





West Side Story

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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

AGSA	Auditor-General of South Africa
MEC	Member of Executive Council
BBBEE	Broad-Based Black Economic Empowerment
CAMP	Community Arts Mentorship Programme
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DAC	Department of Arts and Culture
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium-Term Expenditure Framework
SAWAF	South African Women's Arts Festival
SMME	Small, Medium and Micro Enterprises
SCM	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 value for diverse audiences.

3.3. Values

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

3.4. Strategic Outcome Orientated Goals

To advance, promote and preserve the performing arts.

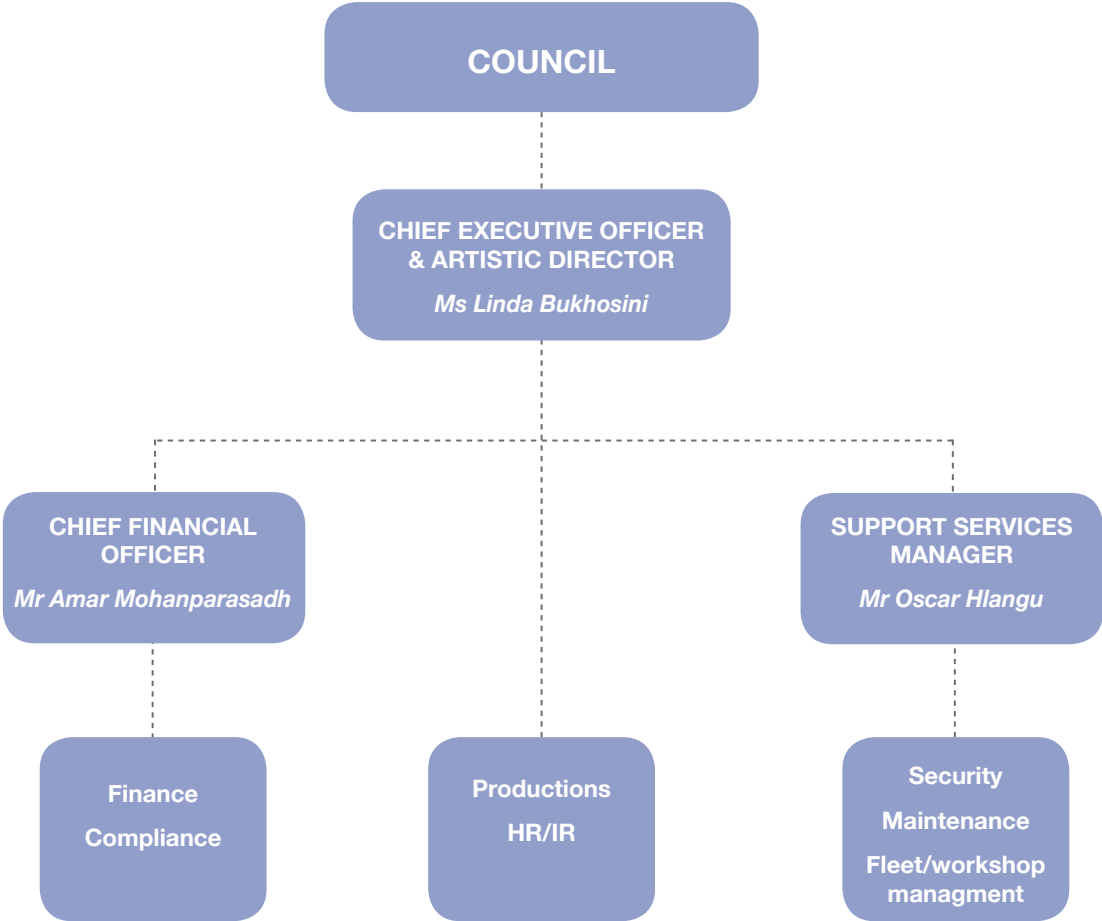
4. LEGISLATIVE AND OTHER MANDATES

In terms of section 8(5) of the Cultural Institutions Act No. 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 No. 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

It is my pleasure to report that 2013/2014 was another successful year for The Playhouse Company, during which it succeeded in delivering on all critical areas of its mandate to promote and preserve the performing arts.

Our main role on Council is to support and oversee the progress and performance of Senior Management, and I am proud to report that the strong working relationship we have achieved has been key to our success.

We remain steadfastly committed to maintaining high standards of ethics and governance in the organisation; artistic integrity and excellence in our productions; ongoing strategies to develop our own people; widening the reach of the performing arts to diverse audiences; evolving to meet ever-changing needs in the performing arts; and making a positive impact in the communities in which we operate.

The Playhouse Company would not be in the position it is today were it not for the generous and ongoing support from the Department of Arts and Culture, nationally and locally. This support, both financial and otherwise, was instrumental in The Playhouse Company's success in showcasing a wide range of productions, workshops and training programmes that cover all genres of theatre and cater for a wide spectrum of audiences.

Challenges, however, remain – and they relate mainly to our efforts to maintain a steady level of funding throughout the season. Without this, it would be difficult for The Playhouse Company to fulfil its mandate of creating performance opportunities for South African artists, developing strategic international relationships and presenting works of a diverse nature and of the highest standard.

For our part, Council will continue to be bold and innovative in our fund-raising efforts and we look forward to assistance from both the public and private sectors.

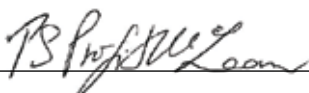
In the year under review, a close and mutually-supportive working relationship existed between the Council, the CEO and Senior Management, which allowed for a professional approach to our fiduciary responsibilities. Regular meetings of the Council and its various sub-committees ensured sound financial management and the maintaining of high standards of ethics and good governance. To this end, I would like to express my sincere gratitude to the heads of the various committees and to all members of my Council for their invaluable input, their leadership and their commitment to the mission and objectives of The Playhouse Company.

It would be remiss of me not to make special mention of the role played by senior management of the Company, notably our CEO, Linda Bukhosini. In the face of challenging financial conditions and fierce competition in the arts world, the team has surpassed all expectations in delivering on all the key components of its mandate.

A special word of thanks must also go to the staff for their contribution in making The Playhouse Company a winning enterprise. We also owe a debt of gratitude to our stakeholders, particularly the arts community, the media, our patrons and the Department of Arts and Culture.

Looking ahead, The Playhouse Company will need to be creative and explore new strategies and opportunities to remain successful and relevant in a fast-changing environment. While broadening our reach at a local level, we will also strive to strengthen our relationships and foster collaboration with sister organisations in the performing arts and develop key relationships on the international front.

To this end, future funding will be pivotal to our efforts to take the arts to the people.



Ms Thandiwe January-McLean

Council Chairperson





7. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Writing a message becomes all the more pleasurable an exercise when you have a good story to tell.

Despite the myriad challenges facing the arts, the year under review has been positive and encouraging for The Playhouse Company on many fronts, and the news of achieving a clean audit report for the fourth successive year is just the cherry on the top. It speaks volumes for the brand of commitment and exemplary leadership provided by our Council, as well as the innovative spirit and untiring efforts of our management and staff.

Integrity and professionalism are central in building a company that is credible and proactive in advancing, promoting and preserving the performing arts in line with the relevant National Development Plan (NDP) imperatives. This role, however, cannot exist in a vacuum. It needs to take into account our history and the glaring imbalances we have inherited. The Playhouse Company is an active roleplayer in our nascent democracy. So while staging productions for the public may be our primary focus, the performing arts should also be a vehicle to foster greater understanding among communities in our diverse society and encourage critical discourse on issues that affect our daily lives.

