, Tayrn Makaab’s *Beyond Breaking Pointe*. This was followed by Adele Blank’s prolific piece *Worlds Apart*, which was workshopped with The Playhouse Company’s Dance Residency to narration by Dr Gcina Mhlophe.

<b>Date:</b>	10 & 11 August 2012
<b>Artists:</b>	20
<b>Audience:</b>	1 017
<b>Performances:</b>	3

### SAWAF – Children’s Theatre Fun Day

A fabulous fun-filled day for kids, included pottery, drumming, creative movement workshops, clowns, face painters as well as an exciting and adventurous children’s production called *Dr Pocket’s Ocean Commotion*. Dr Gcina Mhlophe brought the day to a fitting close as she led a parade through the Playhouse.

<b>Date:</b>	11 August 2012
<b>Artists:</b>	25
<b>Audience:</b>	110
<b>Performances:</b>	1

## COMMUNITY ARTS FESTIVAL (CAF)

This programme assists in merging the divide between professional and semi-professional arts practitioners. This two-month intensive arts training programme is offered to semi-professional artists after a rigorous audition process throughout the province. Daily classes in dance, choreography, composition, staging techniques, script writing and directing are taught by established professionals in the industry. This process culminates in staged productions that showcase new stage works emanating from this training period.

**A Serpent’s Tale:** Focussing on a woman’s story of crooked love, flirtation and evil, this production encompassed her painful life experiences of hurt, betrayal and anger as she persuasively seduced a man, eventually poisoning him to death in revenge.

**Out Cries the Poor Heart:** This dance production depicted a woman struggling with depression and the cultural influences in her struggles.

**A Dress Re-Dress:** The issues of female identity, explored through self-examination about the choices women make in defining themselves – by their positions, purpose and presentation, and the sometimes exaggerated lengths to which women may go in order to attain this.

<b>Date:</b>	12-14 April 2012
<b>Artists:</b>	9
<b>Audience:</b>	284
<b>Performances:</b>	3

**Meet Bra 6-2:** This hard-hitting play took a head-on look at the stark realities of unemployment.

**We Salute Yesterday, Today and Tomorrow:** Based on true events this piece highlighted the women’s march of 9 August 1956, taking a petition addressed to Prime Minister J.G. Strijdom at the Union Buildings.

<b>Date:</b>	19-21 April 2012
<b>Artists:</b>	12
<b>Audience:</b>	402
<b>Performances:</b>	3



## NEW STAGES

A platform to showcase new South African theatre works. The primary focus is on the development of works that reflect contemporary South Africa's artistic and diverse heritage.

### New Stages – Seriously

Written and performed by Iain Ewok Robinson, *Seriously* was an autobiographical depiction of a hip-hop artist's journey. In this one-man show, award winning hip-hop activist and spoken word artist Iain Ewok Robinson took audiences on a multi-disciplinary expedition from his small town beginnings in Empangeni.

<b>Date:</b>	11-12 May 2012
<b>Artists:</b>	1
<b>Audience:</b>	128
<b>Performances:</b>	2

### New Stages – Marital Blitz

*Marital Blitz*, a romantic comedy written and directed by Ashwin Singh about the misdemeanours, miscommunications and misunderstandings in marriage.

<b>Date:</b>	18-19 May 2012
<b>Artists:</b>	4
<b>Audience:</b>	278
<b>Performances:</b>	3

### New Stages – uZulu noQwabe

*uZulu noQwabe*, a multimedia dance theatre piece.

<b>Date:</b>	25-26 May 2012
<b>Artists:</b>	6
<b>Audience:</b>	374
<b>Performances:</b>	3

### Hip Kulcha

This multi-faceted event highlighted youth culture idioms, both educational and performance-based, with performances by Zakwe and DJ Happy Gal.

<b>Date:</b>	16 June 2012
<b>Artists:</b>	22
<b>Audience:</b>	598
<b>Performances:</b>	1

### Unity in Diversity

This song, dance and spoken word platform provided various African nationals living in Durban the opportunity to celebrate common features of their respective cultures and countries.

<b>Date:</b>	24 November 2012
<b>Artists:</b>	110
<b>Audience:</b>	300
<b>Performances:</b>	1

## Gospel Extravaganza Concert

This Festive Season Extravaganza featured renowned artists such as Pastor Solly Mahlangu, Hlengiwe Mhlaba, Judith Sephuma, Siphokazi Maraqana, Ernie Smith, Tim Moloï and Lauren Dasappa, to the accompaniment of a jazz band led by Themba Mkhize, the KZN Philharmonic Orchestra, Playhouse Dance Residency Dancers as well as The Playhouse Chorale.

<b>Date:</b>	21-23 December 2012
<b>Artists:</b>	93
<b>Audience:</b>	1 383
<b>Performances:</b>	3

## Hymn of Praise

Composed by Felix Mendelssohn, the piece is based on Psalms. This semi-staged production featured soloists, the KZN Philharmonic Orchestra and the Playhouse Choral, and was performed during the Easter period.

<b>Date:</b>	31 March 2013
<b>Artists:</b>	108
<b>Audience:</b>	1 224
<b>Performances:</b>	1

## Arts Network Forum

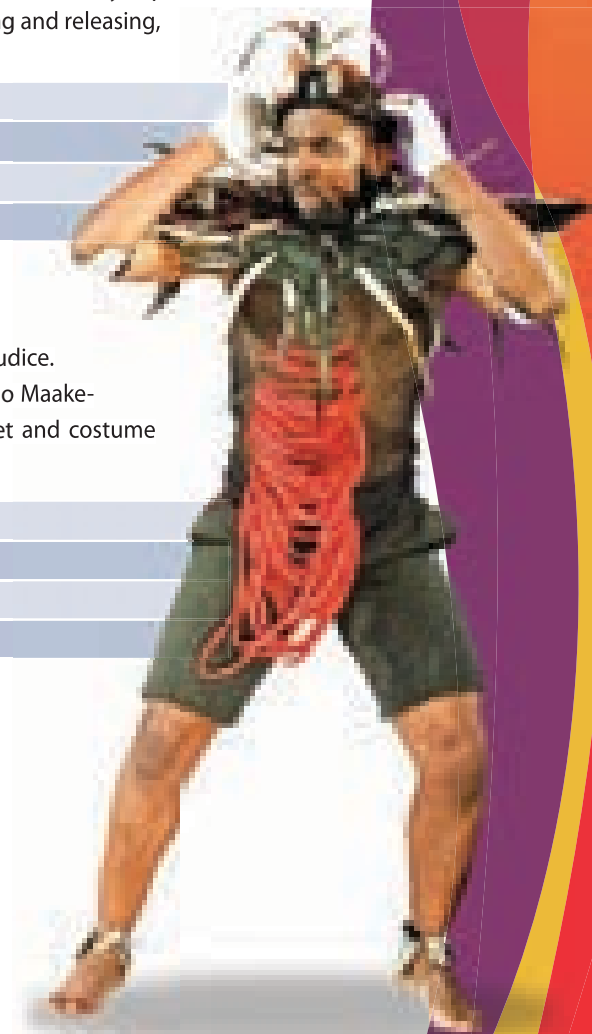
Designed to provide a platform for artists to network and discuss various matters in the industry, topics included publishing and copyright issues, beat making, independent music recording and releasing, which were conducted by SAMRO/NORM representatives.

<b>Date:</b>	16 June 2012
<b>Artists:</b>	10
<b>Audience:</b>	736
<b>Performances:</b>	2

## National Arts Festival – Race

*Race* twists and turns through matters of justice, race, gender, power and prejudice. Directed by Claire Mortimer and featuring Michael Richard, Nondumiso Tembe, Sello Maake-Ncube and Graham Hopkins, with lighting design by Mannie Manim as well as set and costume design by Sarah Roberts.

<b>Date:</b>	2-4 July 2012
<b>Artists:</b>	7
<b>Audience:</b>	1 520
<b>Performances:</b>	5



## SCHOOLS PROGRAMME

A mobile stage is used to travel the length and breath of our province taking various productions to rural and urban schools.

### Just Don't Tour

Initiated by ex-inmates who experienced prison life due to petty crime; once released they developed an anti-crime educational drama which toured KZN schools extensively.

<b>Date:</b>	25 March 2013
<b>Artists:</b>	6
<b>Audience:</b>	41 953
<b>Performances:</b>	41

### Sundowners

City workers and general public are invited to come and chill out at The Playhouse after work on the first friday of every month, enjoying the relaxed ambience of a live band, with an entertaining mix of poetry and comedy.

<b>Date:</b>	April 2012 – March 2013
<b>Artists:</b>	143
<b>Audience:</b>	1 760
<b>Performances:</b>	15

### Test Driving the Arts

This programme constitutes a valuable part of the Company's work in the field of arts development. The monthly free lunch hour concerts run through-out the year and create a professional platform for amateur artists. The programme feature, amongst other styles, pantsula, hip-hop, kathak and indlamu.

<b>Date:</b>	April 2012 – March 2013
<b>Artists:</b>	579
<b>Audience:</b>	2 310
<b>Performances:</b>	12





## IN-HOUSE PRODUCTIONS

IN-HOUSE	ARTISTS	AUDIENCE	PERFORMANCES
Isicathamiya	2 794	1 980	1
Ingoma	2 420	13 000	2
SAWAF: Dialogue	37	468	1
SAWAF: Open Mic	15	468	1
SAWAF: Visual Art Exhibition	20	2 200	28
SAWAF: Arts & Craft	20	3 800	14
SAWAF: Celebration Concert	40	1 160	1
SAWAF: Sailing Somewhere	2	232	3
SAWAF: Dance Explosion Double Bill	20	1 017	3
SAWAF: Children's Theatre Fun Day	25	110	1
SAWAF: Open Day	32	435	1
CAF: A Serpent's Tale, Out Cries the Poor Heart, A Dress Re-Dress	9	284	3
CAF: Meet Bra 6-2, We Salute Yesterday, Today and Tomorrow	12	402	3
New Stages: Seriously	1	128	2
New Stages: Marital Blitz	4	278	3
New Stages: uZulu noQwabe	6	374	3
Hip Kulcha	22	598	1
Unity in Diversity	110	300	1
Gospel Extravaganza Concert	93	1 383	3
Hymn of Praise	108	1 224	1
Arts Network Forum	10	736	2
RACE	7	1 520	5
The BRICS Summit	247	1 500	1
Sugar Daddies: Teachers Function	9	55	1
Just Don't Schools Tour	6	41 953	41
Sundowners	143	1 760	15
Test Driving the Arts	579	2 310	12
<b>PRODUCTIONS: 53</b>	<b>6 791</b>	<b>79 675</b>	<b>153</b>

## IN-ASSOCIATION PRODUCTIONS

The Playhouse Company uses opportunities to collaborate with various arts companies and producers. This acts an additional stream of income generation at box office in addition to grants received from various levels of government.

IN-ASSOCIATION	ARTISTS	AUDIENCE	PERFORMANCES
Othello	13	15 655	58
Nothing Like Lear	2	528	2
Sriyah	7	893	2
Popcom	4	480	4
Place of Angels	35	10 000	1
In Blood	80	1369	8
Coppelia	35	4 037	6
iNkanyezi – The Star	6	207	6
99% Zulu Comedy	6	1 649	2
Old School	3	4 674	6
Buckled	2	3 369	3
<b>PRODUCTIONS: 11</b>	<b>193</b>	<b>42 861</b>	<b>98</b>



## OUTSIDE HIRERS

PRODUCTION	PERFORMANCES	ARTISTS	AUDIENCE
Long Journey, The Musical	5	23	423
Nomusa Dhlomo & Vuka Afrika	2	37	1 473
KZNPO Omnibus	4	62	2 079
KZN Young Performers	1	83	207
Caltex Iscathamiya High School Competition	1	850	1 224
Brigham Young University	2	20	1 691
Chalo Cinema 5	10	30	3 255
Zulu Comedy Corner	1	7	1 079
VW Launch	1	31	2 448
Dept of Education Choir Competition	3	5 410	3 600
Rhythm & Dance	2	237	621
Ethan Bortnick	1	1	650
June 23 – 1st Kaset	1	70	571
Imperial Russian Ballet	2	22	1 222
HMS Pinafore – Northcliff High School	6	33	957
iKapa Dance Theatre	4	3	200
Rangmanch Pravesh	1	12	1 220
Blacks Only Comedy Show	1	6	1 100
Arno Carstens	1	7	92
Nando's Durban Comedy Festival	6	7	3 639
Legacy of Nature – RMB Private Bank	2	105	810
Women in Politics Celebration	1	15	450
Burn the Floor	13	23	10 250
Beyond the Mind	3	1	624
Bharatha Natyam Arangetram	1	7	420
Madame President Musical	6	27	1 000
Original Material Awards	1	90	470
Dancers Love Dogs	1	106	231
Trevor Noah – That's Racist	10	2	12 232
Afrika Raqs	2	58	644
Thulile Mbili DVD Recording	1	20	450
iBruino	1	9	1 189
Nathi Zungu & Friends	1	20	202
Durban Music School Gala Concert	1	160	1 224
Last Night of the Proms	1	298	876
So you thought Einstein was a genius	4	1	1 442
Tehillah Song – Dr HQ Nala	1	120	1 148
Gala Performance – Cecchetti Society	2	150	931
Friends of Music	4	4	80
Rhythm	2	40	445
SACCAWU	1	3	1 200
eThekwini Municipality – Provincial Prayer	1	6	1 200
Procurement Workshop	1	3	300

PRODUCTION	PERFORMANCES	ARTISTS	AUDIENCE
Angels Place Music Concert	1	65	550
DAC/UNESCO Workshop	1	5	100
Trevor Noah – That’s Racist Finale	2	2	2 397
KZNPO choirs rehearsal	1	1 520	0
eThekwini Municipality – State of the Nation Address	1	0	150
SA Idols auditions	4	1 910	1 224
KZNPO Event – Royal Concertgebouw Orchestra	1	0	150
Real Concerts presents Johnny Clegg	4	7	3 244
A Second with God/The Battle of the Ages	1	1	49
Marc Lottering – I don’t work on Sundays	2	1	625
	<b>134</b>	<b>11 730</b>	<b>74 058</b>





# **PART B**

## **PERFORMANCE INFORMATION**

## 1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

### Statement of Responsibility for Performance Information for the year ended 31 March 2013

The Chief Executive Officer is responsible for the preparation of The Playhouse Company's performance information and for the judgements made in this information.

The Chief Executive Officer is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per the strategic and annual performance plan of The Playhouse Company for the financial year ended 31 March 2013.