To this end, The Playhouse Company is proud of its ability to stage grand, blockbuster productions on the scale of *West Side Story* and Handel's *Messiah*, but is equally gratified about its everyday involvement in promoting traditional art forms, providing professional mentorship to community artists, and staging works that serve the needs and interests of learners in KwaZulu-Natal schools and of the broader community.

My hope is that The Playhouse Company will continue to play an enabling role in entertaining, educating and enriching people's lives in our country. We can only achieve this with the continued help, support and cooperation of our government, Council, dedicated staff, funders, performing arts community, both here in South Africa and internationally, and the many stakeholders – including the media and our loyal patrons – who share our goals and aspirations.

Take a bow, one and all, for having contributed to yet another successful year for The Playhouse Company. And long may it continue.

Summary of our production statistics:

	PRODUCTIONS	PERFORMANCES	AUDIENCE
IN-HOUSE	52	171	48 211
MOBILE STAGE	6	118	65 908
IN-ASSOCIATION	12	110	39 437
OUTSIDE HIRES	47	116	43 538
TOTAL	117	515	197 094

Ms Linda Bukhosini

Chief Executive Officer & Artistic Director

In-house Productions

(Fully funded and produced by The Playhouse Company.)

Community Arts Mentorship Programme (CAMP)

This programme bridges the skills gap between professional and amateur arts practitioners. This two-month intensive arts training programme offers daily classes in dance, choreography, composition, staging techniques, script writing and directing taught by established professionals in the industry. CAMP culminates in staged productions that showcase works emanating from this training period.

Talking Spirits

Focusing on the gruesome issues that face young women in various communities, this production provides commentary on correctional rape and abortion and its devastating impact on society.

Umlabalaba

The play portrays two friends who are not able to find employment after completing matric. One day, while playing *umlabalaba*, they decide to join a local drama group in an attempt to turn their lives around, despite the odds being stacked against them.

Zion

When a man is disabled during his own psychological development, he is not able to give his daughter the care and guidance she needs. Zion, who inherits these debilitating wounds from her father, somehow discovers her ability to express herself professionally, intellectually and socially, and at the age of 25, embarks on a journey to break the bitter cycle so she can rejoice in her womanhood.

West Side Story



New Stages

Brothers in Blood

This production explores the universal theme of prejudice against the backdrop of religious tension between Jewish, Muslim and Christian characters. The play is set in Cape Town in the late 1990s when the activities of People Against Gangsterism and Drugs (PAGAD) caused serious tension in the local community. *Brothers in Blood* focuses on the lives and experiences of a school principal and his daughter, a doctor who works on the Cape Flats, a refugee from Somalia and a lay preacher.

Worlds Apart

Choreographed by multi-award winner Adele Blank and featuring the talents of the KZN Dance Production (Playhouse Dance Residency), this exquisite dance piece reminisces about life's circular journey. It revolves around the role of traditional women today who seek to enter the urbanised world but find this often clashes with who they really are – making them feel 'worlds apart'. With voice-over by Dr Gcina Mhlophe, *Worlds Apart* focuses on women making new discoveries about life, yet never forgetting where they came from.

Culture Clash

A potent drama production about love between a Zulu boy and an Indian girl in Durban, both from culturally conservative families. It is written and directed by Edmund Mhlongo, with Ashwin Singh collaborating as the Script Editor. The storyline puts the spotlight on two families who wish to know nothing about the impending marriage of the two lovers – resulting in a clash of cultures.

Brothers in Blood





Iscathamiya

Iscathamiya

The Playhouse Company's national Iscathamiya Festival forms part of Heritage Month and the Celebrate Durban festivities. This indigenous music genre features more than 2 000 artists from all over South Africa. Stylised dance moves and high fashion, stylised oswenka displays are an integral part of the festivities.

Ingoma

This Zulu traditional dance competition includes various styles such as Isgekle, Ushameni, Ingoma yezintombi and Ingomasikhuze. This annual event brings together close to 6 000 music and dance enthusiasts from all corners of our province.

South African Women's Arts Festival (SAWAF)

SAWAF, held during Women's Month every year, has a long history of supporting women's arts and creating valuable dialogue, whilst showcasing cutting edge productions. South Africa has a wealth of performing talent and the year under review lined up some of the country's top female performers in the spheres of dance, song, drama, comedy, poetry and debate, to entertain, move and enlighten audiences, as well as to create lasting memories.

Mother to Mother

Mother to Mother is written by Sindiwe Magona and directed by Janice Honeyman, and relates the story of a beautifully imagined conversation between the mother of a killer, vividly brought to life by Thembi Mtshali-Jones, and the mother of the victim of the tragedy, Amy Biehl.

She Died Dreaming

Written by Jullian Seleke Mokoto, this production tells the story of the funny but tragic and poignant journey of a woman and her friends in search of the perfect life and love.

Open Mic Poetry Session

Featuring prominent spoken word artists such as Sindiwe Magona, Lebo Mashile, Naima McLean, Malika Ndlovu, Sbo Da Poet, Bongani Mavuso and Dr Gcina Mhlophe, members of the poetry community were also given an opportunity to recite their own poetry.

Open Day (Inter-governmental department)

The Departments of Health and Agriculture offer a mobile clinic with free counselling and testing services for various ailments to patrons. On display were organic vegetables promoting a healthy lifestyle among theatre-goers.

Arts and Crafts

An exhibition of selected works from Amazwi Abesifazane – Voices of Women Museum and Art for Humanity, showcased the talent and resilience of rural women.

Intergenerational Dialogue

"Having it all – work and family life in the 21st century", this year's stimulating discussion, provided food for thought on current issues affecting our society. Presented in association with the Democracy Development Programme, leading roleplayers in both the business and political sectors participated. The human rights movement has made great strides in increasing women's access to the workplace and recognising women as valuable contributors to society.

Hope/Imvula (Dance Double Bill)

This dance double bill incorporates two separate dance pieces coming from two creative dance groups, choreographed by well-known South African dance choreographers, Christopher Kindo and Lliane Loots. One piece was performed by The Playhouse Dance Residency and the other by Flatfoot Dance Company.



Botoo

Commissioned by The Playhouse Company, this production was written and directed by Ronnie Govender. *Botoo* featured, among others, Kumseela Naidoo and Rajesh Gopie. The play focuses on the story of the legendary freedom fighter and humanitarian, Dr Kesavaloo Gonum. The play is based on a chapter from the book *Women South Africans of Indian Origin*, written by Dr Devi Rajab.

Children's Fun Day

The Playhouse hosted a fun-filled day to entertain children between the ages of four to 12 years. A jam-packed movement workshop was held to help kids find their boogie. An abundance of creative theatre workshops, an exciting teambuilding project, and a drumming workshop, which had them creating some cool rhythms, were organised for the young folk.

Botoo



Festive Season

West Side Story

West Side Story, the highly acclaimed musical by the legendary composer Leonard Bernstein and choreographer Jerome Robbins, received a refreshing staging by the prolific director Ralph Lawson and choreographer Christopher Kindo. Known for its beautiful but challenging melodies, rhythms and acrobatic choreography, this energetic and youthful piece places high demands on all the stage performers, the orchestral musicians and technical team, who in turn rose to the task and did not disappoint the expectations of our loyal audience.

Khwela Bafana

Celebrating the resilience of the human spirit during a period of adversity and hardship during the 1950s in South Africa, and set in sis Peggy's shebeen in Sophiatown, this production pays tribute to the music of the 50s and composers such as Todd Matshikiza, Victor Ndlazilwane, The Manhattan Brothers and others.

Khwela Bafana





Test Driving the Arts

These monthly, free lunch hour concerts run throughout the year and afford a platform to artists at a professional level. The programme features, among other styles, pantsula, hip-hop, indlamu and gospel music.

Sundowners

The general public come to chill out at the Playhouse after work on the first Friday of every month, enjoying the relaxed ambience of live jazz bands with an entertaining mix of poetry and comedy.

Arts Network Forum

This forum was designed for artists to network and discuss various issues in the industry.





Touring Schools Productions

Uniting The Youth Through Dance

The Playhouse Dance Residency (PDR) is a proudly South African Dance Company made up of culturally diverse dancers. PDR specifically choreographed a programme for primary school learners.

School Season: Si Right!

Si Right! is a production with song and dance aimed at senior primary learners, with a strong focus on instilling positive behaviour in kids and inspiring them to make the right choices in life.

Sugar Daddies

Sugar Daddies looks head on at the very prevalent issue of older, often married, men with financial means having very young girlfriends. These girls are often seeking a way to achieve a better lifestyle without considering the consequences and implications of their actions. The behaviour of these older men, Sugar Daddies, often brings ruin to the lives of their own families and that of the young women they engage with.



IN-HOUSE PRODUCTIONS

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

PRODUCTION	PERFORMANCES	AUDIENCE
Community Arts Mentorship Programme (CAMP): Zion, Umlababala, Talking Spirits, Sugar Daddies – four productions	12	1 476
New Stages: Brothers in Blood, Worlds Apart, Culture Clash – three productions	16	2 656
South African Women's Arts Festival (SAWAF): Arts and Crafts, She Died Dreaming, Mother to Mother, Open Day, Open Mic, Intergenerational Dialogue, Hope/Imvula, Botoo, Children's Day – nine productions	59	6 179
Iscathamiya Competition	1	660
Ingoma	1	4 360
West Side Story	33	24 510
Khwela Bafana	9	1 096
Arts Network Forums	3	154
Test Driving the Arts	14	1 577
Sundowner Concerts	14	2 125
Uniting The Youth Through Dance	25	3 418
PRODUCTIONS: 46	187	48 211

MOBILE STAGE

PRODUCTION	DISTRICT	PERFORMANCES	AUDIENCE
Schools Season: Sugar Daddies, Si Right! – two productions	Sisonke, eThekwini, Ugu, Zululand, Umzinyathi	112	49 557
Abstinence Walk	eThekwini	3	3 151
Mbizana Festival	Alfred Nzo	1	1 200
Mbombeni Festival	uThungulu	1	5 000
Sishayingoma Competition	iLembe	1	7 000
PRODUCTIONS: 6		118	65 908



In Blood

IN ASSOCIATION

(Productions presented with other producers)

A wide range of productions, concerts and comedy festivals were staged by independent producers in partnership with The Playhouse Company.

PRODUCTION	PERFORMANCES	AUDIENCE
12	130	42 727

OUTSIDE HIRERS

(Independent productions and events)

A wide ranging variety of productions, concerts, festivals and choir competitions and arts events were staged by independent producers.

PRODUCTION	PERFORMANCES	AUDIENCE
47	116	43 538



West Side Story

8. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

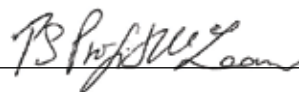
In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2014.

Yours faithfully



Ms Linda Bukhosini

Chief Executive Officer & Artistic Director



Ms Thandiwe January-McLean

Council Chairperson



The Zulu



Si Right!
AYS Memorial Primary School,
Chatsworth

PART B

PERFORMANCE INFORMATION

1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

Statement of Responsibility for Performance Information for the year ended 31 March 2014

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.

Description	Number (%)	Reason for Not Achieved / Partially Achieved	Interventions
No. of annual performance targets	35		
Annual performance targets achieved	30 (86%)		
Annual performance targets partially achieved	3 (8%)	Management agreed to have 1 employment equity meeting instead of 2	The 2015 APP has been revised
		Management and the union agreed to have 3 meetings instead of 4	The 2015 APP has been revised
		The changed economic circumstances resulted in costumes, sets and props achieving 72% of its targeted revenue vs a budget of 90%	The 2015 budgets have been adjusted
Annual performance targets not achieved	2 (6%)	No wage negotiation meetings were held with the Unions by 31 March 2014. Their demands were received on 15 April 2014	The 2015 APP has been revised
		The recording studio did not achieve its revenue target for the year. The recording industry in KZN has become saturated. Management is testing the viability of a public/private partnership	The 2015 APP has been revised

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indicators and targets as per annual performance plan of The Playhouse Company for the financial year ended 31 March 2014.

The Playhouse Company performance information for the year ended 31 March 2014 have been examined by the external auditors and their report is presented on page 49.

The performance information of The Playhouse Company set out on pages 24 to 33 were approved by the Board.



Ms Linda Bukhosini

Chief Executive Officer & Artistic Director

2. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa 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 49 for the Auditor's Report, published as Part E: Financial Information.

3. PERFORMANCE INFORMATION BY PROGRAMME

3.1. Programme 1: Arts, Marketing and Technical Services

A. Programme purpose Produce and present productions, concerts and arts events of various genres.

B. Description:

B.1. Structure Arts department responsible for artistic and administration processes.
Marketing department responsible for communications and sales.
Technical department responsible for technical staging

B.2. Departments responsible The arts, marketing and technical departments.

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	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	Measurable and evidence based performance indicators 2017-2018
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 2013 finalised by 28 February 2013	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	Actual achievement 2012-2013	Planned target 2013-2014	Actual achievement 2013-2014	Deviation from planned target to actual achievement for 2013-2014
To produce and present professional and developmental productions	Arts plan for year ended 31 March 2013 finalised by 28 February 2013	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 2013-2014	Actual achievement 2012-2013	Planned target 2013-2014	Actual achievement 2013-2014	Deviation: planned/ actual 2013-2014
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	a) Indigenous performing arts (Isicathamiya – 1 production)	2	2	2	0
		b) New Stages (3 productions)	3	3	3	0
		c) SA Women's Arts Festival (4 productions)	6	4	9	5
		d) Schools Programmes (English or isiZulu set-works – 2 productions)	2	2	4	2
		e) Test Driving the Arts (11 concerts)	11	11	14	3
		f) Festive season (includes large, mid & small scale productions – 3 productions)	5	3	3	0
		g) In-Association Productions (10 productions)	11	10	12	2
		h) Community Arts Festival (3 productions)	5	3	4	1
		i) Outside Hirers (20 productions)	40	20	47	27
j) Mobile Stage (40 performances)	93	40	61	21		
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	77%	70%	88%	18%
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	R4 266 914	R900 000	R10 323 420	R9 423 420
	Develop marketing campaigns for in house productions in order to develop production sponsorship partnerships	Marketing plan in place by the 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 improvement 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

	2013/2014			2012/2013		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
1. Arts, Marketing and Technical Services	27 697	27 508	189	27 592	26 153	1 439
Total	27 697	27 508	189	27 592	26 153	1 439

3.2. Programme 2: Corporate Governance and Finance

A. Programme purpose Provide governance and financial support to the entity.

B. Description:

B.1 Structure The finance department manages the financial affairs, corporate governance and statutory compliance.