The Playhouse Company performance information for the year ended 31 March 2013 have been examined by the external auditors and their report is presented on page 60.

The performance information of The Playhouse Company set out on pages 27 to 37 were approved by the Board.



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**Ms Linda Bukhosini**  
Chief Executive Officer & Artistic Director

## 2. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements in the auditor's report.

Refer to page 60 of the Report of the Auditors Report, published as Part E: Financial Information.

## 3. PERFORMANCE INFORMATION BY PROGRAMME

### 3.1. Programme 1: Arts and Technical Services

<b>A. Programme purpose</b>	Produce and present productions of various genres
<b>B. Description:</b>	
<b>B.1. Structure</b>	The arts department puts the productions together, the marketing department then markets the productions and the technical department then presents the production on the stage
<b>B.2. Departments responsible</b>	The arts, marketing and technical departments
<b>B.3. Key category of personnel</b>	None identified

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2012-2013	Measurable and evidence based performance indicators 2013-2014	Measurable and evidence based performance indicators 2014-2015	Measurable and evidence based performance indicators 2015-2016	Measurable and evidence based performance indicators 2016-2017
To produce and present professional and developmental productions	Develop an Annual Arts Plan that includes both professional and developmental productions	Arts plan for year ended 31 March 2012 finalised on 18 February 2011	Finalised Annual Arts Plan in place by 28 February	Finalised Annual Arts Plan in place by 28 February	Finalised Annual Arts Plan in place by 28 February	Finalised Annual Arts Plan in place by 28 February	Finalised Annual Arts Plan in place by 28 February

### Strategic objectives, performance indicators, planned targets and actual achievements

#### Strategic objectives

Strategic objectives	Actual achievement 2011-2012	Planned target 2012-2013	Actual achievement 2012-2013	Deviation from planned target to actual achievement for 2012-2013
To produce and present professional and developmental productions	Arts plan for year ended 31 March 2012 finalised on 18 February 2011	Finalised Annual Arts Plan in place by 28 February	Achieved. The Annual Arts Plan was finalised by 28 February	None

## Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2012-2013	Actual achievement 2011-2012	Planned Target 2012-2013	Actual achievement 2012-2013	Deviation: planned/ actual 2012-2013
1.1 To produce and present shows that have artistic, entertainment and educational value (subject to available funding)	Develop an Annual Arts Programme (AAP)	Finalised AAP by 28 February, it will include the following:				
	Implement the Annual Arts Programme by 31 March annually	Indigenous performing arts (Iscathamiya – 1 production)	2	1	2	1
		New Stages (3 productions)	3	3	3	0
		SA Women's Arts Festival (4 productions)	8	4	6	2
		Schools Programmes (English or isiZulu – 2 productions)	2	2	2	0
		Test Driving the Arts (9 concerts)	11	9	11	2
		Festive Season (includes large & mid-scale productions (2 productions)	3	2	5	3
		In-Association Productions (10 productions)	16	10	11	1
		Community Arts Festival (3 productions)	3	3	5	2
		Outside Hires (20 productions)	38	20	40	20
	Mobile Stage (40 performances)	57	40	93	53	
1.2 Ensure equity in our artistic programming	AAP to ensure that at least 70% of previously marginalised groups participate annually	Artistic panel and peer review process to ensure that minimum of 70% of previously marginalised groups participate annually	84%	70%	77%	7%
1.3 To position and strengthen The Playhouse Company brand, market in-house productions and develop production sponsorship partnerships	Secure partnerships with media houses	Secured publicity and media partnerships to a value > R900 000 per annum.	R7 632 944	R900 000	R4 266 914	R3 366 914
	Develop market campaigns for in-house productions in order to develop production sponsorship partnerships	Marketing plan in place by 28 February annually	1	1	1	0
1.4 Stage Technical Services to ensure that all theatre venues and resources, sound, lighting, wardrobe and recording studio, are running optimally	Review and implement the maintenance plans for all venues and resources, sound, lighting, wardrobe and recording studio	A monthly maintenance report with evidence-based improvements is in place for all venues and resources, sound, lighting, wardrobe and recording studio	12	12	12	0
1.5 To deliver high quality customer service at Front of House	Conduct ongoing customer surveys	Report on Annual Satisfaction Survey monthly	12	12	12	0



## Linking performance with budgets

	2012/2013			2011/2012		
	Budget	Actual	(Over)/ Under	Budget	Actual	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
1. Arts and Technical Services	27 592	26 153	1 439	27 216	24 372	2 844
<b>Total</b>	<b>27 592</b>	<b>26 153</b>	<b>1 439</b>	<b>27 216</b>	<b>24 372</b>	<b>2 844</b>

## 3.2. Programme 2: Corporate Governance and Finance

<b>A. Programme purpose</b>	Provide governance and financial support to the entity
<b>B. Description:</b>	
<b>B.1. Structure</b>	The finance department manages the financial affairs, corporate governance and statutory compliance
<b>B.2. Departments responsible</b>	Finance department
<b>B.3. Key category of personnel</b>	CFO

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2012-2013	Measurable and evidence based performance indicators 2013-2014	Measurable and evidence based performance indicators 2014-2015	Measurable and evidence based performance indicators 2015-2016	Measurable and evidence based performance indicators 2016-2017
To provide effective and efficient financial administration and corporate governance	Full compliance with the legislation as per the legislative mandate and ensure that controls implemented are aligned to the resources available	Unqualified audit received for March 2011	Unqualified Audit Report at 31 March	Unqualified Audit Report at 31 March	Unqualified Audit Report at 31 March	Unqualified Audit Report at 31 March	Unqualified Audit Report at 31 March
		Action items for March 2011 resolved within three months	Action audit findings within three months after the report	Action audit findings within three months after the report	Action audit findings within three months after the report	Action audit findings within three months after the report	Action audit findings within three months after the report
		Quarterly Compliance checklists for March 2011 submitted timeously	PFMA/ National Treasury compliance checklist completed quarterly	PFMA/ National Treasury compliance checklist completed quarterly	PFMA/ National Treasury compliance checklist completed quarterly	PFMA/ National Treasury compliance checklist completed quarterly	PFMA/ National Treasury compliance checklist completed quarterly
		Quarterly strategic plans for March 2011 submitted timeously	Produce quarterly Strategic Plan reports	Produce quarterly Strategic Plan reports	Produce quarterly Strategic Plan reports	Produce quarterly Strategic Plan reports	Produce quarterly Strategic Plan reports

## Strategic objectives, performance indicators, planned targets and actual achievements

### Strategic objectives

Strategic objectives	Actual achievement 2011-2012	Planned target 2012-2013	Actual achievement 2012-2013	Deviation from planned target to actual achievement for 2012-2013
To provide effective and efficient financial administration and corporate governance	An unqualified clean audit report was received for the year ended 31 March 2011	Unqualified Audit Report at 31 March	Achieved. Unqualified clean audit report received for the year ended 31 March 2012	None
	The two audit findings were resolved within three months	Action audit findings within three months after the report	Achieved. There were no audit findings reported	None
	The compliance checklists were submitted timeously	PFMA/National Treasury compliance checklist completed quarterly	Achieved. The quarterly compliance checklists were completed timeously	None
	The quarterly strategic plan reports were submitted timeously to the respective stakeholders	Produce quarterly Strategic Plan reports	Achieved. The quarterly strategic plan reports were produced timeously	None

### Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2012-2013	Actual achievement 2011-2012	Planned target 2012-2013	Actual achievement 2012-2013	Deviation: planned/ actual 2012-2013
2.1 To provide effective and efficient financial administration and corporate governance	Ensure good governance practices and applicable legislative requirements are adhered to in the organisation	Unqualified audit report yearly	1	1	1	0
		Zero report points on Financial Statements and Performance Information	0	0	0	0
	Review and update all the Policies and Procedures in the organisation on an annual basis	An annual communication report detailing the changes to all policies within the organisation by 1 April 2013	1	1	1	0

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2012-2013	Actual achievement 2011-2012	Planned target 2012-2013	Actual achievement 2012-2013	Deviation: planned/ actual 2012-2013
2.2 Implementing controls, processes and systems of the above	Ensuring Internal Audits are completed on a quarterly basis	4 Internal audits to be conducted annually on a quarterly basis	4	4	4	0
	Ensuring good governance and controls are in place	Maximum of 10% critical findings to be raised per internal audit quarterly report of total findings	0%	10%	0%	10%
	Risk assessment completed on an annual basis	1 Risk assessment report prepared on an annual basis by 30 April	1	1	1	0
	Review the IT plan. Improve IT infrastructure. Supply efficient IT resources to all departments	Less than 10% downtime in operations reflected in monthly report	0%	10%	0%	10%
2.3 Fixed Assets: Increase efficiency in the management of fixed assets	Bi-annual verification of fixed assets. Monthly update of the fixed asset register and bar coding of new assets	Completed fixed asset register in compliance with Fixed Asset Policy by 31 March of each year	1	1	1	0
2.4 Supply Chain Management (SCM): To enforce compliance with SCM policies and procedures	Implement all treasury practice notes within the stipulated timelines	Ensure practice notes are discussed with staff within 30 days on receipt from Treasury. Minutes of meeting or email confirmation available to support this	In line with Treasury	In line with Treasury	In line with Treasury	0
2.5 Budgeting and Reporting: To improve financial management and control of The Playhouse Company funds	Monitoring of budgets and explanation for variances on a monthly and quarterly basis	5% variance of actual against budget must have an explanation on a monthly basis	12	12	12	0
	Annual Budgets to be submitted to DAC by draft by 1 October and final by 15 February each year	Monthly management accounts to be distributed to Management, FINCO and Audit & Governance Committee members by 15th of every month	12	12	12	0
		Quarterly management accounts to be distributed to key stakeholders 30 days after each quarter	4	4	4	0
2.6 Bad Debt: Develop a system to guide the process of incurring debt	Implement a debt management system	Minimum of 90% debt recovery by 31 March of every year	82%	90%	100%	10%

## Linking performance with budgets

	2012-2013			2011-2012		
	Budget	Actual	(Over)/ Under	Budget	Actual	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Governance and Finance	10 481	9 537	944	8 781	7 890	891
<b>Total</b>	<b>10 481</b>	<b>9 537</b>	<b>944</b>	<b>8 781</b>	<b>7 890</b>	<b>891</b>

### 3.3. Programme 3: Human Resources

<b>A. Programme purpose</b>	Provide human resources support to the entity
<b>B. Description:</b>	
<b>B.1. Structure</b>	The human resources department manages the human resources affairs and statutory human resources compliance
<b>B.2. Departments responsible</b>	Human resources department
<b>B.3. Key category of personnel</b>	None

Strategic objectives/ outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2012-2013	Measurable and evidence based performance indicators 2013-2014	Measurable and evidence based performance indicators 2014-2015	Measurable and evidence based performance indicators 2015-2016	Measurable and evidence based performance indicators 2016-2017
To effectively support and service the human resources requirements of the organisation	To resource the organisation with competent employees in line with the manpower plan	Vacancies filled within the stipulated timelines for March 2011	Vacancies filled with suitably qualified personnel within three months of the vacancy	Vacancies filled with suitably qualified personnel within three months of the vacancy	Vacancies filled with suitably qualified personnel within three months of the vacancy	Vacancies filled with suitably qualified personnel within three months of the vacancy	Vacancies filled with suitably qualified personnel within three months of the vacancy
	To provide skills training that will ensure a highly skilled workforce	60% of training plan implemented by 31 March 2011	80% of the training plan is implemented by 31 March annually	85% of the training plan is implemented by 31 March annually	90% of the training plan is implemented by 31 March annually	95% of the training plan is implemented by 31 March annually	100% of the training plan is implemented by 31 March annually
	To assist line management in the implementation of the performance management system	Interim and final performance assessment performed timeously for March 2011	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments

## Strategic objectives, performance indicators, planned targets and actual achievements

## Strategic objectives

Programme 3				
Strategic objectives	Actual achievement 2011-2012	Planned target 2012-2013	Actual achievement 2012-2013	Deviation from planned target to actual achievement for 2012-2013
To effectively support and service the human resources requirements of the organisation	All vacancies were filled timeously	Vacancies filled with suitably qualified personnel within three months of the vacancy	Achieved. All vacancies were filled with suitably qualified personnel timeously	None
	89% of the training budget has been achieved, whilst 75% of the planned interventions were completed	80% of the training plan is implemented by 31 March annually	Achieved. 97% of the planned interventions were completed by the end of March 2013	None
	The 1st half-yearly reviews were completed in Sept 2011 with the 2nd reviews scheduled for completion in April 2012	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments	Achieved. The 1st half-yearly reviews were completed in October 2012, whilst the 2nd reviews were completed in April 2013	None

## Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2012-2013	Actual achievement 2011-2012	Planned Target 2012-2013	Actual achievement 2012-2013	Deviation: Planned/ Actual 2012-2013
3.1 To ensure a constant resource of skilled, talented and motivated employees to meet the institution's needs	Implementation of effective recruitment, training and development, and performance management systems	Following plans and system in place by 1 March of each year	1	1	1	0
3.2 Effectively manage, monitor and evaluate staff turnover	Measure annual labour turnover	Annual labour turnover of less than 4%	8.5%	4%	11.76%	7.76%
		Review of actual positions filled against those budgeted and report thereon at the monthly management meetings	12	12	12	0
3.3 Compliance to Employment Equity legislation	Review the Employment Equity Plan	Submission of an Employment Equity Plan and report to the Department of Labour every two years	1	1	1	0
		Report on the employment equity progress vs. plan on a quarterly basis	4	4	4	0
	Conduct employment equity committee meetings	Signed attendance register available for all meetings	1	2	2	0

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2012-2013	Actual achievement 2011-2012	Planned Target 2012-2013	Actual achievement 2012-2013	Deviation: Planned/ Actual 2012-2013
3.4 Training and development	Provide skills training that will capacitate employees to perform at their peak	Develop a training plan/ budget annually and ensure implementation by end of March annually	1	1	1	0
		80% of training plan and budget accomplished by 31 March of each year	89%	80%	81%	1%
	Bi-annual performance reviews for all employees	Performance reviews completed for employees on a bi-annual basis	2	2	2	0
3.5 Ensure a stable IR operating environment	Building and maintenance of sound collaborative employee relations within the organisation	Conduct bi-monthly meetings with Trade Unions	4	6	4	2
		Convene and negotiate wage agreement by March of every year with the Collective Bargaining Forum	1	1	1	0

### Linking performance with budgets

	2012/2013			2011/2012		
	Budget	Actual	(Over)/ Under	Budget	Actual	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Human Resources	2 000	2 182	(182)	1 871	2 274	(403)
<b>Total</b>	<b>2 000</b>	<b>2 182</b>	<b>(182)</b>	<b>1 871</b>	<b>2 274</b>	<b>(403)</b>

## 3.4. Programme 4: Support Services

<b>A. Programme purpose</b>	Provide infrastructural, capital and security support
<b>B. Description:</b>	
<b>B.1. Structure</b>	The support services department is supported by the maintenance, Mayville workshop and security department
<b>B.2. Departments responsible</b>	Support services, Mayville workshop and security department
<b>B.3. Key category of personnel</b>	None identified

Strategic objectives/ outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2012-2013	Measurable and evidence based performance indicators 2013-2014	Measurable and evidence based performance indicators 2014-015	Measurable and evidence based performance indicators 2015-2016	Measurable and evidence based performance indicators 2016-2017
To provide functional, efficient and safe asset management	Compile a comprehensive infra-structural support and safety plan	Support and safety plan was in place at 31 March 2011. Monthly progress was reported on at the management meetings	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting

## Strategic objectives, performance indicators planned targets and actual achievements

### Strategic objectives

Strategic objectives	Actual achievement 2011-2012	Planned target 2012-2013	Actual achievement 2012-2013	Deviation from planned target to actual achievement for 2012-2013
To provide functional, efficient and safe asset management	Support and safety plans were approved by 31 January 2011. Monthly progress is reported on at the management meetings	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting	Achieved. Support and safety plans were approved by 1 February. Progress was reported on at the monthly management meetings	None

### Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2012-2013	Actual achievement 2011-2012	Planned target 2012-13	Actual achievement 2012-2013	Deviation: planned/ actual 2012-2013
4.1 To provide effective, efficient and safe infrastructural support	Devise and implement an effective, efficient and timeous master maintenance plan for the vehicles, equipment and buildings by 1 February of each year	Written monthly maintenance reports and feedback to relevant departments	12	12	12	0
4.2 Pursue funding of capital expenditure in collaboration with marketing and corporate sections and in consultation with the CEO	Develop and implement an Annual Capital Funding Expenditure Plan to acquire funding for capital expenditure projects	Annual Capital Funding Expenditure Plan by 28 February of each year	1	1	1	0
4.3 Maintain a healthy and safe environment	Devise and implement a health and safety plan in accordance with Health and Safety legislation	Review Health and Safety Plan and submit report by 1 May	1	1	1	0
		Quarterly Health and Safety meetings with recorded minutes	4	4	4	0
4.4 Ensure optimal maintenance of Playhouse vehicles	Review, update and implement the fleet maintenance plan	Fleet maintenance plan in place by 1 April of each year and implementation on a regular basis	1	1	1	0

### Linking performance with budgets

	2012-2013			2011-2012		
	Budget	Actual	(Over)/ Under	Budget	Actual	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Support Services	23 337	18 626	4 712	21 302	17 130	4 172
<b>Total</b>	<b>23 337</b>	<b>18 626</b>	<b>4 712</b>	<b>21 302</b>	<b>17 130</b>	<b>4 172</b>

### 3.5. Programme 5: Revenue

<b>A. Programme purpose</b>	Generate secondary revenue
<b>B. Description:</b>	
<b>B.1. Structure</b>	The finance department is responsible for investment income, the arts department for production related income and the support services department for rental, costume, sets and props income
<b>B.2. Departments responsible</b>	Finance, arts and support services departments
<b>B.3. Key category of personnel</b>	None identified

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2012-2013	Measurable and evidence based performance indicators 2013-2014	Measurable and evidence based performance indicators 2014-2015	Measurable and evidence based performance indicators 2015-2016	Measurable and evidence based performance indicators 2016-2017
To optimise the institution's revenue streams	Collate and align infrastructural funding resources and institutional needs from various streams into the annual budget	The finalised budget incorporating the funding streams was approved by Council in February 2011	Finalised budget incorporating funding streams by 28 February	Finalised budget incorporating funding streams by 28 February	Finalised budget incorporating funding streams by 28 February	Finalised budget incorporating funding streams by 28 February	Finalised budget incorporating funding streams by 28 February

#### Strategic objectives, performance indicators planned targets and actual achievements

##### Strategic objectives

Strategic objectives	Actual achievement 2011-2012	Planned target 2012-2013	Actual achievement 2012-2013	Deviation from planned target to actual achievement for 2012-2013
To optimise the institution's revenue streams	The finalised budget incorporating the funding streams was approved by Council in February 2011	Finalised budget incorporating funding streams by 28 February	Achieved. Finalised budget incorporating funding streams were included in the budget which was approved by Council in January	None



## Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2012-2013	Actual achievement 2011-2012	Planned target 2012-2013	Actual achievement 2012-2013	Deviation: planned/actual 2012-2013
5.1 Optimise secondary sources of revenue	Consolidate and implement comprehensive plans for generating secondary income	CFO to consolidate plans for secondary income for inclusion in budget, in place by 28 February of each year	2	2	2	0
5.2 Investments: Optimal return on investment of funds ensuring compliance with the Investment Policy	Invest with major banks in the country with a preferable interest rate of prime less 5%	Secure all fixed investments at rates greater than prime less 5%	Yes	Yes	Yes	N/A
5.3 Revenue generated through the outside hires: In-Association and Mobile Stage	Develop and implement a plan to achieve the targeted budget established for the outside hire of the theatres	Outside theatre hires to achieve 90% of budgeted revenue annually	164%	90%	125%	35%
	Develop and implement a plan to achieve the targeted budget established for in-association productions	In-association productions to achieve 90% of budgeted revenue annually	107%	90%	210%	120%
	Develop and implement a plan to achieve the targeted budget established for the outside hire of the Truck (Mobile Stage)	Truck Hire to achieve 90% of budgeted revenue annually	95%	90%	90%	0%
5.4 Revenue generated from recording studio	Develop a Recording Studio Plan to maximise target budgets by 1 February annually	Achieve minimum of 90% of target income by 31 March of each year	29%	90%	39%	(51%)
5.5 Costumes, sets and props	Ensure the proactive drive in the hire of and revenue generated through the hire of costumes, sets and props meets the budgeted targets established	Achieve minimum of 90% of the budgeted revenue by 31 March of each year	106%	90%	87%	(3%)

## Linking performance with budgets

	2012-2013			2011-2012		
	Budget	Actual	(Over)/ Under	Budget	Actual	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue consolidation	7 500	11 526	(4 026)	9 331	12 852	(3 521)
<b>Total</b>	<b>7 500</b>	<b>11 526</b>	<b>(4 026)</b>	<b>9 331</b>	<b>12 852</b>	<b>(3 521)</b>

## 4. SUMMARY OF FINANCIAL INFORMATION

### 4.1. Revenue collection

Sources of revenue	2012-2013			2011-2012		
	Estimate	Actual	(Over)/ Under	Estimate	Actual	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Grants – Operational	48 481	49 567	(1 086)	45 626	45 582	44
Grants – Capital	25 800	3 304	22 496	28 770	26 129	2 641
Finance income	3 008	4 054	(1 046)	3 306	3 451	(145)
Production income	2 380	4 088	(1 708)	2 380	4 158	(1 778)
Rentals	660	682	(22)	600	653	(53)
Sundry income	1 452	1 277	175	1 493	2 236	(743)
Sponsorship income	1 345	2 625	(1 280)	1 552	2 354	(802)
<b>Total</b>	<b>83 126</b>	<b>65 598</b>	<b>17 528</b>	<b>83 727</b>	<b>84 563</b>	<b>(836)</b>

### 4.2. Programme expenditure

Programme name	2012-2013			2011-2012		
	Budget	Actual	(Over)/ Under	Budget	Actual	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Arts and technical services	27 592	26 153	1 439	27 216	24 372	2 844
Corporate governance and finance	10 481	9 537	944	8 781	7 890	891
Human resources	2 000	2 182	(182)	1 871	2 274	(403)
Support services	23 337	18 626	4 712	21 302	17 130	4 172
<b>Total</b>	<b>63 410</b>	<b>56 497</b>	<b>6 913</b>	<b>59 170</b>	<b>51 666</b>	<b>7 504</b>

Infrastructure projects	2012-2013			2011-2012		
	Budget	Actual	(Over)/ Under	Budget	Actual	(Over)/ Under
	R'000	R'000	R'000	R'000	R'000	R'000
Office equipment	135	223	(88)	148	127	21
Computer equipment	542	505	37	516	462	54
Buildings	33 118	15 328	17 790	33 982	10 407	23 575
Stage & other equipment	20 391	2 212	18 179	13 091	5 044	8 047
Motor vehicles				645	533	112
<b>Total</b>	<b>54 186</b>	<b>18 268</b>	<b>35 918</b>	<b>48 382</b>	<b>16 573</b>	<b>31 809</b>



**PART C**  
**GOVERNANCE**

## 1. INTRODUCTION

Corporate governance embodies processes and systems by which The Playhouse Company is directed, controlled and held to account. In addition to legislative requirements based on The Playhouse Company's enabling legislation, corporate governance with regard to The Playhouse Company is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

## 2. THE COUNCIL

### 2.1. Functions of the Council

The functions of the Council are:

- To formulate policy;
- To hold, preserve and safeguard all movable and immovable property of whatever kind placed in their care or loaned or belonging to The Playhouse Company;
- To receive, hold, preserve and safeguard all specimens and collection of all other movable property placed under its care and management under Section 10 of the CI Act 10(1);
- To raise funds for The Playhouse Company;
- To manage and control the monies received by The Playhouse Company and to utilise those monies for defraying expenses in connection with the performance of its functions;
- To keep a proper record of the property of The Playhouse Company, and to submit to the Director-General any returns required by him or her in regard thereto and to cause proper books of account to be kept;
- To determine and substitute the CI Act and with the approval of the Minister, the object of the declared institution; and
- To generally carry out the objects of the declared institution.

Council may determine the hours and conditions to which the public may visit The Playhouse Company.

The Council shall have the power to appoint such persons as it considers necessary to perform the functions of The Playhouse Company, the determination of the remuneration and terms and conditions of services shall be in accordance with the scheme approved by the Minister in consultation with the Minister of Finance.

### Composition of the Board

Name	Date Appointed	Qualifications	Area of Expertise	Other Committees (e.g: Audit Committee)	No. of Meetings attended	Remuneration
Thandiwe January-McLean <i>Chairperson of Council</i>	1-08-2011	Masters Degree from Carleton University in Canada & Diplomas in Public Relations and Organisational Development and Strategic Management	Finance and governance		7	R23 875
Judge Leona Valerie Theron <i>Vice-Chairperson of Council and Chairperson of HR REMCO</i>	1-08-2011	Master of Law, Bachelor of Laws and Bachelor of Arts	Legal	Human Resources Remuneration Committee	11	R22 566

Name	Date Appointed	Qualifications	Area of Expertise	Other Committees (e.g: Audit Committee)	No. of Meetings attended	Remuneration
Mr Nthando Mluleki Nala	1-08-2011	Teachers Diploma and Bachelor of Education	Arts and Culture curriculum specialist	Human Resources Remuneration Committee	10	R18 636
Mr Sathie Gounden	1-08-2011	CA (SA)	Finance, risk management, corporate governance and audit	Audit and Governance Committee	13	R20 583
Mr Sadhasivan Naidoo	1-08-2011	B Admin & B Admin Honours	Businessman and all round business expertise	Audit and Governance Committee & Human Resources Remuneration Committee	13	R18 775
Mr Suresh Naidoo <i>Chairperson of FINCO</i>	1-08-2011	CA (SA)	Finance, internal and external auditing, advisory and consulting	Finance Committee	7	R11 571
Mr Samuel Sibongakonke Ngcobo	1-08-2011	Bachelor of Commerce and various management and leadership Diplomas	Businessman with interest in petroleum, tourism, manufacturing, property and farming	Finance Committee	5	R7 788
Ms Thokozile Shezi	1-08-2011	Masters in Science from Florida State University	Agriculture, environmental affairs and rural development	Human Resources Remuneration Committee	7	R13 629
Mr Rodger Pryor Ashe	1-08-2011	Matric	Businessman	Finance Committee & Human Resources Remuneration Committee	16	R25 534
Mr Mahmoud Rajab	1-08-2011	Finance Commerce and Law	Businessman and an advocate	Finance Committee	8	R12 906
Mr Mfanimpela Innocent Mlambo	1-08-2011	Bachelor of Music	Specialist in music promotion	Finance Committee	5	R6 926

## Committees

Committee	No. of Meetings held	No. of Members	Name of Members
Finance Committee	4	5	Mr Suresh Naidoo, Mr Samuel Sibongakonke Ngcobo, Mr Rodger Pryor Ashe, Mr Mahmoud Rajab, Mr Mfanimpela Innocent Mlambo
Audit and Governance Committee	4	5	Mr Sathie Gounden, Mr Sadhasivan Naidoo, Ms K Mvulane (Chairperson – Independent), Mr Siyabonga Duncan Mngoma (Independent), Ms Charmaine Jugnarayan (Independent)
Human Resources Remuneration Committee	3	5	Judge Leona Valerie Theron, Mr Nthando Mluleki Nala, Ms Thokozile Shezi, Mr Rodger Pryor Ashe, Mr Sadhasivan Naidoo

### 3. RISK MANAGEMENT

The management of risk is the process by which the Accounting Officer, Chief Financial Officer and other senior management of The Playhouse Company will pro-actively, purposefully and regularly, but at least annually, identify and define current as well as emerging business, financial and operational risks, and identify appropriate business and cost-effective methods of managing these risks as well as the risk to stakeholders.

Effective risk management is imperative to The Playhouse Company to fulfil its mandate in line with the service delivery expectations of the public and the performance expectations of DAC.

A risk register is compiled annually after an intense risk identification session with management and audit and governance committee members. The risk register is used to pave the way for the three-year internal audit rolling plan which is reviewed and approved by Council.

The manager's report on the progress made of addressing the risk identified at the monthly management meetings. Control improvements are put in place where necessary.

The Playhouse Company has in place a risk management policy that guides the process of risk identification and management. The policy is reviewed annually.

### 4. INTERNAL CONTROL UNIT

Internal Audit performs audits as per the approved internal audit strategy.

### 5. INTERNAL AUDIT AND AUDIT COMMITTEES

The Playhouse Company has in place an Internal Audit Charter that is reviewed annually.