B.2 Departments responsible Finance department

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	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	Measurable and evidence based performance indicators 2017-2018
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 2013	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 2013 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 2013 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 2013 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	Actual achievement 2012-2013	Planned target 2013-2014	Actual achievement 2013-2014	Deviation from planned target to actual achievement for 2013-2014
To provide effective and efficient financial administration and corporate governance	Achieved. Unqualified clean audit report received for the year ended 31 March 2012	Unqualified Audit Report at 31 March	Achieved. Unqualified clean audit report received for the year ended 31 March 2013	None
	Achieved. There were no audit findings reported	Action audit findings within three months after the report	Achieved. There were no audit findings reported	None
	Achieved. The quarterly compliance checklists were completed timeously	PFMA/National Treasury compliance checklist completed quarterly	Achieved. The quarterly compliance checklists were completed timeously	None
	Achieved. The quarterly strategic plan reports were produced timeously	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 2013-2014	Actual achievement 2012-2013	Planned target 2013-2014	Actual achievement 2013-2014	Deviation: planned/ actual 2013-2014	
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 detailing the changes to all policies within the organisation by 1 April 2014	1	1	1	0	
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	4	4	4	0	
	Ensuring good governance and controls are in place	Maximum of 10% critical findings to be raised per internal audit report.	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	1	2	2	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	As and when received from the Treasury	As and when received from the 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 31 August, 30 November and finally by 15 January 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 20 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 excluding legal matters by 31 March	100%	90%	100%	10%	

Linking performance with budgets

	2013/2014			2012/2013		
	Under	Actual	(Over)/Under	Under	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Governance and Finance	10 791	9 376	1 416	10 481	9 537	944
Total	10 791	9 376	1 416	10 481	9 537	944

3.3. Programme 3: Human Resources

A. Programme purpose Provide human resources support to the entity.

B. Description:

B.1 Structure The human resources department manages the human resources affairs and statutory human resources compliance.

B.2 Departments responsible Human resources department

Strategic objectives/ outcomes	Actions to support strategic objectives	Baseline information	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	Measurable and evidence based performance indicators 2017-2018
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 2013	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	81% of training plan implemented by 31 March 2013	100% of the training plan is implemented by 31 March annually	100% of the training plan is implemented by 31 March annually	100% of the training plan is implemented by 31 March annually	100% 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 2013	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	Actual achievement 2012-2013	Planned target 2013-2014	Actual achievement 2013-2014	Deviation from planned target to actual achievement for 2013-2014
3. To effectively support and service the human resources requirements of the organisation	Vacancies filled within the stipulated timelines for March 2013	Vacancies filled with suitably qualified personnel within three months of the vacancy	Achieved. All vacancies were filled with suitably qualified personnel timeously. Where there were delays, valid reasons exists	None
	97% of training plan implemented by 31 March 2013	85% of the training plan is implemented by 31 March annually	Achieved. 97% of the training plan was completed by the end of March 2014	None
	Interim and final performance assessment performed timeously for March 2013	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments.	Achieved. The first half yearly reviews were completed in October 2013, whilst the second reviews were completed in April 2014	None

Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2013-2014	Actual achievement 2012-2013	Planned Target 2013-2014	Actual achievement 2013-2014	Deviation: planned/ actual 2013-2014
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 i.e. the recruitment system, the training and development plan and the performance management plan	1	1	1	0
3.2 Effectively manage, monitor and evaluate staff turnover	Review annual labour turnover	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	1. 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 versus plan on a quarterly basis	4	4	4	0
	2. Conduct Employment Equity committee meetings	Signed attendance register available for all meetings	2	2	1	1
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
		85% of training plan and budget accomplished by 31 March of each year	81%	85%	97%	12%
	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 quarterly meetings with Trade Unions	4	4	3	1
		Convene and negotiate wage agreement by March of every year with the Collective Bargaining Forum	1	1	0	1

Linking performance with budgets

	2013/2014			2012/2013		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Human Resources	2 347	2 175	172	2 000	2 182	(182)
Total	2 347	2 175	172	2 000	2 182	(182)

3.4. Programme 4: Support Services

A. Programme purpose Provide infrastructural, capital and security support.

B. Description:

B.1 Structure The support services department is supported by maintenance, Mayville workshop and security department.

B.2 Departments responsible Support services, workshop and security department

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	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	Measurable and evidence based performance indicators 2017-2018
To provide functional, efficient and safe asset management	Compile a comprehensive infra-structural support and safety plan	Support and safety plans were approved by 1 February. Progress was reported on at the monthly 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	Actual achievement 2012-2013	Planned target 2013-2014	Actual achievement 2013-2014	Deviation from planned target to actual achievement for 2013-2014
To provide functional, efficient and safe asset management	Support and safety plans were approved by 1 February. Progress was reported on at the monthly 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 2013-2014	Actual achievement 2012-2013	Planned Target 2013-2014	Actual achievement 2013-2014	Deviation: planned/ actual 2013-2014
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 source 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

	2013/2014			2012/2013		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Support Services	23 519	19 571	3 949	23 337	18 626	4 712
Total	23 519	19 571	3 949	23 337	18 626	4 712

3.5. Programme 5: Revenue

A. Programme purpose Generate secondary revenue.

B. Description:

B.1 Structure 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.2 Departments responsible Finance, arts and support services departments

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	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	Measurable and evidence based performance indicators 2017-2018
To optimise the institution's revenue streams	Collate and align infrastructural funding resources and institutional needs from various streams into the annual budget	Finalised budget incorporating funding streams were included in the budget which was approved by Council in January	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	Actual achievement 2012-2013	Planned target 2013-2014	Actual achievement 2013-2014	Deviation from planned target to actual achievement for 2013-2014
To optimise the institution's revenue streams	Finalised budget incorporating funding streams were included in the budget which was approved by Council in January	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 2013-2014	Actual achievement 2012-2013	Planned target 2013-2014	Actual achievement 2013-2014	Deviation: planned/ actual 2013-2014
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 investments with major banks at rates greater than prime less 5%	Yes	Yes	Yes	0
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	125%	90%	245%	155%
	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	210%	90%	228%	138%
	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	90%	90%	94%	4%
5.4 Revenue generated from recording studio	Develop a recording Studio plan to maximise target budgets by 1 February annually	Recording studio to achieve 90% of budgeted revenue annually	39%	90%	0%	(90%)
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	Costumes, sets and props hire to achieve 90% of budgeted revenue annually	87%	90%	72%	(18%)

Linking performance with budgets

	2013/2014			2012/2013		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue consolidation	7 570	13 158	(5 588)	7 500	11 526	(4 026)
Total	7 570	13 158	(5 588)	7 500	11 526	(4 026)

4. SUMMARY OF FINANCIAL INFORMATION

4.1. Revenue collection

	2013/2014			2012/2013		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Grants – Operational	51 095	51 430	(334)	48 481	49 567	(1 086)
Grants – Capital	2 000	13 402	(11 402)	25 800	3 304	22 496
Finance income	3 208	4 964	(1 756)	3 008	4 054	(1 046)
Production income	2 380	5 133	(2 753)	2 380	4 088	(1 078)
Rentals	660	393	267	660	682	(22)
Sundry income	1 322	1 308	14	1 452	1 277	175
Sponsorship income	0	1 360	(1 360)	1 345	2 625	(1 280)
Total	60 665	77 990	(17 324)	83 126	65 598	17 528

4.2. Programme expenditure

Programme name	2013/2014			2012/2013		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Arts and technical services	27 697	27 508	189	27 592	26 153	1 439
Corporate governance and finance	10 791	9 376	1 416	10 481	9 537	944
Human resources	2 347	2 175	172	2 000	2 182	(182)
Support services	23 519	19 571	3 949	23 337	18 626	4 712
Total	64 354	58 629	5 725	63 410	56 497	6 913

Infrastructure projects	2013/2014			2012/2013		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Office equipment	375	369	6	135	223	(88)
Computer equipment	437	189	248	542	505	37
Buildings	19 328	10 553	8 775	33 118	15 328	17 790
Stage & other equipment	19 632	345	19 287	20 391	2 212	18 179
Total	39 772	11 456	28 316	54 186	18 268	35 918