The Internal Audit Charter was drawn up in order to define the organisational status, objectives, authority and responsibility of the outsourced internal audit function. The internal audit function is driven by the provisions of Section 3.2 of the Treasury Regulations and Section 38(1)(a)(i) and 76(4)(e) of the PFMA and is key to underpinning governance within The Playhouse Company.

The primary objective of the internal audit function at The Playhouse Company is to provide independent assurance and advice on the internal control systems, risk management and government processes, as well as operations and performance of The Playhouse Company in terms of prevailing laws, regulations and policies.

Summary of engagements concluded during the financial year in line with the approved internal audit coverage plan:

1. Supply Chain Management review
2. Production and Artistic Programme review
3. Asset Management review
4. Human Resources Management review
5. Audit of Performance Information

The Playhouse Company has in place an Audit & Governance Committee Charter that is reviewed annually.

The primary objective of the audit and governance committee is to assist the Council in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control process and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

The audit and governance committee will:

1. Oversee, co-ordinate and appraise the quality of audits conducted both by the institution's external and internal auditors;
2. Maintain, by scheduling regular meetings, open lines of communication among the Council, the internal and external auditors to exchange views and information, as well as confirm their respective authority and responsibilities;
3. Serve as an independent and objective party to review the financial information presented by management;
4. Review the adequacy of the reporting and accounting controls in place, and
5. Provide an open avenue for communication between the internal auditors and external auditors and the Council.

## 6. COMPLIANCE WITH LAWS AND REGULATIONS

The Playhouse Company, in terms of Section 4 of the Cultural Institutions Act, constitutes a corporate body and accordingly, The Playhouse Company, the Council and all members are required to comply with the principles of good corporate governance and all laws and regulations.

The audit and governance committee is in place to ensure that The Playhouse Company complies with all the laws and regulations.

The Playhouse Company has in place an internal audit function who performs a review of compliance with laws and regulations on an annual basis.

The Playhouse Company reports on compliance with laws and regulations on a quarterly basis. The PFMA checklist is completed and approved by Council.

## 7. FRAUD AND CORRUPTION

The Playhouse Company has in place a fraud prevention plan. The plan is reviewed annually and workshopped to staff.

The plan recognises basic fraud prevention initiatives within The Playhouse Company.

The primary objectives of the plan are to:

1. Provide guidelines in preventing, detecting and reporting fraudulent activities;
2. Create a culture where all employees and stakeholders continuously behave ethically in their dealings with or on behalf of The Playhouse Company;
3. Encourage all employees and stakeholders to stride towards the prevention and detection of fraud impacting or having the potential to impact on The Playhouse Company;
4. Encourage all employees and stakeholders to report suspicions of fraudulent activity without fear of reprisals or recriminations; and
5. Provide a focus point for the allocation of accountability and authority.

## 8. MINIMISING CONFLICT OF INTEREST

Management and finance staff complete an annual declaration of interest form. Management and staff are encouraged to update the form as and when there is a change in circumstances.

The Playhouse Company has in place an Ethics policy that guides employees on instances where there is a potential conflict of interest.

Where there is a potential conflict of interest, the staff member is encouraged to disclose details of the conflict and to abstain from taking any further part in the matter.

Where it is found that the staff member did not disclose their interest, the normal human resources grievance and disciplinary procedures will be followed.

There were no such occurrences during the financial year.

## 9. CODE OF CONDUCT

The Playhouse Company has in place an Ethics policy and a Code of Conduct policy that guides employees on their code of conduct in the workplace.

The Code of Conduct policy is displayed on notice boards throughout The Playhouse Company.

In deciding on a course of action and determining what constitutes ethical behaviour, employees should consider and be guided by:

- Policies of the Company;
- Laws of the country;
- Universally acceptable behaviour and standard practices; and
- Their own morals and values.

If any action or potential action transgresses any of the above it is likely that it will be considered unethical behaviour.

Where it is found that the staff member has breached the Ethics policy and/or the Code of Conduct policy, the normal human resources grievance and disciplinary procedures will be followed.

## 10. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Playhouse Company annually performs an assessment of compliance to health and safety regulations. The outcome of the investigation informs The Playhouse Company on the relevant improvement actions to implement.

Compliance with the health and safety regulations forms one of the key performance indicators in the Support Services Manager's annual performance plan.

The Playhouse Company is fully compliant with all health and safety regulations.

## 11. SOCIAL RESPONSIBILITY

The mission of The Playhouse Company is to advance, promote and preserve the performing arts by staging productions with entertainment and educational values to diverse audiences.

The Playhouse Company sees its mission as its social responsibility.

The Playhouse Company's arts programme is geared to deliver on its social responsibility.

Among all the programmes geared to social responsibility, the mobile stage is used to take the outreach programmes to the outlying rural areas where people do not have access to the theatre to see staged performances. Some of these people see a live performance on a stage for the first time and are overwhelmed.

The mobile stage is also used to showcase the schools set works in the rural areas. In excess of 35 000 school children had the opportunity of seeing a live performance of the school set work on stage. These children would otherwise not have had the opportunity to see a staged performance.



## 12. AUDIT COMMITTEE REPORT

The Audit and Governance Committee, the Committee, presents its report for the financial year end 31 March 2013.

### Audit and Governance Committee members and attendance

The Committee consists of the five members listed below and is required to meet at least four times per year as per its approved terms of reference. During the current year four meetings were held.

Name	Qualifications	Internal or External	Date Appointed	No. of Meetings Attended
Ms K Mvulane (Chairperson – Independent)	CA (SA)	External	1 August 2011	3
Mr Siyabonga Duncan Mngoma (Independent)	CA (SA)	External	1 August 2011	2
Ms Charmaine Jugnarayan (Independent)	CA (SA)	External	1 August 2011	2
Mr Sathie Gounden	CA (SA)	External	1 August 2011	3
Mr Sadhasivan Naidoo	B Admin & B Admin Honours	External	1 August 2011	2

### Audit and Governance Committee responsibility

The Committee reports that it has complied with its responsibilities arising from Section 38 (1)(a) of the Public Finance Management Act 1 of 1999 and Treasury Regulations 3.1. The Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Governance Committee charter, has regulated its affairs in compliance with this charter, and has discharged its responsibilities as contained therein. The charter is reviewed annually and adopted by the committee on approval by the Accounting Authority.

### Internal Audit

The Committee co-ordinates and monitors the activities of the internal audit function. Through this, the Committee is able to report on the effectiveness of the internal audit. The internal audit function was outsourced and operational for the financial year under review.

The Committee considered the updated risk register based on the risk management framework and policy adopted by the Accounting Authority. The Committee reviewed and approved the risk based three-year rolling internal audit plan.

The Committee is satisfied with the effectiveness of the internal audit function.

### Effectiveness of internal controls

The Committee assessed the effectiveness of the internal controls and reviewed the risk assessment process, as follows:

- Attended the workshop with all key stakeholders on risks assessment;
- Considered the effectiveness of the company risk assessment processes as ongoing by management;
- Monitored the follow up process on all findings by the auditors to ensure findings are dealt with and addressed at root causes;
- Sought assurance from management that action is being taken on related issues identified by auditors; and
- Provided guidance and advice to Management and the Accounting Authority strengthening over risk management processes and performance information when we reviewed quarterly reports.

The Committee reviewed the internal audit reports; where there were weaknesses identified within the company

and considered the adequacy of management responses to ensure the risk exposure is reduced and there is continuous improvement within the control environment.

The Committee is satisfied that the Company is continually focused on maintaining effective levels of internal controls. The Committee concurs with auditors that internal controls were reasonably effective and reliable and any matters reported by internal auditors during the year did not indicate any significant or material deficiencies.

The administration of monthly/quarterly reports submitted in terms of the PFMA and Division of Revenue Act was satisfactory according to monitoring and internal audit results.

### Evaluation of financial statements

The Committee has:

- Reviewed the quarterly reports including financial statements to ensure consistency and accuracy of information;
- Considered the appropriateness, adoption and consistent application of the South African Statement of Generally Recognised Accounting Practices adopted by the Accounting Authority;
- Considering the quality and timeliness of the financial information available to the Committee for oversight purposes during the year;
- Reviewed the financial statements of the company for the year ended 31 March 2013 and is satisfied that they comply with relevant provisions of the Public Finance Management Act and the South African Statement of Generally Recognised Accounting Practices;
- Reviewed the Auditors-General's Management Report and management's response; and
- Reviewed the Auditor-General's Audit report and noted that there were no findings in the financial statements and performance information.

The Committee is pleased to report that the Company has received an unqualified clean audit report. The Committee concurs and accepts the conclusion of the Auditor-General on the annual financial statements and hence the Committee is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

The Committee takes this opportunity to congratulate the Council and Management on their countless efforts and commitments in obtaining an unqualified audit report from the Auditor-General for seven consecutive years and would like to express gratitude for their support and fruitful discussions with the Committee.



**PMK MVULANE CA (SA), RA**

Chairperson: Audit and Governance Committee



# PART D

## HUMAN RESOURCE MANAGEMENT

## 1. INTRODUCTION

### 1.1. Overview of HR Matters at the Institution

- Attract and retain the best human resources.
- Create a culture of learning and development for employees.
- Implement best practices in wellness.
- Create a performance based culture.

### 1.2. HR Priorities for the Year Under Review

- To recruit employees into vacant positions within a three-month turnaround time.
- To implement 80% of all planned training initiatives.
- Implementation of bi-annual performance reviews.

### 1.3. Impact of Human Resources Priorities

- To resource the institution with competent employees in line with the manpower plan of the institution.
- To provide skills training to ensure a skilled workforce.
- To assist line management in the implementation of the performance management system.

### 1.4. Workforce Planning Framework/Retention Strategies

- Manage, monitor and evaluate labour turnover.
- Implementation of a succession plan for all key posts.
- Conduct annual salary surveys.

### 1.5. Employee Performance Management Framework

- Performance management system in place.
- Bi-annual performance reviews of all employees are conducted.

### 1.6. Employee Wellness Programmes

- A fully integrated wellness service is provided through an outsourced service provider, ICAS.
- Utilisation statistics are improving.
- Health and wellness campaigns to cover various health risks are publicised through email and poster campaigns.

### Policy Development

#### • **Achievements**

- The training plan is at 87% of implementation.
- Intake of five interns and experiential learners.
- Successful implementation of the performance management system.
- Implementation of the first phase of the management development programme.
- Ongoing ABET (Adult Based Education and training) training.
- Majority of employees have received PC training as part of their life skills training.

#### • **Challenges faced by the institution**

- A diminishing specialised skills pool.

#### • **Future HR plans' goals**

- Increase the number of ABET learners.
- Improve the implementation of the training plan.
- Prioritise the management development programmes.
- Formalise a relationship with an external training supplier to facilitate a graduate development and apprenticeship programme.
- Strengthen the relationship with CATTHSETA (Culture, Arts, Tourism, Hospitality, Sports Seta) to ensure that funding for training is recovered from discretionary grants paid out by the SETA.
- To create greater awareness of the wellness initiatives offered by ICAS.

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

The public entity must provide the following key information on human resources. All the financial amounts must agree to the amounts disclosed in the annual financial statements. Where considered appropriate, provide reasons for variances.

### 2.1. Personnel cost by programme

Total Expenditure for the Entity	Personnel Expenditure	Personnel Exp. as a % of total Exp.	No. of Employees	Average Personnel Cost per Employee
R'000	R'000	%	R'000	R'000
66 932	24 664	36%	85	290

### 2.2. Personnel cost by salary band

Level	Personnel Expenditure	% of Personnel Exp. to Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee
	R'000	%		R'000
Top Management	1 421	6.23%	1	1 421
Senior Management	959	4.2%	1	959
Professional Qualified	5 150	22.6%	10	515
Skilled	7 864	34.5%	31	253
Semi-skilled	7 402	32.5%	42	176
Unskilled	0	0	0	0
<b>Total</b>	<b>22 798</b>	<b>100%</b>	<b>85</b>	<b>268</b>

### 2.3. Training costs

Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Avg. Training Cost per Employee
R'000	R'000	%		R'000
24 664	307	1.2%	62	5

### 2.4. Employment and vacancies

Programme	2011-2012 No. of Employees	2012-2013 Approved Posts	2012-2013 No. of Employees	2012-2013 Vacancies	% of vacancies
	85	95	85	10	10.5%

Programme	2011/2012 No. of Employees	2012/2013 Approved Posts	2012/2013 No. of Employees	2012/2013 Vacancies	% of vacancies
Top Management	1	1	1	0	0
Senior Management	1	1	1	0	0
Professional Qualified	11	12	10	1	8.3%
Skilled	26	36	31	4	11.1%
Semi-skilled	46	45	42	5	11.1%
Unskilled	0	0	0	0	0
<b>Total</b>	<b>85</b>	<b>95</b>	<b>85</b>	<b>10</b>	<b>10.5%</b>

## 2.5. Management's report

The matter of vacancies has been discussed at Senior Management level. The HR Manager requested each line manager to submit a motivation as to why these full-time positions should remain on the organogram, if they are not being filled/there is no intention to fill them within a three month period of the vacancy having arisen. Positions, on average, are filled within three months of the position having become vacant.

In order to attract and retain staff, we monitor labour turnover, do bi-annual salary surveys, and have a succession plan in place for all key positions.

## 2.6. Employment changes

Although labour turnover is high as indicated by the percentage figure, the majority of these terminations were for reasons beyond the control of the institution, giving the institution sufficient time to recruit new employees into these vacated positions within the three-month period.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	1	0	0	1
Professional Qualified	11	2	3	10
Skilled	26	8	3	31
Semi-skilled	46	3	7	42
Unskilled	0	0	0	0
<b>Total</b>	<b>85</b>	<b>13</b>	<b>13</b>	<b>85</b>

### Reasons for staff leaving

Outcomes: Key Objectives	Actions to Accomplish Objectives	Measurable and Evidence Based Performance Indicators 2012-2013
Death	0	0%
Resignation	4	31%
Dismissal	2	15%
Retirement	3	23%
Ill health	1	8%
Expiry of contract	0	0%
Other	3	23%
<b>Total</b>	<b>13</b>	<b>100%</b>

### Labour relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	2

## Equity target and employment equity status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	1	1	0	0
Professional qualified	2	4	0	0	1	1	3	2
Skilled	18	16	1	1	2	2	4	4
Semi-skilled	22	26	0	0	4	4	1	1
Unskilled	0	0	0	0	0	0	0	0
<b>Total</b>	<b>42</b>	<b>46</b>	<b>1</b>	<b>1</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>7</b>

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professional Qualified	1	4	0	0	1	1	2	1
Skilled	3	5	1	1	0	1	2	1
Semi-skilled	8	10	1	0	4	4	2	4
Unskilled	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>20</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>

Levels	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	1
Unskilled	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

The Company uses the targets as defined in the Broad Based Black Economic Empowerment Act to monitor progress, in terms of the Employment Equity legislation.

The Playhouse Company has an Employment Equity Plan and Employment Equity Committee in place.

At all times, we are mindful of the Employment Equity Plan when recruiting.



**PART E**  
FINANCIAL  
INFORMATION



## 1. STATEMENT OF RESPONSIBILITY

The Council is responsible for the preparation of the The Playhouse Company's annual financial statements and for the judgements made in this information.

The Council is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

In my opinion, the financial statements fairly reflect the operations of The Playhouse Company for the financial year ended 31 March 2013.

The Auditor-General is engaged to express an independent opinion on the annual financial statements of The Playhouse Company.

The Playhouse Company's annual financial statements for the year ended 31 March 2013 have been audited by the Auditor General and their report is presented on page 60.

The annual financial statements of The Playhouse Company set out on page 62 to 93 have been approved.



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**Ms Linda Bukhosini**

Chief Executive Officer & Artistic Director



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**Ms Thandiwe January-McLean**

Chairperson of the Board

The Playhouse Company

## 2. REPORT OF THE CHIEF EXECUTIVE OFFICER

### Revenue

Total revenue decreased by 24% from R81m to R62m.

- The decrease is mainly attributable to a reduction in capital grant recognised by R23m. The full grant was received from the Department of Arts and Culture to fund the capital projects but was recognized as deferred income.
- A sponsorship income of R1.4m was received for the staging of the BRICS opening ceremony, whilst a sponsorship of R1.3m was received from The National Arts Council for the staging of the closing ceremony of the 2012 France South African Seasons in Durban.

### Operating expenses

Operating expenses increased by 12% from R60m to R67m.

- Other operating expenditure increased by 20% from R18m to R21m. This was largely due to an increase in depreciation from R8.1m to R10.4m.

### Deficit for the year

The deficit for the year is R1.3m. The deficit for the year was arrived at after recognising an increase in depreciation by R2.3m.

## FINANCIAL POSITION

The Playhouse Company reflected a positive financial position at year end.

- The increase in non-current assets by R8m is primarily due to capital projects completed during the year.
- Current assets increased by R15m and this was primarily as a result of cash and cash equivalents increasing by R17.5m. Funds received in the latter part of the financial year for capital projects were only disbursed in the new financial year when the projects were completed.
- Current liabilities increased by R24m. This was primarily due to capital grant income received being treated as deferred income.

## CASH FLOWS

Cash and cash equivalents increased by R18m from R68m to R86m. Funds received in the latter part of the financial year for capital projects were only disbursed in the new financial year when the projects were completed.

## MATERIALITY FRAMEWORK

The Council has determined its framework of acceptable levels of materiality and significance, in conjunction with the external auditors, as follows:

- Revenue and expenditure – 1%
- Assets and liabilities – 3%

Materiality is calculated against the above framework, however, there are instances where the situation may warrant a more stringent materiality level and the level is adjusted accordingly. A conservative approach is otherwise used in determining these levels of materiality.



**Ms Linda Bukhosini**  
Chief Executive Officer & Artistic Director

### 3. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE PLAYHOUSE COMPANY

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I have audited the financial statements of The Playhouse Company set out on pages 62 to 93, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

##### Accounting authorities responsibility for the financial statements

2. The Council which constitutes the accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

##### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of The Playhouse Company as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the PFMA.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

### Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 27 to 37 of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
10. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

### Compliance with laws and regulations

11. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters.
12. I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA.

### Internal control

13. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations.
14. I did not identify any deficiencies in internal control which we considered sufficiently significant for inclusion in this report.

*Auditor General*

**Pietermaritzburg**

31 July 2013



## 4. ANNUAL FINANCIAL STATEMENTS

### Statement of Financial Performance

	Notes	2013	2012
		R	R
<b>Revenue</b>		61 544 056	81 112 550
Grants	3	52 871 718	71 711 208
Box office income		1 340 298	2 574 336
Other operating income	4	7 332 040	6 827 006
<b>Less: Expenditure</b>		42 267 862	37 517 289
Production costs	5	14 952 947	14 308 959
Production and technical services costs	6	5 892 590	5 420 961
Other operating expenditure	7	21 422 325	17 787 369
Emoluments	8	24 664 733	22 236 657
<b>(Deficit) Surplus from operations</b>	9	(5 388 539)	21 358 604
Interest received		4 053 511	3 450 950
<b>(Deficit) Surplus for the year</b>	10	(1 335 028)	24 809 554

## Statement of Changes in Net Assets

	Notes	2013	2012
		R	R
<b>Opening accumulated surplus as previously reported</b>		232 021 754	204 267 867
Change in accounting policy with respect to heritage assets (note 2)	2	–	2 944 333
<b>Opening accumulated surplus as restated</b>		232 021 754	207 212 200
(Deficit) Surplus for the year		(1 335 028)	24 809 554
<b>Closing accumulated surpluses</b>	17	230 686 726	232 021 754

## Statement of Cash Flows

	Notes	2013	2012
		R	R
<b>Cash flows from operating activities</b>			
Cash receipts from grantors and clients		97 438 153	76 599 069
Cash paid to suppliers and employees		(65 689 370)	(50 400 651)
<b>Cash generated from operations</b>	18	31 748 783	26 198 418
Interest received		4 053 511	3 450 950
<b>Net cash from operating activities</b>		35 802 294	29 649 368
<b>Cash flows used in investing activities</b>			
Additions to property, plant and equipment		(18 214 268)	(16 550 635)
Additions to intangibles		(53 461)	(22 713)
Proceeds on sale of property, plant and equipment		-	24 000
<b>Net cash used in investing activities</b>		(18 267 729)	(16 549 348)
<b>Net increase in cash and cash equivalents</b>		17 534 565	13 100 020
Cash and cash equivalents at beginning of year		68 396 129	55 296 109
<b>Cash and cash equivalents at end of year</b>	14	<b>85 930 694</b>	<b>68 396 129</b>

## Statement of Financial Position

	Notes	2013	2012
		R	R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Heritage assets	11.1	88 330 000	88 330 000
Property, plant and equipment	11.2	95 832 137	88 007 509
Intangible assets	11.3	117 868	115 975
		87 689 176	72 531 563
<b>Current assets</b>			
Inventories	12	577 974	570 382
Trade and other receivables	13	1 180 508	3 565 052
Cash and cash equivalents	14	85 930 694	68 396 129
<b>Total assets</b>		<u>271 969 181</u>	<u>248 985 047</u>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>			
Accumulated surplus		230 686 726	232 021 754
<b>Current liabilities</b>			
Trade and other payables	15	7 772 903	5 749 230
Deferred income	16	33 509 552	11 214 063
<b>Total net assets and liabilities</b>		<u>271 969 181</u>	<u>248 985 047</u>



## Accounting Policies

### 1. ACCOUNTING POLICIES

#### 1.1. The financial statements

*The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55(1)(b) of the Public Finance Management Act, (Act No. 1 of 1999 as amended by Act No. 29 of 1999). Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GRAP. The accounting policies are applied consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.*

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for financial instruments that have been measured at fair value.

These accounting policies are consistent with the previous year.

Standard of GRAP approved by the Accounting Standards Board and applicable to The Playhouse Company.

GRAP 1 Presentation of financial statements

GRAP 2 Cash flow statements

GRAP 3 Accounting policies, changes in accounting estimates and errors

GRAP 6 Consolidated financial statements and accounting for controlled entities

GRAP 9 Revenue from exchange transactions

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events after the reporting date

GRAP 17 Property, plant and equipment

GRAP 19 Provisions, contingent liabilities and contingent asset

GRAP 21 Impairment of Non-cash-generating Assets (not applicable to The Playhouse Company)

GRAP 23 Revenue from Non-Exchange Transactions Taxes and Transfers (principles of policy applied)

GRAP 24 Presentation of Budget Information (principles of policy applied)

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash-generating Assets

GRAP 100 Non-current Assets Held for Sale and Discontinued Operations

GRAP 102 Intangible Assets

GRAP 103 Heritage Assets (early adopted)

GRAP 104 Financial Instruments

IPSAS 20 Related Party Disclosures

The following statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board are in issue but not applicable to The Playhouse Company:

GRAP 4 The effects of changes in foreign exchange rates

GRAP 5 Borrowings

GRAP 7 Accounting for investments in associates

GRAP 8 Financial reporting of interests in joint ventures

GRAP 10 Financial reporting in Hyperinflationary Economies

GRAP 11 Construction Contracts

GRAP 16 Investment Property

GRAP 27 Agriculture

IFRS 3 Business Combinations

IFRS 4 Insurance Contracts

IFRS 6 Exploration for and Evaluation of Mineral Resources

IAS 12 Income Taxes

IFRIC 4 Determining whether an Arrangement contains a Lease  
IFRIC 12 Service Concession Arrangements  
IFRIC 13 Customer Loyalty Programmes  
IFRIC 15 Agreements for the Construction of Real Estate  
SIC 21 Income Taxes – Recovery of Revalued Non-Depreciable Assets  
SIC 25 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders  
SIC 29 Service Concession Arrangements  
IFRIC 17 Distributions of Non-Cash Assets to Owners  
IFRIC 18 Transfer of Assets from Customers

The following statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board are in effect but are not yet applicable in full to schedule 3A and 3C public entities and constitutional institutions:

GRAP 18 Segment Reporting  
GRAP 20 Related Party Disclosure (principles of policy applied)  
GRAP 105 Transfers of Functions between Entities Under Common Control  
GRAP 106 Transfers of Functions between Entities not Under Common Control  
GRAP 107 Mergers

The recognition and measurement principles in the above GRAP statements compared to the respective GAAP statements that they have replaced do not differ or result in material differences in items presented and disclosed in the financial statements.

### **1.2. Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following note:

Note 1.3. Property, plant and equipment  
Note 1.5. Intangible assets  
Note 1.12. Provisions

### **1.3. Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. The useful life of the assets have been arrived at after careful consideration of all factors affecting The Playhouse Company. The useful life and depreciation method of assets is reassessed on an annual basis and any change in estimate is taken into account in the determination of remaining depreciation and amortisation charges. The residual value of property, plant and equipment is zero as the assets are used for their entire economic life.

Depreciation is calculated on the straight-line method, to write-off the cost of each asset to estimated residual values over its estimated useful life as follows:

## Accounting Policies (continued)

Buildings	: 50 years
Motor vehicles	: 5 years
Office furniture and other equipment	: 5 years
Computer Equipment	: 3 years
Stage	: 4 years
Workshop equipment	: 5 years

Artworks are not depreciated and stage props, costumes and music and drama scripts are written off on acquisition.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

### 1.4. Impairment

#### *Non-financial assets*

The carrying amount of The Playhouse Company assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, the condition of the asset is evaluated to ascertain its value in use. Where the asset is damaged beyond repair, the fair value of the asset is its scrap value.

An impairment loss is recognised if the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

#### *Reversals of impairment*

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss has been recognised.

### 1.5. Intangible assets

Intangible assets are shown at cost less accumulated amortisation and impairment losses. The useful life of intangibles is reassessed on an annual basis and any change in estimate is taken into account in the determination of remaining amortisation charges. The amortisation is calculated on the straight line method to write-off the cost of intangible assets over their estimated useful life as follows:

Software	: 2 years
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### 1.6. Heritage assets

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.

Heritage assets are recognised as an asset if, and only if: (a) it is probable that future economic benefits or service potential association with the asset will flow to the entity, and (b) the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset shall be measured at its cost.

Where the heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at date of acquisition. After recognition as an asset, a class of heritage asset shall be carried at its cost less any accumulated impairment losses.

### **1.7. Leases**

Leases in terms of which The Playhouse Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

### **1.8. Inventories**

Inventories are carried at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined using the first-in, first-out method. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable values.

### **1.9. Financial instruments**

#### *Measurement*

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

#### *Trade and other receivables*

Trade and other receivables originated by The Playhouse Company are stated at cost less provision for doubtful debts. Receivables are written off when considered irrecoverable. Trade and other receivables and provision for doubtful debts are discounted using the effective interest rate where considered applicable.

#### *Cash and cash equivalents*

Cash and cash equivalents are measured at fair value.

#### *Trade and other payables*

Trade and other payables originated by The Playhouse Company are stated at cost. Trade and other payables are discounted using the effective interest rate where considered applicable.

#### *Gains and losses on subsequent measurement*

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss in the period in which the change arises.

### **1.10. Retirement benefit plans**

It is the policy of The Playhouse Company to provide retirement benefits for the employees. The Playhouse Company's contributions in respect of defined contribution plans and benefit plans are expensed as incurred.

### **1.11. Revenue from non-exchange transactions**

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

## Accounting Policies (continued)

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as an amount equal to that reduction.

The Playhouse Company has entered into a lease agreement for the free use of certain land and buildings.

### 1.12. Revenue

#### *Grants*

Grants related to operational expenditure is recognised as revenue when it is probable that the transfer payment will be received and the amount can be estimated reliably, unless, an obligation exists to use the transferred resources in a certain way or return the resources to the transferor. Where it is a requirement to only use the resources in a certain way with no corresponding requirement to return those resources, then no obligation exists and the revenue is recognised. Where an obligation exists, the resource is recognised as deferred revenue until the obligations are met and then recognised as revenue.

Grants related to the acquisition or construction of an asset is recognised as revenue when it is probable that the transfer payment will be received and the amount can be estimated reliably, unless an obligation exists to use the transferred resources in a certain way or return the resources to the transferor. Where it is a requirement to only use the resources in a certain way with no corresponding requirement to return those resources, then no obligation exists and the revenue is recognised. Where an obligation exists, the resource is recognised as deferred revenue until the obligations are met and then recognised as revenue.

#### *Interest income*

Interest income is recognised on a time proportion basis, taking into account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to The Playhouse Company.

#### *Box office and related income*

Box office and related income is recognised when the production has been staged. Complimentary tickets issued to promote and market the productions have no value and are not included in box office and related income.

#### *Other income*

Other income is recognised when it is probable that the future economic benefits will flow to The Playhouse Company and it can be measured reliably.

### 1.13. Provisions

Provisions are recognised when The Playhouse Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### 1.14. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by The Playhouse Company unless otherwise stated.

### 1.15. Related party

Related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. The disclosure note details the related party transactions.