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 service 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		4	R19 797
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	5	R13 980
Mr Ntando Mluleki Nala	1-08-2011	Teachers Diploma and Bachelor of Education	Arts and Culture curriculum specialist	Human Resources Remuneration Committee	7	R14 174
Mr Sathie Gounden	1-08-2011	CA (SA)	Finance, risk management, corporate governance and audit	Audit and Governance Committee	9	R14 392
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	10	R20 233
Mr Suresh Naidoo <i>Chairperson of FINCO</i>	1-08-2011	CA (SA)	Finance, internal and external auditing, advisory and consulting	Finance Committee	10	R22 419
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	6	R12 118
Ms Thokozile Shezi	1-08-2011	Masters in Science from Florida State University	Agriculture, environmental affairs and rural development	Human Resources Remuneration Committee	7	R14 174
Mr Rodger Pryor Ashe	1-08-2011	Matric	Businessman	Finance Committee & Human Resources Remuneration Committee	11	R24 819
Mr Mahmoud Rajab	1-08-2011	Finance Commerce and Law	Businessman and an advocate	Finance Committee	9	R18 286

Committees

Committee	No. of Meetings Held	No. of Members	Name of Members
Finance Committee	4	4	Mr Suresh Naidoo, Mr Samuel Sibongakonke Ngcobo, Mr Rodger Pryor Ashe, Mr Mahmoud Rajab
Audit and Governance Committee	5	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	2	5	Judge Leona Valerie Theron, Mr Nthando Mluleki Nala, Ms Thokozile Shezi, Mr Rodger Pryor Ashe, Mr Sadhasivan Naidoo

3. RISK MANAGEMENT

The Playhouse Company has in place a risk management policy that guides the process of risk identification and management. The policy is reviewed annually. The management of risk is the process by which the Accounting Officer, Chief Financial Officer and other senior management of The Playhouse Company pro-actively, purposefully and regularly 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.

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.

The risk register is reviewed annually after an intense risk identification session with management and all governance structures. The risk register is used to pave the way for the three-year internal audit rolling plan which is reviewed and approved by the Audit and Governance Committee and Council.

The progress on control improvements for risks identified is monitored at the monthly management meetings.

4. INTERNAL CONTROL UNIT

The internal control is a responsibility of each individual manager. We have policies and procedures which are used to prescribe internal controls, the policies are reviewed annually to ensure they are up to date in terms of laws and regulations. Management uses the findings of the auditors on internal controls to improve the internal controls.

5. INTERNAL AUDIT FUNCTION

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. Revenue Management review
2. Debt Management review
3. Audit of Predetermined Objectives
4. Compliance Management review
5. Follow up reviews on Production and Artistic Programme, Asset Management, Supply Chain Management and Human Resources

6. AUDIT AND GOVERNANCE COMMITTEE

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:

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.

7. 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 Playhouse Company management reports on compliance with laws and regulations on a quarterly basis. The PFMA checklist is compiled and any noncompliance is reported to Council and its subcommittees.

8. FRAUD AND CORRUPTION

The Playhouse Company has in place a fraud prevention plan. The plan is reviewed annually.

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.

9. 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.

10. 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.

11. 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.

12. 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 49 000 school children had the opportunity to see a live performance of the school set work on stage. These children would otherwise not have had the opportunity to see a staged performance.

13. AUDIT COMMITTEE REPORT

The Audit and Governance Committee (the Committee), presents its report for the financial year end 31 March 2014.

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 PMK Mvulane (Chairperson – Independent)	CA (SA), RA	External	1 August 2011	4
Mr SD Mngoma (Independent)	CA (SA)	External	1 August 2011	4
Ms C Jugnarayan (Independent)	CA (SA), RA	External	1 August 2011	5
Mr S Gounden	CA (SA)	Internal	1 August 2011	4
Mr S Naidoo	B Admin & B Admin Honours	Internal	1 August 2011	4

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 No. 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 risk 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 over strengthening risk management processes and performance information when we reviewed the 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.

In-Year Management and Monthly/Quarterly Report

The Playhouse Company has submitted the monthly reports to FINCO and the Audit and Governance Committees timeously and has submitted the quarterly reports to the Department of Arts and Culture as is required by the PFMA.

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 2014 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.

Auditor's Report

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 eight 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 RESOURCES MANAGEMENT

1. INTRODUCTION

In support of the department's strategy, the following priorities were identified for the period under review.

- To improve the implementation of the training plan;
- To increase the number of ABET learners;
- To prioritise the implementation of the performance management system;
- Implement the first phase of the Management Development Programme;
- Strengthen relationships with CATTHSETA;
- To create greater awareness of wellness initiatives offered by ICAS; and
- Formalise a relationship with an external training provider to facilitate the establishment of a graduate development and apprenticeship programme.

In the year under review the organisation had an approved budget for 95 positions, of which 86 were filled by full-time employees. The vacancy rate did not impact negatively on organisational performance. A review of all existing vacancies commenced at the end of the fourth quarter and a plan to fill vacancies is in place, to be completed in the first and second quarter of the new financial year. However, the vacancies have had an impact on the organisation's ability to meet some of its employment equity targets.

Targeted training opportunities were provided for employees through the training budget. The training budget was slightly exceeded as 52 employees received training. The first phase of the Management Development Programme was completed with five (5) Managers successfully completing the programme. The number of ABET learners during the year increased from five (5) to fifteen (15). The organisation successfully applied for a discretionary grant in respect of the ABET training. Durban University of Technology was engaged to establish a diploma course that will allow students to attain a Higher Certificate in Technical Production. The organisation will act as host employer for the course. This will, in future, ensure the organisation of a 'pipeline' of suitably trained employees.

There are performance agreements in place for all approved positions on the organogram. Bi-annual reviews were conducted. Salary increases are not determined on the basis of the results of the performance reviews and the organisation does not pay performance bonuses.

The Employee Wellness Programme is provided by ICAS, an outsourced service provider. Utilisation statistics of both pro-active and responsive interventions show that employees continued to make use of the service. An employee Wellness Day was held during the year, focused on health screening, fitness and financial management.

Four policies were reviewed during the year, these being the policies pertaining to Recruitment and Selection, Training and Development, Leave and the Ethics Policy

There are no immediate challenges facing the department. The staffing is sufficient, qualified and competent to achieve departmental objectives. To support the human resources strategy, the following goals have been identified:

- To implement 90% of the training plan;
- To review the organisational structure and fill all vacancies by the end of the second quarter;
- To maximise the revenue received from the discretionary grant application;
- To finalise the implementation of the Management Development programme;
- To commence with a programme for Managers on coaching and mentoring; and
- To maintain a risk-free human resources environment.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by Programme

Programme	Total Expenditure for the Entity (R'000)	Personnel Expenditure (R'000)	Personnel Exp. as a % of Total Exp.	No. of Employees	Average Personnel Cost per Employee (R'000)
	71 718	25 750	36%	86	299

Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of Personnel Exp. to Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee (R'000)
Top Management	1 541	6%	1	1 541
Senior Management	1 032	4%	1	1 032
Professional Qualified	5 100	21%	8	637
Skilled	9 063	37%	34	267
Semi-skilled	7 876	32%	42	188
Unskilled	0		0	
TOTAL	24 612	100%	86	286

Training Costs

Directorate/ Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Avg. Training Cost per Employee (R)
	25 750	378	1.5%	52	7 274

Employment and Vacancies

Programme	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of Vacancies
	85	95	86	9	9.5%

Programme	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of Vacancies
Top Management	1	1	1	0	0
Senior Management	1	1	1	0	0
Professional Qualified	10	12	8	4	33.33%
Skilled	31	37	34	3	8.11%
Semi-skilled	42	44	42	2	4.5%
Unskilled	0	0	0	0	0
TOTAL	85	95	86	9	9.5%

Employment Changes

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	10	2	4	8
Skilled	31	7	4	34
Semi-skilled	42	6	6	42
Unskilled	0	0	0	0
Total	85	15	14	86

Reasons for Staff Leaving

Reason	Number	% of Total No. of Staff Leaving
Death	2	14.3%
Resignation	10	71.4%
Dismissal	0	0
Retirement	1	7.15%
Ill health	0	0
Expiry of contract	0	0
Other	1	7.15%
Total	14	100%

Labour Relations: Misconduct and Disciplinary Action

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

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	2	2
Skilled	21	16	1	1	2	2	3	4
Semi-skilled	22	26	0	0	4	4	1	1
Unskilled	0	0	0	0	0	0	0	0
TOTAL	45	46	1	1	8	8	6	7

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	1	1
Skilled	4	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
TOTAL	14	20	2	1	5	6	5	6

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	} 3
Senior Management	0	0	0	
Professional Qualified	0	0	1	
Skilled	0	0	0	
Semi-skilled	0	0	0	
Unskilled	0	0	0	
TOTAL	0	0	0	

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 2014.