**1.16. Commitments**

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are thus not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

**1.17. Comparative figures**

Comparative figures have been adjusted to conform to changes in presentation and classification, where necessary.

## Notes to the Annual Financial Statements

2. CHANGE IN ACCOUNTING POLICY		2013	2012
		R	R
<p>The Playhouse Company changed its policy in respect of Heritage Assets to comply with the requirements of GRAP 103. The Playhouse Company Theatre was previously recognised in The Playhouse Company's books of account as property, plant and equipment, at fair value, and amortised over its useful life. This was done to comply with GRAP17 – Property, Plant and Equipment.</p> <p>GRAP 103 requires historical buildings that have a significant historical association be recognised as Heritage Assets. Under the cost model of recognition, after recognition as an asset, a class of heritage asset shall be carried at its cost less any accumulated impairment losses. The change in accounting policy has been accounted for retrospectively.</p> <p>The effect of the change in accounting policy is as follows:</p>			
Decrease in depreciation			8 833 000
Net increase in retained income as at 1 April 2010			<u>8 833 000</u>
Decrease in property, plant and equipment			(88 330 000)
Increase in heritage assets			88 330 000
Net change in statement of financial position as at 1 April 2010			<u>0</u>
Decrease in depreciation			2 944 333
Net increase in surplus for the year ended 31 March 2011			<u>2 944 333</u>
3. Grants			
National Department of Arts and Culture (DAC)		38 488 000	36 138 000
Special Capital Expenditure Grant – (DAC)		3 303 580	26 128 646
KZN Department of Arts and Culture		6 721 000	6 401 000
eThekweni Municipality		4 359 138	3 043 562
<b>Total</b>		<u>52 871 718</u>	<u>71 711 208</u>
4. Other operating income			
<b>Revenue from exchange transactions</b>		4 425 268	4 183 845
Hire of performance venues, costumes, sets, and mobile stage		2 273 868	1 829 508
Rent received		682 127	653 365
Bar & other sales		591 557	544 965
Functions		155 635	45 485
Box office commission – external productions		401 292	133 130
Gains on sale of motor vehicles		–	24 000
Sundry revenue – admin and computicket commission		317 889	951 722
Sale of CDs		2 900	1 670
<b>Revenue from non-exchange transactions</b>			
Donations and sponsorships (productions)		2 906 772	2 643 161
<b>Total</b>		<u>7 332 040</u>	<u>6 827 006</u>
5. Production costs			
<b>Direct production costs</b>		13 971 496	12 709 046
Outside hirers costs		3 537	263
Productions and festivals		13 920 867	12 617 151
Mobile stage		47 092	91 632
<b>Indirect production costs</b>		981 451	1 599 913
<b>Total</b>		<u>14 952 947</u>	<u>14 308 959</u>
6. Production and technical services costs			
Workshop		1 851 241	1 559 267
Technical services		4 041 349	3 861 694
<b>Total</b>		<u>5 892 590</u>	<u>5 420 961</u>

# Annual Financial Statements

for the year ended 31 March 2013

	Notes	2013	2012
		R	R
<b>7. Other operating expenditure</b>			
Transport		629 945	377 499
Deco hire		15 923	30 704
Wardrobe		14 595	37 609
Maintenance and security		4 641 652	4 546 388
Other services – HR, finance, corporate		4 440 172	3 784 247
General – consultants, insurance and phones		1 001 135	713 268
Cost of sales – bar and other		243 421	208 718
Depreciation & amortisation		10 435 482	8 088 936
Depreciation & amortisation on fixed assets		12 362 530	8 681 055
Depreciation & amortisation write-back		(1 927 048)	(592 119)
<b>Total</b>		<b>21 422 325</b>	<b>17 787 369</b>
<b>8. Emoluments</b>			
Salaries		17 263 359	15 574 878
Adhocs		1 625 396	1 380 820
Provident fund		2 438 679	2 109 326
Medical aid		560 602	525 274
UIF		157 559	140 674
Bonus		1 457 777	1 334 852
Overtime		161 405	201 728
Leave		448 731	527 639
Council – attendance		240 857	84 402
Housing subsidies		271 868	288 564
Long service awards		38 500	68 500
<b>Total</b>		<b>24 664 733</b>	<b>22 236 657</b>
<b>9. (Deficit) Surplus from operations</b>			
(Deficit) Surplus from operations is arrived at after taking into account:			
Expenditure			
Auditors' remuneration:		403 949	324 829



## Notes to the Annual Financial Statements (contd)

	Notes	2013	2012
		R	R
<b>9. (Deficit) Surplus from operations (continued)</b>			
Depreciation of property, plant and equipment:		10 383 914	8 023 012
Motor vehicles		535 686	522 233
Office furniture and other equipment		958 187	956 694
Computer equipment		344 707	172 423
Stage equipment		3 920 674	3 663 152
Workshop equipment		66 542	8 987
Leased assets		6 448 583	3 286 424
		12 274 379	8 609 913
Depreciation write back		(1 890 465)	(586 901)
Amortisation		51 568	65 924
Intangible assets		88 151	71 142
Amortisation write back		(36 583)	(5 218)
Impairments		480	-
Emoluments – Senior Management and Council	20	3 458 446	3 061 185
Staff costs		21 206 287	19 175 472
Professional services:		397 326	131 266
Internal audit fees		397 326	90 103
Consultancy fees		-	41 163
<b>10. (Deficit) Surplus for the year</b>			
The Deficit for the period reflected is due to higher depreciation charges. The Surplus for the 2012 year reflected in the statement of financial performance is due to the recognition of capital grants for R25 638 465.			
<b>11.1 Heritage assets</b>			
<b>Carrying amount</b>		88 330 000	88 330 000
Gross carrying amount		88 330 000	88 300 000
Accumulated depreciation		-	-
Additions		-	-
Fair value adjustment		-	-
Transfers		-	-
Impairment		-	-
<b>Disposals</b>			
Cost		-	-
Accumulated depreciation		-	-
<b>Carrying amount at year end</b>		<b>88 330 000</b>	<b>88 330 000</b>
Heritage Assets comprises of land and buildings: Rem of portion 1 of ERF 10636 of Durban. The property was valued by eThekweni Municipality in May 2008.			
The land and buildings is registered in the name of the Department of Public Works. The Playhouse Company leases the land and buildings from The Department of Public Works for no consideration.			

# Annual Financial Statements

for the year ended 31 March 2013

11.2	Reconciliation of carrying value of	Motor vehicles	Stage props, costumes and scripts	Office furniture and other	Computer equip.	Stage equip.	Workshop equip.	Work in progress	Artworks	Capitalised leased assets	Total
		R	R	R	R	R	R	R	R	R	R
	<b>Carrying amount 1 April 2011</b>	1 851 777	–	2 623 234	262 539	9 617 741	18 970	2 582 163	469 870	62 053 592	79 479 886
	Gross carrying amount	2 667 439	–	7 255 165	1 332 987	20 708 937	108 895	2 582 163	469 870	70 146 732	105 272 188
	Accumulated depreciation	(815 662)	–	(4 631 931)	(1 070 448)	(11 091 196)	(89 925)	–	–	(8 093 140)	(25 792 302)
	Additions	532 768	–	126 762	439 691	5 003 588	41 070	10 406 756	–	–	16 550 635
	Fair value adjustment	–	–	–	–	–	–	–	–	–	–
	Transfers	–	–	–	–	–	–	(5 608 221)	–	5 608 221	–
	Impairment	–	–	–	–	–	–	–	–	–	–
	Depreciation	(522 233)	–	(956 694)	(172 423)	(3 663 152)	(8 987)	–	–	(3 286 424)	(8 609 913)
	Depreciation write-back	25 453	–	16 965	134 172	407 829	2 482	–	–	–	586 901
	<b>Disposals</b>	–	–	–	–	–	–	–	–	–	–
	Cost	(108 971)	–	–	–	–	–	–	–	–	(108 971)
	Accumulated depreciation	108 971	–	–	–	–	–	–	–	–	108 971
	<b>Carrying amount 31 March 2012</b>	1 887 765	–	1 810 267	663 979	11 366 006	53 535	7 380 698	469 870	64 375 389	88 007 509
	Gross carrying amount	3 091 236	–	7 381 927	1 772 678	25 712 525	149 965	7 380 698	469 870	75 754 953	121 713 852
	Accumulated depreciation	(1 203 471)	–	(5 571 660)	(1 108 699)	(14 346 519)	(96 430)	–	–	(11 379 564)	(33 706 343)
	Additions	–	–	222 766	452 031	1 829 959	381 621	15 327 891	–	–	18 214 268
	Fair value adjustment	–	–	–	–	–	–	–	–	–	–
	Transfers	–	–	21 800	–	(21 800)	–	(22 708 589)	–	22 708 589	–
	Impairment	–	–	(248)	(232)	–	–	–	–	–	(480)
	Depreciation	(535 686)	–	(958 187)	(344 707)	(3 920 674)	(66 542)	–	–	(6 448 583)	(12 274 379)
	Depreciation write-back	86 944	–	229 683	23 485	1 546 035	4 318	–	–	–	1 890 465
	<b>Disposals</b>	–	–	(138)	(5 106)	(2)	–	–	–	–	(5 246)
	Cost	–	–	(12 431)	(89 098)	(3)	–	–	–	–	(101 532)
	Accumulated depreciation	–	–	12 293	83 992	1	–	–	–	–	96 286
	<b>Carrying amount 31 March 2013</b>	1 439 023	–	1 325 943	789 450	10 799 524	372 932	(0)	469 870	80 635 395	95 832 137
	Gross carrying amount	3 091 236	–	7 614 062	2 135 611	27 520 681	531 586	(0)	469 870	98 463 542	139 826 588
	Accumulated depreciation	(1 652 213)	–	(6 288 119)	(1 346 161)	(16 721 157)	(158 654)	–	–	(17 828 147)	(43 994 451)

Land and buildings (refer note 2) comprise of:

1. Rem of Portion 1 of ERF 10636 of Durban
2. Rem of Portion 3 of ERF 615 of Brickfield
3. Portion 3 of ERF 10635 of Durban.

The land and buildings is registered in the name of the Department of Public Works. The Playhouse Company leases the land and buildings from The Department of Public Works for no consideration.

The gross carrying value of fully depreciated property, plant and equipment that is still in use is R3 726 160. The major category of items is stage equipment comprising of lighting and sound items.

The useful life, depreciation method and residual values of assets is reassessed on an annual basis, and adjustments are processed when necessary.

## Notes to the Annual Financial Statements (contd)

11.3	Intangible assets	Software	Total
		R	R
	<b>Carrying amount 1 April 2011</b>	159 186	159 186
	Gross carrying amount	404 722	404 722
	Accumulated amortisation	(245 536)	(245 536)
	Additions	22 713	22 713
	Fair value adjustment	-	-
	Impairment	-	-
	Amortisation	(71 142)	(71 142)
	Amortisation write-back	5 218	5 218
	<b>Disposals</b>	-	-
	Cost	-	-
	Accumulated amortisation	-	-
	Carrying amount 31 March 2012	115 975	115 975
	Gross carrying amount	427 435	427 435
	Accumulated amortisation	(311 460)	(311 460)
	Additions	53 461	53 461
	Fair value adjustment	-	-
	Amortisation	(88 151)	(88 151)
	Amortisation write-back	36 583	36 583
	<b>Disposals</b>	-	-
	Cost	-	-
	Accumulated amortisation	-	-
	<b>Carrying amount 31 March 2013</b>	117 868	117 868
	Gross carrying amount	480 896	480 896
	Accumulated amortisation	(363 028)	(363 028)
	Amortisation is included with depreciation.		

	March 2013	March 2012
	R	R
<b>12. Inventories</b>		
Catering	82 898	62 077
Workshop	165 207	130 289
Wardrobe	98 363	79 903
General stores	231 506	298 113
	<u>577 974</u>	<u>570 382</u>
<b>13. Trade and other receivables</b>		
Trade receivables	522 974	515 300
Staff debtors	1 667	11 193
Other receivables	1 040 927	3 309 896
	<u>1 565 568</u>	<u>3 836 389</u>
Less: Debtors impairment	(385 060)	(271 337)
	<u>1 180 508</u>	<u>3 565 052</u>
<b>13.1 Movement in the provision for impairment of trade receivables</b>		
<b>Balance at 1 April</b>	271 337	232 826
Provision for receivables impairment	176 906	38 511
Receivables written off during the year as uncollectible	(61 968)	
Unused amounts reversed	(1 215)	
Unwinding of discount	-	-
<b>Balance at 31 March</b>	<u>385 060</u>	<u>271 337</u>
<b>14. Cash and cash equivalents at end of year</b>		
Cash available immediately	6 730 694	9 896 129
<b>Investments – fixed deposits</b>	79 200 000	58 500 000
Cash available in 30 days	6 000 000	35 500 000
Cash available in 60 days	2 000 000	1 500 000
Cash available in 90 days	71 200 000	21 500 000
	<u>85 930 694</u>	<u>68 396 129</u>
<p>R277 816 and R30 360 is pledged as security for guarantees issued by FNB on behalf of The Playhouse Company for eThekweni Municipality and The Postmaster respectively. The guarantees will expire on 31 December 2025 and will not be renewed.</p>		

**Notes to the Annual Financial Statements (contd)**

		2013	2012
		R	R
<b>15.</b>	<b>Trade and other payables</b>		
	Trade payables	3 045 264	1 926 575
	Other payables and accruals	2 059 725	1 458 261
	Leave pay accrual	2 042 729	1 790 310
	Bonus accrual	625 185	574 084
		7 772 903	5 749 230
<b>16.</b>	<b>Deferred Income</b>		
	Special grant – National Department of Arts and Culture	1 286 055	1 286 055
	Opening balance	1 286 055	1 286 055
	Less: Amounts recognised as Income	–	–
	Less: Amounts used to acquire assets	–	–
	Grant received in advance	32 223 497	9 928 008
	National Department of Arts and Culture	32 223 497	9 727 078
	eThekweni Municipality	–	–
	Transnet sponsorship – Mobile stage (refer note 23.6.)	–	200 930
		33 509 552	11 214 063

16.	<p><b>Deferred Income (continued)</b></p> <p><b>Conditional grant</b> <b>National Department of Arts and Culture</b></p> <p>The Playhouse Company receives public funding from the National Department of Arts and Culture. In terms of Para 53(3) of the Public Finance Management Act, 1999, the public entity may not budget for a deficit and may not accumulate surpluses unless written approval of The National Treasury has been obtained.</p> <p>Unless written approval is received, the unused grants must be returned to National Treasury.</p> <p>The Playhouse Company has received the approval from National Treasury to retain the accumulated surplus.</p> <p>As a declared cultural institution, The Playhouse Company has objectives that have been agreed to by the Department:</p> <ol style="list-style-type: none"> <li>1. To comply with the declaration that The Playhouse Company has in place effective, efficient and transparent financial management and controls systems for the management of the transfer payment from the Department.</li> <li>2. To utilise the funding in accordance with the business plan.</li> <li>3. To utilise the funding in accordance with the objectives set out in the memorandum of agreements and not for any other objectives not stipulated therein.</li> <li>4. To utilise the funding subject to any written directives issued by the Head of the Department.</li> <li>5. To submit quarterly reports to the Department on or before the agreed dates.       <ol style="list-style-type: none"> <li>5.1 To ensure that the quarterly reports provide a detailed report on the achievements against the objectives set out in the business plan.</li> <li>5.2 To ensure that the quarterly reports contain an expenditure report detailing how the funding was used against the business plan.</li> <li>5.3 To ensure that the quarterly report contain any other information and or documents that the Department may require.</li> </ol> </li> <li>6. To submit to the Department the close out report for the 2012/2013 financial year by no later than the 30th April 2013.</li> <li>7. To provide the Department with such financial reporting information required by it to enable it to comply with the statutory and ancillary reporting obligations applicable to it from time to time and to enable it to properly account for the transfer of funds in its books of account.</li> <li>8. To account for the interest earned each month and acknowledges that the Department reserves the right to determine the utilisation of the interest.</li> <li>9. To maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.</li> <li>10. To immediately notify the Department in writing of any failure on its part to achieve any of its obligations.       <ol style="list-style-type: none"> <li>11.1 To ensure that in its execution of the MOA and in the performance of its duties, The Playhouse Company does not cause breach of any other agreement to which The Playhouse Company is a party.</li> <li>11.2 To ensure that any other agreement that The Playhouse Company may enter into with such other parties as may be necessary to fulfil its obligations to the Department, shall not in any way be in conflict or cause a conflict with the provisions of the MOA.</li> </ol> </li> </ol>
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## Notes to the Annual Financial Statements (contd)

16.	<p><b>Deferred Income (continued)</b></p> <p><b>Conditional grant</b></p> <p><b>eThekwini Municipality</b></p> <p>The eThekwini Municipality has entered into an agreement with The Playhouse Company for the granting of financial assistance.</p> <p>The eThekwini Municipality and The Playhouse Company entered into a Memorandum of Agreement in August 2012 for the year ended 31 March 2013.</p> <p>The funds are granted based on The Playhouse Company achieving certain performance related obligations.</p> <p>These obligations are set out hereunder:</p> <ol style="list-style-type: none"> <li>1. The Playhouse Company shall apply the funds to the attainment of its main object as a Cultural Institution.</li> <li>2. The Playhouse Company shall commit itself to contributing meaningfully to the improvement of the quality of life of the artistic communities within eThekwini Municipality by: <ol style="list-style-type: none"> <li>2.1. Developing, presenting and implementing its artistic plan in order to encourage participation by the communities within the eThekwini municipal area.</li> <li>2.2. Utilising arts and culture to enhance socio-economic empowerment of local artists.</li> <li>2.3. Ensuring the visibility and accessibility of The Playhouse Company in various communities of eThekwini as well as in those art centres which elect to collaborate with The Playhouse Company.</li> <li>2.4. Contributing and playing a promotional and a significant role in economic development and tourism.</li> <li>2.5. Ensuring The Playhouse Company's artistic growth, financial sustainability and achieving excellence in all its activities.</li> </ol> </li> <li>3. The Artistic Director and Chief Executive of The Playhouse Company and the City Manager, or the Managing Department of eThekwini Municipality shall, in addition to the annual review, have a formal review of The Playhouse Company's performance in terms of this agreement.</li> <li>4. The review of the annual grant shall take place by the 15th of December and shall focus on, but not restricted to, The Playhouse Company's attainment of the following targets and other obligations: <ol style="list-style-type: none"> <li>4.1. Securing funding from other sources of funding including other spheres of government.</li> <li>4.2. The ratio of administrative staff costs in relation to total grant should not exceed 30%.</li> <li>4.3. Evidencing that 70% of the total grant was exclusively utilised towards the artistic plan.</li> <li>4.4. Showing that outreach programmes shall be notably increased in comparison with previous years and the presentation of relevant statistics as well as means of verification reflecting new community outreach programmes for the year.</li> <li>4.5. The Playhouse Company shall make its venues and facilities available free of charge to applicants (maximum of 10 per Council financial year) referred to it by eThekwini, provided that The Playhouse Company does not incur any expense in the provision of those venues or facilities.</li> <li>4.6. The Playhouse Company shall make its venues and facilities available in accordance with the following: <ol style="list-style-type: none"> <li>4.6.1 The request for facilities must be made in writing no less than 6 months prior to the event.</li> <li>4.6.2 The Playhouse Company shall notify eThekwini on an alternate date if the date requested is not available.</li> <li>4.6.3 The applicants referred, save for the hire costs, shall be subject to the same terms and conditions as other ordinary clients of The Playhouse company.</li> </ol> </li> <li>4.7. The Playhouse Company shall acknowledge eThekwini through means of including but not limited to, the inclusion of its logo on all its promotional material as well as especially internal programmes, projects and events.</li> <li>4.8. The Playhouse Company shall submit a copy of its quarterly report to eThekwini.</li> <li>4.9. The Playhouse Company shall provide a copy of its audited AFS as soon as it becomes available but not later than the 15th of August each year.</li> <li>4.10. The Playhouse Company shall provide a copy of its annual report as soon as it becomes available but not later than the 15th of August each year.</li> </ol> </li> </ol>
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	2013	2012
	R	R
<b>17. Reconciliation of statement of changes in net assets</b>		
Balance at 31 March 2013	230 686 726	232 021 754
Made up as follows:		
GRAP 23 Government grant recognised on free use of land and building	141 900 000	141 900 000
Changes in net assets relating to operations	88 786 726	90 121 754
<b>18. Reconciliation of cash generated/utilised by operations</b>		
Cash generated by operations		
(Deficit) Surplus for the year	(1 335 028)	24 809 554
Adjusted for:		
Depreciation, amortisation and impairment	10 435 962	8 088 936
Loss/(Profit) on disposal of property, plant and equipment	5 246	(24 000)
Interest received	(4 053 511)	(3 450 950)
Fair value adjustment	–	–
Operating cash flows before working capital changes	5 052 669	29 423 540
Working capital changes		
Increase in inventories	26 696 114	(3 225 122)
Increase in inventories	(7 592)	(10 451)
Decrease (Increase) in accounts receivable	2 384 544	(2 675 583)
Increase (Decrease) in accounts payable	2 023 673	(2 313 615)
Increase in deferred income	22 295 489	1 774 527
Cash generated from operations	31 748 783	26 198 418



## Notes to the Annual Financial Statements (contd)

	2013	2012
	R	R
<b>19. Financial instruments</b>		
<p>Overview</p> <p>The Playhouse Company has exposure to the following risks from its use of financial instruments:</p> <ul style="list-style-type: none"> <li>- Credit risk</li> <li>- Liquidity risk</li> <li>- Market risk</li> <li>- Interest rate risk</li> </ul> <p>This note presents information about The Playhouse Company's exposure to each of the above risks, The Playhouse Company's objectives, policies and processes for measuring and managing risk, and The Playhouse Company's management of capital. Further quantitative disclosures are included throughout these financial statements.</p> <p>In terms of Treasury Regulations 27.2.1, issued in terms of the PFMA, the accounting authority (Council) must ensure that a risk assessment is conducted regularly to identify emerging risks in the entity. The Council has established the Audit Committee which is responsible for developing and monitoring The Playhouse Company's risk management policies.</p> <p>The Playhouse Company's risk management policies are established to identify and analyse the risks faced by The Playhouse Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and The Playhouse Company's activities. The Playhouse Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.</p> <p>The Audit Committee oversees how management monitors compliance with The Playhouse Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by The Playhouse Company. The Audit Committee is assisted in its oversight role at operations level by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.</p> <p><b>Credit risk</b></p> <p>Credit risk is the risk of financial loss to The Playhouse Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from The Playhouse Company's receivables from customers.</p> <p>The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 March 2013 was:</p>		
Trade and other receivables (Note 13.)	1 180 508	3 565 052

		2013	2012
		R	R
<b>19.</b>	<b>Financial instruments (continued)</b>		
	<b>Trade and other receivables</b>		
	The Playhouse Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The composition of The Playhouse Company's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk.		
	The majority of other receivables and accruals relates to interest income receivable from financial institutions for monies invested in fixed deposits.		
	The trade debtors comprise monies outstanding for the services as follows: Truck hire – Deposits or order numbers are received before the truck is hired out for cultural events. Rental – Deposits are held from tenants. Recording studio – 100% of fees are received in advance. Function venue hire – Deposits are received in advance. Costume/props/wigs hire – Fees are received before items are hired out. Ticket sales – Monies are received from sales at the door or through Computicket.		
	The Playhouse Company policy is to monitor its exposure to credit risk on a monthly basis. At year end, the maximum exposure to credit risk is represented by the carrying amount of each financial asset.		
	The calculation for the fair valuing of trade and other receivables is performed, however, the adjustment is not processed as the adjustment amount is not material.		
	<i>Analysis of trade and other receivables for reporting purposes:</i>		
	90 days and over	17 765	50 499
	60 days	14 852	13 338
	30 days	26 548	42 607
	Current	1 121 343	3 458 608
		<u>1 180 508</u>	<u>3 565 052</u>

## Notes to the Annual Financial Statements (contd)

19.	<p><b>Financial instruments (continued)</b></p> <p><b>Investments</b></p> <p>The Playhouse Company limits its exposure to credit risk by investing only in liquid securities and only with approved banks and financial institutions.</p> <p><b>Guarantees</b></p> <p>The Playhouse Company's policy is to provide financial guarantees only for specified services.</p> <p>The guarantees in issue as at 31 March 2013 were as follows:</p> <p>eThekwini Municipality for services – R277 816</p> <p>The Postmaster for services – R30 360</p> <p>The guarantees will expire on 31 December 2025 and will not be renewed.</p> <p><b>Liquidity risk</b></p> <p>Liquidity risk is the risk that The Playhouse Company will not be able to meet its financial obligations as they fall due. The Playhouse Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to The Playhouse Company's reputation.</p> <p>The Playhouse Company makes payments weekly. An assessment is made of the payments due in advance. Monies are transferred to the current account to meet the weekly obligations. Any surpluses are invested on a month-to-month basis at the most optimum rate.</p> <p>It is the policy of The Playhouse Company, in line with the National Department of Arts and Culture, not to borrow monies. There are thus no credit facilities available.</p> <p>The cash available at 31 March 2013 was R85 930 694 (2012 – R68 396 129).</p> <p><b>Market risk</b></p> <p>Market risk is the risk that changes in market prices, such as the interest rates will affect The Playhouse Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.</p> <p>The Playhouse Company policy, in line with the National Department of Arts and Culture, is to invest surplus cash. Optimal rates and periods are received from various institutions. A proposal is made and approved by senior management.</p> <p>Due to the volatility in the interest rate at year end, monies were invested on month-to-month basis to take advantage of the monthly increases in interest rates.</p> <p><b>Currency risk</b></p> <p>The Playhouse Company does not engage in foreign currency transactions and is thus not exposed to this risk</p> <p><b>Interest rate risk</b></p> <p>It is the policy of The Playhouse Company, in line with the National Department of Arts and Culture, not to borrow monies. There are thus no credit facilities available. There is thus no risk relating to changes in the interest rate.</p> <p>The Playhouse Company policy, in line with the National Department of Arts and Culture, is to invest surplus cash. Optimal rates and periods are received from various institutions. A proposal is made and approved by senior management.</p> <p>Due to the volatility in the interest rate at year end, monies were invested on month-to-month basis to take advantage of the monthly increases in interest rates.</p>
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**19. Financial instruments (continued)**

**Profile**

Variable rate instrument	2013		2012	
	Int Rate %	Carrying Amount	Int Rate %	Carrying Amount
FNB – 120 day	5.23	12 000 000	5.62	13 500 000
Investec – 60 day fixed	5.20	2 000 000		
Investec – 90 day fixed	5.22	3 000 000	5.62	1 500 000
Investec – 120 day fixed	5.22	16 200 000	5.66	16 500 000
Nedbank – 120 day fixed	5.20	22 500 000	5.65	18 000 000
ABSA – 30 day	5.23	6 000 000	–	–
ABSA – 120 day fixed	5.22	10 000 000	5.65	9 000 000
Standard Bank – 120 day	5.21	7 500 000	7.20	–
		79 200 000		58 500 000

At 31 March 2013, if interest rates at that date had been 100 basis points higher or lower, with all other variables held constant, profits would have increased or decreased by R792 000.

At 31 March 2013, the carrying amounts of cash and cash equivalents, trade receivables and trade and other payables approximate their fair values due to their short-term maturities. Trade receivables and payables will mature within 30 to 60 days.

**Fair values**

The fair values of financial assets and liabilities are the same as the carrying values reflected in the balance sheet.

**20. Tax exemption**

The Playhouse Company is exempt from taxation in terms Section 10 (1)(cA)(l) of the Income Tax Act.

# Annual Financial Statements

for the year ended 31 March 2013

## Notes to the Annual Financial Statements (contd)

	2013	2012
	R	R
<b>21. Emoluments – Senior Management and Council</b>		
<b>Senior Management</b>		
<b>L Bukhosini – Apr 2012 – Mar 2013 (Chief Executive and Artistic Director)</b>	1 421 090	1 309 723
Salary	1 137 056	1 047 978
Bonus	94 755	87 332
Pension, med-aid contributions	187 614	172 916
Car allowance, cell phone and other	1 665	1 497
<b>A Mohanparasadh – Apr 2012 – Mar 2013 (Chief Financial Officer)</b>	959 526	889 805
Salary	856 771	789 650
Bonus	71 398	65 804
Car allowance, acting allowance and other	31 357	34 351
<b>O Hlangu – Apr 2012 – Mar 2013 (Support Services Manager)</b>	836 973	777 255
Salary	616 527	568 227
Bonus	51 377	47 352
Pension, med-aid contributions	117 548	108 320
Car allowance, acting allowance and other	51 521	53 356
<b>Total senior managers</b>	<b>3 217 589</b>	<b>2 976 783</b>
<b>Members of Council and Sub-committees</b>	<b>240 857</b>	<b>84 402</b>
M Lesoma	-	1 082
S Mngoma – Audit Committee Member	9 735	-
R Ashe	25 534	10 000
C Jugnarayan – Audit Committee Member	19 470	-
TS January Maclean – Chairperson of Council	23 875	4 572
Sadha Naidoo	18 775	8 262
L Theron* – Deputy Chairperson of Council	22 566	4 551
M Rajab	12 906	10 046
MI Mlambo	6 926	6 426
T Shezi	13 629	7 318
NM Nala	18 636	6 426
J Thabethe	-	1 810
TSS Ngcobo	7 788	4 577
Suresh Naidoo	11 571	8 262
S Gounden	20 583	7 344
M Mvulane – Audit Committee Member	28 863	3 726
<b>Total emoluments</b>	<b>3 458 446</b>	<b>3 061 185</b>
* Permission obtained from Minister of Justice to receive fees and allowances.		