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

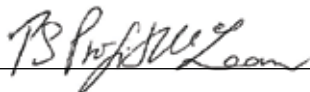
The Playhouse Company's annual financial statements for the year ended 31 March 2014 have been audited by the Auditor-General and their report is presented on page 49.

The annual financial statements of The Playhouse Company set out on pages 51 to 76 have been approved.



Ms Linda Bukhosini

Chief Executive Officer & Artistic Director



Ms Thandiwe January-McLean

Council Chairperson

2. REPORT OF THE CHIEF EXECUTIVE OFFICER

Financial Performance

Revenue

Total revenue increased by 19% from R62m to R73m.

- The increase was mainly attributable to an increase in capital grant recognised in terms of GRAP23 by R10m. The grant was received from the Department of Arts and Culture to fund capital projects.

Operating expenses

Operating expenses increased by 7% from R67m to R72m.

- Other operating expenditure increased from R21m to R25m. This was largely due to an increase in depreciation from R10.4m to R13.1m.
- Emoluments expenditure increased from R24.7m to R25.7m.

Surplus for the year

The surplus for the year is R6.3m. The surplus is as a result of the government grant for capital works being utilised to improve the value of the leased property.

Financial Position

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

- The decrease in non-current assets by R1.6m is primarily due to depreciation charges exceeding the costs of assets capitalised during the year.
- Current assets decreased by R5m and this was primarily as a result of cash and cash equivalents decreasing by R5m.
- Current liabilities decreased by R13m. This was primarily due a reduction in deferred income by R11.4m. Deferred income was recognised as grant income when capital projects were awarded. Trade and other payables decreased by R1.6m

Cash Flows

Cash and cash equivalents decreased by R4.7m from R86m to R81m. Cash outflows from investing activities of R11.4m exceeded cash inflows from operating activities by R6.7m.

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 51 to 76, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's 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) 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 these 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 2014 and its financial performance and cash flows for the year then ended, in accordance with 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 on the reported performance information against predetermined objectives for selected programme presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Annual Financial Statements

For the year ended 31 March 2014

3. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE PLAYHOUSE COMPANY (CONTINUED)

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2014.
 - Programme 1: arts and technical services on pages 24 to 25
 - Programme 4: support services on pages 30 to 31
 - Programme 5: revenue on pages 31 to 32
9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matters

13. Although I raised no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

14. Refer to the annual performance report on pages 24 to 25; 30 to 31; 31 to 32 for information on the achievement of planned targets for the year.

Unaudited supplementary schedules

15. The supplementary information set out on pages 6 to 19 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

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

Internal control

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

Auditor-General

Pietermaritzburg
31 July 2014



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

4. ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position

	Notes	March 2014	March 2013
		R	R
ASSETS			
Non-current assets			
Heritage assets	10.1	88 330 000	88 330 000
Property, plant and equipment	10.2	94 205 124	95 832 137
Intangible assets	10.3	111 530	117 868
Current assets			
Inventories	11	618 409	577 974
Trade and other receivables	12	721 234	1 180 508
Cash and cash equivalents	13	81 196 869	85 930 694
Total Assets		265 183 166	271 969 181
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated surplus		236 958 404	230 686 726
Current liabilities			
Trade and other payables	14	6 117 518	7 772 903
Deferred income	15	22 107 244	33 509 552
Total Net Assets and Liabilities		265 183 166	271 969 181

Annual Financial Statements

For the year ended 31 March 2014

Statement of Financial Performance

	Notes	March 2014	March 2013
		R	R
Revenue		73 376 022	61 544 056
Grants	2	64 831 949	52 871 718
Box office income		3 407 039	1 340 298
Other operating income	3	5 137 034	7 332 040
Less : Expenditure		45 967 530	42 267 862
Production costs	4	15 207 392	14 952 947
Production and technical services costs	5	5 948 176	5 892 590
Other operating expenditure	6	24 811 962	21 422 325
Emoluments	7	25 750 322	24 664 733
Surplus (Deficit) from operations	8	1 658 170	(5 388 539)
Interest received		4 613 508	4 053 511
Surplus (Deficit) for the year	9	6 271 678	(1 335 028)

Statement of Changes in Net Assets

	Notes	March 2014	March 2013
		R	R
Opening accumulated surplus as previously reported		230 686 726	232 021 754
Surplus(Deficit) for the year		6 271 678	(1 335 028)
Closing accumulated surpluses	16	236 958 404	230 686 726

Statement of Cash Flows

	Notes	March 2014	March 2013
		R	R
Cash flows from operating activities			
Cash receipts from grantors and clients		95 942 540	97 438 153
Cash paid to suppliers and employees		(93 834 287)	(65 689 370)
Cash generated from operations	17	2 108 253	31 748 783
Interest received		4 613 508	4 053 511
Net cash from operating activities		6 721 761	35 802 294
Cash flows used in investing activities			
Additions to property, plant and equipment		(11 429 149)	(18 214 268)
Additions to intangibles		(26 436)	(53 461)
Proceeds on sale of property, plant and equipment		-	-
Net cash used in investing activities		(11 455 585)	(18 267 729)
Cash flows from financing activities			
Decrease in long-term borrowings		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		(4 733 825)	17 534 565
Cash and cash equivalents at beginning of year		85 930 694	68 396 129
Cash and cash equivalents at end of year	13	81 196 869	85 930 694

Annual Financial Statements

For the year ended 31 March 2014

Accounting Policies

1. Accounting Policies

- 1.1. *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.

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

GRAP 102 Intangible Assets

IPSAS 20 Related Party Disclosures

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 103 Heritage Assets (early adopted)

GRAP 104 Financial Instruments

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

Accounting Policies (continued)

1.1. *(continued)*

- 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 32 Service Concession Arrangements: Grantor
- GRAP 105 Transfers of Functions between Entities Under Common Control
- GRAP 106 Transfers of Functions between Entities not Under Common Control
- GRAP 107 Mergers
- GRAP 108 Statutory Receivables

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 notes:

- 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.

Annual Financial Statements

For the year ended 31 March 2014

Accounting Policies (continued)

1.3. *Property, plant and equipment (continued)*

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:

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 asset's 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.

Accounting Policies (continued)

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.

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.

Annual Financial Statements

For the year ended 31 March 2014

Accounting Policies (continued)

1.12. Revenue

Grants

Grants related to operational expenditure are 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 are 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

		March 2014	March 2013
		R	R
2	Grants		
	National Department of Arts and Culture (DAC)	40 570 000	38 488 000
	Special Capital Expenditure Grant (DAC)	13 402 309	3 303 580
	KZN Department of Arts and Culture	7 057 000	6 721 000
	eThekweni Municipality	3 802 640	4 359 138
	Total	<u>64 831 949</u>	<u>52 871 718</u>
3	Other operating income		
	Revenue from exchange transactions	3 776 571	4 425 268
	Hire of performance venues, costumes, sets, and mobile stage	2 119 141	2 273 868
	Rent received	392 788	682 127
	Bar & other sales	517 580	591 557
	Functions	217 460	155 635
	Box office commission – external productions	191 696	401 292
	Sundry revenue – admin and Computicket commission	337 906	317 889
	Sale of CDs	-	2 900
	Revenue from non-exchange transactions		
	Donations and sponsorships (productions)	1 360 463	2 906 772
	Total	<u>5 137 034</u>	<u>7 332 040</u>
4	Production costs		
	Direct production costs	14 077 164	13 971 496
	Outside hirers costs	1 451	3 537
	Productions and festivals	14 009 023	13 920 867
	Mobile stage	66 690	47 092
	Indirect production costs	1 130 228	981 451
	Total	<u>15 207 392</u>	<u>14 952 947</u>
5	Production and technical services costs		
	Workshop	1 656 821	1 851 241
	Technical services	4 291 355	4 041 349
	Total	<u>5 948 176</u>	<u>5 892 590</u>
6	Other operating expenditure		
	Transport	377 202	629 945
	Deco hire	36 938	15 923
	Wardrobe	35 936	14 595
	Maintenance and security	5 320 199	4 641 652
	Other services – HR, finance, corporate	4 886 546	4 440 172
	General – consultants, insurance and phones	825 859	1 001 135
	Cost of sales – bar and other	240 471	243 421
	Depreciation & amortisation	13 088 811	10 435 482
	Depreciation & amortisation on fixed assets	14 727 973	12 362 530
	Depreciation & amortisation write-back	(1 639 162)	(1 927 048)
	Total	<u>24 811 962</u>	<u>21 422 325</u>

Annual Financial Statements

For the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

		March 2014	March 2013
		R	R
7	Emoluments		
	Salaries	17 999 895	17 263 359
	Adhocs	1 770 834	1 625 396
	Provident fund	2 545 111	2 438 679
	Medical aid	596 242	560 602
	UIF	165 507	157 559
	Bonus	1 512 010	1 457 777
	Overtime	185 905	161 405
	Leave	85 215	448 731
	Council – attendance	213 697	240 857
	Housing subsidies	634 506	271 868
	Long service awards	41 400	38 500
	Total	25 750 322	24 664 733
8	Surplus (Deficit) from operations		
	Surplus (Deficit) from operations is arrived at after taking into account:		
	Expenditure		
	Auditors' remuneration	552 215	403 949
	Depreciation of property, plant and equipment:	13 056 037	10 383 914
	Motor vehicles	518 918	535 686
	Office furniture and other equipment	886 937	958 187
	Computer equipment	425 272	344 707
	Stage equipment	4 272 356	3 920 674
	Workshop equipment	91 323	66 542
	Leased assets	8 444 007	6 448 583
		14 638 813	12 274 379
	Depreciation write back	(1 582 776)	(1 890 465)
	Amortisation	32 774	51 568
	Intangible assets	89 160	88 151
	Amortisation write back	(56 386)	(36 583)
	Impairments	-	480
	Emoluments – Senior Management and Council	20 3 640 901	3 458 446
	Staff costs	22 109 421	21 206 287
	Professional services:	637 881	397 326
	Internal audit fees	613 538	397 326
	Consultancy fees	24 343	-
9	Surplus (Deficit) for the year		
	The surplus for the year reflected is due to recognising capital income in terms of GRAP 23 – Revenue from Non-Exchange Transactions (Taxes and Transfers) (principles of policy applied). The deficit for the 2013 year reflected in the statement of financial performance is due to higher depreciation charges.		

Notes to the Annual Financial Statements (continued)

		March 2014	March 2013
		R	R
10.1	Heritage assets		
	Carrying amount	88 330 000	88 330 000
	Gross carrying amount	88 330 000	88 300 000
	Accumulated depreciation	-	-
	Additions	-	-
	Fair value adjustment	-	-
	Transfers	-	-
	Impairment	-	-
	Disposals		
	Cost	-	-
	Accumulated depreciation	-	-
	Carrying amount at year end	<u>88 330 000</u>	<u>88 330 000</u>
<p>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.</p> <p>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.</p>			

Annual Financial Statements

For the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

	Motor vehicles	Office furniture and other equipment	Computer equipment	Stage equipment	Workshop equipment	Work in progress	Artworks	Capitalised leased assets (office equip, land and build-ings)	Total
	R	R	R	R	R	R	R	R	R
10.2 Reconciliation of carrying value of property, plant and equipment									
Carrying amount 1 April 2012	1 887 765	1 810 524	663 972	11 365 683	53 609	7 380 698	469 870	64 375 388	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)	(5 571 403)	(1 108 706)	(14 346 842)	(96 356)	-	-	(11 379 565)	(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
Disposals	-	(138)	(5 106)	(2)	-	-	-	-	(5 246)
Cost	-	(12 431)	(89 098)	(3)	-	-	-	-	(101 532)
Accumulated depreciation	-	12 293	83 992	1	-	-	-	-	96 286
Carrying amount 31 March 2013	1 439 023	1 326 200	789 443	10 799 201	373 006	(0)	469 870	80 635 394	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)	(6 287 862)	(1 346 168)	(16 721 480)	(158 580)	-	-	(17 828 148)	(43 994 451)
Additions	-	369 205	162 372	333 780	11 079	10 552 713	-	-	11 429 149
Fair value adjustment	-	-	-	-	-	-	-	-	-
Transfers	-	168 574	-	106	-	(2 108 168)	-	1 939 488	-
Impairment	-	-	-	-	-	-	-	-	-
Depreciation	(518 918)	(886 937)	(425 272)	(4 272 356)	(91 323)	-	-	(8 444 007)	(14 638 813)
Depreciation write-back	39 636	491 394	80 717	965 822	5 207	-	-	-	1 582 776
Disposals	-	(2)	-	(123)	-	-	-	-	(125)
Cost	-	(2)	-	(125)	-	-	-	-	(127)
Accumulated depreciation	-	-	-	2	-	-	-	-	2
Carrying amount 31 March 2014	959 741	1 468 434	607 260	7 826 430	297 969	8 444 545	469 870	74 130 875	94 205 124
Gross carrying amount	3 091 236	8 151 839	2 297 983	27 854 442	542 665	8 444 545	469 870	100 403 030	151 255 610
Accumulated depreciation	(2 131 495)	(6 683 405)	(1 690 723)	(20 028 012)	(244 696)	-	-	(26 272 155)	(57 050 486)

Land and buildings (refer note 2) comprise:

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 are 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 R6 905 054. The major category of items is stage equipment, comprising 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 (continued)

		Software	Total
		R	R
10.3	Intangible assets		
	Carrying amount 1 April 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	-	-
	Impairment	-	-
	Amortisation	(88 151)	(88 151)
	Amortisation write-back	36 583	36 583
	Disposals	-	-
	Cost	-	-
	Accumulated amortisation	-	-
	Carrying amount 31 March 2013	117 868	117 868
	Gross carrying amount	480 896	480 896
	Accumulated amortisation	(363 028)	(363 028)
	Additions	26 436	26 436
	Fair value adjustment	-	-
	Amortisation	(89 160)	(89 160)
	Amortisation write-back	56 386	56 386
	Disposals	-	-
	Cost	-	-
	Accumulated amortisation	-	-
	Carrying amount 31 March 2014	111 530	111 530
	Gross carrying amount	507 332	507 332
	Accumulated amortisation	(395 802)	(395 802)
		March 2014	March 2013
		R	R
11	Inventories		
	Catering	113 655	82 898
	Workshop	167 672	165 207
	Wardrobe	96 123	98 363
	General stores	240 959	231 506
		<u>618 409</u>	<u>577 974</u>
12.1	Trade and other receivables		
	Trade receivables	549 585	522 974
	Staff debtors	7 112	1 667
	Other receivables and accruals	643 827	1 040 927
		1 200 524	1 565 568
	Less: Debtors impairment	(479 290)	(385 060)
		<u>721 234</u>	<u>1 180 508</u>
12.2	Movement in the provision for impairment of trade receivables		
	Balance at 1 April	385 060	271 337
	Provision for receivables impairment	94 230	176 906
	Receivables written off during the year as uncollectible	-	(61 968)
	Unused amounts reversed	-	(1 215)
	Unwinding of discount	-	-
	Balance at 31 March	<u>479 290</u>	<u>385 060</u>