<b>22</b>	<p><b>Retirement benefits</b></p> <p>Permanent employees participate in pension and provident funds established for the Performing Arts Companies of South Africa or a Provident Fund established by South African Commercial Catering and Allied Workers Union. The Pension and Provident Funds are governed by the Pensions Fund Act. The Provident Funds are defined contribution plans and do not require periodic actuarial valuations.</p> <p>The contribution to the pension funds during the year was R0 (2012: R0), provident funds R2 438 679 (2012: R2 109 326) and is included in staff cost.</p>
<b>23</b>	<p><b>Related parties</b></p> <p><i>23.1. National Department of Arts and Culture</i> Grants received for the financial year amounted to R64 288 000, and for the year ended 2013/2014 will amount to R40 970 000.</p> <p><i>23.2 KZN Department of Arts and Culture</i> Grant received for the 2012/2013 financial year amounted to R6 721 000, received in bi-annual installments.</p> <p><i>23.3 eThekweni Municipality</i> A total transfer payment of R4 359 138 is recorded as income for the current year.</p> <p><i>23.4 Department of Public Works</i> The department is the legal owner of the land and buildings occupied by The Playhouse Company and The Playhouse Company leases the property at no charge.</p> <p><i>23.5 KwaZulu-Natal Philharmonic Orchestra – KZNPO</i> On 1 April 1998, The Playhouse Company reduced its operational size in line with the principles contained in the Department of Arts, Culture, Science &amp; Technology White Paper. The restructuring exercise was driven by two main objectives: to eliminate the budgeted deficit and to implement strategies to avoid future deficit scenarios. One of the ways of reducing the expenditure was by registering the KZNPO as a non-profit independent Section 21 Association Not for Gain Entity. As a result of this transformation, the two organisations agreed to enter into a mutual benefit relationship.</p> <p>A Memorandum of Agreement exists between The Playhouse Company and KZNPO. This agreement includes the following:</p> <ol style="list-style-type: none"> <li>a) Occupying a portion of The Playhouse Company's administration building.</li> <li>b) Access to finance and human resources services for which they are invoiced.</li> <li>c) As part of the restructuring process in 1999 assets (orchestral equipment, scripts and scores) with an original cost of R328 739 were transferred to the KZNPO at a nil value.</li> <li>d) The Playhouse Company receives a discounted rate for the artistic services offered by KZNPO to The Playhouse Company.</li> </ol> <p>The Playhouse Company engaged the services of KZNPO for various productions in a professional and mutually beneficial relations for the delivery of services according to the mandate of each institution.</p>

## Notes to the Annual Financial Statements (contd)

		2013	2012
		R	R
<b>23</b>	<b>Related parties (continued)</b>		
	Payments by The Playhouse Company to KZNPO	903 261	3 223 250
	Accrual by The Playhouse Company	371 953	0
	Payments by KZNPO to The Playhouse Company	262 019	298 030
	The KZNPO is the only professional orchestra in KwaZulu-Natal to render such services. It is cost-effective to utilise a locally established entity, thus eliminating unnecessary exorbitant transport and accommodation costs.		
	The Chief Executive Officer of the KZNPO is married to the Chief Executive Officer of The Playhouse Company.		
	<i>23.6 Transnet truck</i>		
	The Playhouse Company and the Transnet Foundation had entered into a joint venture in providing a fully equipped mobile stage. The Transnet Foundation had provided The Playhouse Company with the use of a Truck Trailer, Pantechinon Semi Trailer and sound equipment.		
	The Transnet Foundation transferred the risks and rewards of ownership of the mobile stage to The Playhouse Company.		
	<i>23.7 Council</i>		
	The Council has been appointed by the Minister of Arts and Culture to oversee and ensure corporate governance. Council has various sub-committees such as Finance, Audit, Human Resources and Remuneration Committees that guide and assist management, which is appointed by Council. Refer Note 21 – compensation.		
	The Playhouse Company staged various productions in celebration of Women's Month, under the umbrella of the South African Women's Arts Festival. One of the 37 artists that performed during the festival was Ms Naima Mclean, who is a highly rated professional poet and has performed on various national and international arts stages. She was paid R15 000 for her professional services. She is the daughter of Ms TS January-Mclean, who is the Chairperson of the Council.		
	<i>23.8 Artist fees</i>		
	The Playhouse Company entered into a partnership with the National Arts Festival and The South African State Theatre to stage and tour RACE, a drama production. The production was staged at the Grahamstown National Arts Festival in June/July 2012 and at The South African State Theatre in March/April 2013. The production straddled over two financial years.		
	One of the artists, an award winning actress who has worked on various national and international stages and television networks, was Ms Nondumiso Tembe. She was paid R67 464 for her artistic services. She is the daughter of the CEO, Ms Linda Bukhosini.		

		2013	2012
		R	R
<b>23.</b>	<b>Related parties (continued)</b>		
	<i>23.9 Management</i>		
	Mr O Hlangu is the Support Services Manager of The Playhouse Company. He is also the Chairman of the Technical Direction Corporation of Africa (Pty) Ltd. During the period April 2012 to March 2013 an amount of R1 083 (2012: R 1 798 900) was paid by The Playhouse Company to the Technical Direction Corporation of Africa (Pty) for the purchases of sound equipment.		
	<i>23.10 Key personnel</i>		
	Chief Executive and Artistic Director – Linda Bukhosini Chief Financial Officer – Amar Mohanparasadh Support Services Manager – Oscar Hlangu		
<b>24.</b>	<b>Subsequent events</b>		
	There were no significant events that occurred between balance sheet date and date of this report.		
<b>25.</b>	<b>Irregular, fruitless or wasteful expenditure</b>		
	No material losses through criminal conduct, or irregular, fruitless or wasteful expenditure were incurred during the year ended 31 March 2013.		
<b>26.</b>	<b>Non-cancellable committed tenders</b>		
	At the balance sheet date, The Playhouse Company had outstanding commitments in respect of non-cancellable tenders awarded during the year.		
	The tender awards are as follows:		
	Internal and external remedial work ablutions upgrade – Professional fees		477 660
			<u>477 660</u>
<b>27.</b>	<b>World Cup expenditure</b>		
	<b>Purchase of other World Cup apparel</b>	<b>2013</b>	<b>2012</b>
	T-shirts	100	17 000
	Total World Cup expenditure	<u>–</u>	<u>17 000</u>



## Notes to the Annual Financial Statements (contd)

		2013	2012
		R	R
<b>28.</b>	<b>Reconciliation between budget and statement of financial performance</b>		
	Net (deficit) surplus per the statement of financial performance	(1 335 028)	24 809 554
	Adjusted for:		
	Decrease in capital works grant from DAC	22 496 420	2 641 319
	Increase in grant received	(1 153 946)	–
	Increase in sponsorship for the staging of productions	(1 451 000)	(1 091 600)
	Increase in production income	–	(1 044 300)
	Increase in insurance claims	(45 775)	(261 000)
	Increase in liquor bar and sundry income	(184 012)	(225 000)
	Increase in finance income	(1 033 205)	(123 313)
	Decrease in production cost	(889 613)	(1 572 100)
	Decrease in compensation to employees as certain positions not filled	(673 000)	(1 217 400)
	Decrease in consumables, repairs & maintenance, electricity and security	(937 000)	(409 700)
	Decrease in training costs	(68 600)	(13 000)
	Decrease in audit fees	(291 000)	(632 760)
	Decrease in security costs	(631 000)	(502 800)
	Decrease in repairs and maintenance	(2 256 842)	(2 304 800)
	Decrease in other operating expenses	(2 266 128)	(2 085 128)
	Depreciation	10 435 482	8 088 936
	Capital expenditure budgeted but not processed to statement of financial performance	(54 185 272)	(48 382 787)
	<b>Net deficit per approved budget (including capex)</b>	<b>(34 469 519)</b>	<b>(24 325 879)</b>

**29.1. Reconciliation between budget and statement of financial performance – operating expenditure**
**Statement of financial performance – actual versus budget**

	2013 Actual	2013 Original Budget	2013 Revised Budget	2013 Variance	2013 Variance	Explanation of significant variance
	R 000	R 000	R 000	R 000	%	
<b>REVENUE</b>	61 544 056	67 742 288	80 118 544	(18 574 488)		
Grants	52 871 718	63 250 139	74 281 009	(21 409 291)	-29%	Capital grant received and treated as deferred income as tenders not yet awarded.
Production income	1 340 298	1 730 000	1 054 105	286 193	27%	The Company did not have a long run festive season production.
Donations and sponsorships	2 906 772	–	1 345 386	1 561 386	116%	Sponsorship income received in respect of BRICS in March 2013.
Rent received	682 127	660 000	660 000	22 127	3%	
Hire of performance venues, costumes and sets	2 273 868	1 495 000	2 170 895	102 973	5%	
Box office commission – external productions	401 292	–	–	401 292	100%	This is not budgeted for as there is no definite way to determine its value upfront. It is dependent on the ticket sales for all productions.
Bar and other sales	591 557	400 000	400 000	191 557	48%	There was exceptional support for this service during the year.
Sundry income	476 424	207 149	207 149	269 275	130%	Income from events and functions of R151 050 was not budgeted. Insurance claims amounted to R45 775.

## Annual Financial Statements

for the year ended 31 March 2013

## Notes to the Annual Financial Statements (contd)

29.1 Reconciliation between budget and statement of financial performance – operating expenditure (continued)						
Statement of financial performance – actual versus budget						
	2013 Actual	2013 Original Budget	2013 Revised Budget	2013 Variance	2013 Variance	Explanation of significant variance
	R 000	R 000	R 000	R 000	%	
<b>EXPENDITURE</b>	66 932 595	58 641 835	63 410 292	(3 522 303)		
Production costs	13 971 496	12 015 726	14 861 112	889 616	6%	The Community Arts Festivals and the schools productions commenced in March 2013 and rolled over to the new year. The corresponding expenses will thus be rolled over to the new year.
Employee related costs	24 697 423	26 840 021	25 370 457	673 034	3%	
Annual report	103 323	80 000	105 000	1 677	2%	
Auditors fees external	403 949	900 000	542 689	138 740	26%	Cost to be incurred in the next financial year. Follow up audit and audit of performance information to be performed in the new financial year.
Auditors fees internal	397 326	350 000	549 368	152 042	28%	Savings as a result of early overseas flight bookings.
Council related expenses	501 405	332 000	632 000	130 595	21%	Savings as a result of cost saving initiatives. Savings in domestic electrical of R 547 456. Energy saver lamps are lasting far longer with less replacement. Savings in other consumables are in line with cost saving initiatives.
Cleaning and sanitation	1 055 684	1 155 000	1 200 076	144 392	12%	
Consumables	881 911	1 550 000	1 819 243	937 332	52%	
Electricity	2 798 219	2 700 000	2 948 556	150 337	5%	Most of our shows/activities did not demand for additional security. Also security employed by eThekweni Council to patrol the street is adding value on safety around The Playhouse. The insurers passed an adjustment of R50 000 relating to overcharges in the previous financial year.
Security	2 571 785	3 000 000	3 202 857	631 072	20%	The original budget was incorrectly reduced during the adjustment period.
Insurance	214 977	300 000	300 000	85 023	28%	
Legal expenses	96 924	100 000	50 000	(46 924)	-94%	
Marketing	756 179	1 003 500	750 000	(6 179)	-1%	
Repairs & maintenance	3 331 440	3 515 000	5 588 282	2 256 842	40%	The anticipated repair and maintenance on buildings was accommodated in the DAC capital works allocation.
Telephone	571 428	438 300	450 300	(121 128)	-27%	Unforeseen costs with regard to international roaming charges.
Training	307 425	350 000	376 046	68 621	18%	
Travel – local and overseas	555 743	540 000	615 000	59 257	10%	Savings in local travel and accommodation arising from cost saving initiatives.
Water	356 177	315 000	359 441	3 264	1%	
Depreciation	10 435 482	–	–	(10 435 482)	100%	Non cash flow item not budgeted for annually. R500 000 contingency reserve budgeted and not utilised. Savings in various expenses items due to cost saving initiatives.
General expenses	2 924 299	3 157 288	3 689 865	765 566	21%	
<b>Deficit from operations</b>	<b>(5 388 539)</b>	<b>9 100 453</b>	<b>16 708 252</b>	<b>(22 096 791)</b>		
Interest received	4 053 511	3 007 500	3 007 500	1 046 011	35%	Funds optimally invested with banks providing best rates of returns.
<b>Deficit for the year</b>	<b>(1 335 028)</b>	<b>12 107 953</b>	<b>19 715 752</b>	<b>(21 050 780)</b>		

## 29.2. Reconciliation between budget and statement of financial performance – capital expenditure

### Fixed asset additions – actual versus budget

	2013 Actual	2013 Original Budget	2013 Revised Budget	2013 Variance	2013 Variance	Explanation of significant variance
	R 000	R 000	R 000	R 000	%	
Office equipment	222 766	135 000	135 000	(87 766)	-65%	Purchase of a multifunction printer that was required urgently.
Computer equipment	505 492	245 000	541 500	36 008	7%	Savings in order to purchase multifunction printer.
Stage equipment	2 211 580	7 990 000	20 390 672	18 179 092	89%	Tender processes were in progress at year end. Work will commence in the new financial year.
Buildings	15 327 891	7 000 000	33 118 100	17 790 209	54%	Tender processes were in progress at year end. Work will commence in the new financial year.
<b>Total</b>	<b>18 267 729</b>	<b>15 370 000</b>	<b>54 185 272</b>	<b>35 917 543</b>	<b>66%</b>	



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