Annual Financial Statements

For the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

	March 2014	March 2013
	R	R
13 Cash and cash equivalents at end of year		
Cash available immediately	8 696 869	6 730 694
Investments – fixed deposits	72 500 000	79 200 000
Cash available in 30 days	-	6 000 000
Cash available in 60 days	12 000 000	2 000 000
Cash available in 90 days	60 500 000	71 200 000
	<u>81 196 869</u>	<u>85 930 694</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>		
14 Trade and other payables		
Trade payables	1 854 977	3 045 264
Other payables and accruals	1 676 494	2 059 725
Leave pay accrual	1 949 073	2 042 729
Bonus accrual	636 974	625 185
	<u>6 117 518</u>	<u>7 772 903</u>
15 Deferred Income		
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	20 821 189	32 223 497
National Department of Arts and Culture	<u>20 821 189</u>	<u>32 223 497</u>
	<u>22 107 244</u>	<u>33 509 552</u>
<p>Conditional grant The Playhouse Company receives public funding from the National Department of Arts and Culture.</p> <p>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>		

Notes to the Annual Financial Statements (continued)

Conditional Grant

The Kwazulu-Natal Department of Arts and Culture

The Playhouse Company receives public funding from the KwaZulu-Natal Department of Arts and Culture.

As a declared cultural institution, The Playhouse Company has objectives that have been agreed to by the Department:

1. To comply with the declaration that The Playhouse Company has in place effective, efficient and transparent financial management and control systems for the management of the transfer payment from the Department;
2. To utilise the funding in accordance with the business plan;
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;
4. To utilise the funding subject to any written directives issued by the Head of the Department;
5. To submit quarterly reports to the Department on or before the agreed dates:
 - 5.1 To ensure that the quarterly reports provide a detailed report on the achievements against the objectives set out in the business plan,
 - 5.2 To ensure that the quarterly reports contain an expenditure report detailing how the funding was used against the business plan, and
 - 5.3 To ensure that the quarterly report contains any other information and or documents that the Department may require;
6. To submit to the Department the close out report for the 2013/2014 financial year by no later than the 30th April 2014;
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;
8. To account for the interest earned each month and acknowledge that the Department reserves the right to determine the utilisation of the interest;
9. To maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective; and
10. To immediately notify the Department in writing of any failure on its part to achieve any of its obligations:
 - 10.1 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, and
 - 10.2 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.

The eThekweni Municipality has entered into an agreement with The Playhouse Company for the granting of financial assistance.

The eThekweni Municipality and The Playhouse Company entered into a Memorandum of Agreement in August 2012 for the year ended 31 March 2014.

The funds are granted based on The Playhouse Company achieving certain performance related obligations.

Annual Financial Statements

For the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

Conditional grant (continued)

eThekwini Municipality

These obligations are set out hereunder:

1. The Playhouse Company shall apply the funds to the attainment of its main object as a Cultural Institution.
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:
 - 2.1. Developing, presenting and implementing its artistic plan in order to encourage participation by the communities within the eThekwini municipal area;
 - 2.2. Utilising arts and culture to enhance socio-economic empowerment of local artists;
 - 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;
 - 2.4. Contributing and playing a promotional and a significant role in economic development and tourism; and
 - 2.5. Ensuring The Playhouse Company's artistic growth, financial sustainability and achieving excellence in all its activities.
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.
4. The review of the annual grant shall take place by the 15th of December and shall focus on, but not be restricted to, The Playhouse Company's attainment of the following targets and other obligations:
 - 4.1. Securing funding from other sources of funding including other spheres of government;
 - 4.2. The ratio of administrative staff costs in relation to total grant should not exceed 30%;
 - 4.3. Evidencing that 70% of the total grant was exclusively utilised towards the artistic plan;
 - 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;
 - 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;
 - 4.6. The Playhouse Company shall make its venues and facilities available in accordance with the following:
 - 4.6.1 The request for facilities must be made in writing no less than 6 months prior to the event,
 - 4.6.2 The Playhouse Company shall notify eThekwini on an alternate date if the date requested is not available, and
 - 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;
 - 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;
 - 4.8. The Playhouse Company shall submit a copy of its quarterly report to eThekwini;
 - 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; and
 - 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.

Notes to the Annual Financial Statements (continued)

	March 2014	March 2013
	R	R
16 Reconciliation of statement of changes in net assets		
Balance at 31 March 2014	236 958 404	230 686 726
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	95 058 404	88 786 726
17 Reconciliation of cash generated/utilised by operations		
Cash generated by operations		
Surplus (Deficit) for the year	6 271 678	(1 335 028)
Adjusted for:		
Depreciation, amortisation and impairment	13 088 811	10 435 962
Loss on disposal of property, plant and equipment	125	5 246
Interest received	(4 613 508)	(4 053 511)
Operating cash flows before working capital changes	14 747 106	5 052 669
Working capital changes	(12 638 854)	26 696 114
(Increase) in inventories	(40 435)	(7 592)
Decrease in accounts receivable	459 274	2 384 544
(Decrease)Increase in accounts payable	(1 655 385)	2 023 673
(Decrease) Increase in deferred income	(11 402 308)	22 295 489
Cash generated from operations	2 108 252	31 748 783
18 Financial instruments		
Overview		
The Playhouse Company has exposure to the following risks from its use of financial instruments.		
<ul style="list-style-type: none"> - Credit risk - Liquidity risk - Market risk - Interest rate risk 		
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.		
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.		
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.		

Annual Financial Statements

For the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

	March 2014	March 2013
	R	R
18 Financial instruments (continued)		
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.		
Credit risk		
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.		
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 March 2014 was:		
Trade and other receivables (note 12)	721 234	1 180 508
Trade and other receivables		
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.		
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	9 889	17 765
60 days	3 539	14 852
30 days	9 654	26 548
Current	698 152	1 121 343
	721 234	1 180 508
Investments		
The Playhouse Company limits its exposure to credit risk by investing only in liquid securities and only with approved banks and financial institutions.		
Guarantees		
The Playhouse Company's policy is to provide financial guarantees only for specified services.		
The guarantees in issue as at 31 March 2014 were as follows:		
eThekwini Municipality for services - R277 816		
The Postmaster for services – R30 360		
The guarantees will expire on 31 December 2025 and will not be renewed.		
Liquidity risk		
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.		

Notes to the Annual Financial Statements (continued)

18 Financial instruments (continued)

Liquidity risk (continued)

The cash available at 31 March 2014 was R81 196 869 (2013 – R85 930 694).

Market risk

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.

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.

Due to the volatility in the interest rate at year end, monies were invested on a month to month basis to take advantage of the monthly increases in interest rates.

Currency risk

The Playhouse Company does not engage in foreign currency transactions and is thus not exposed to this risk

Interest rate risk

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.

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.

Due to the volatility in the interest rate at year end, monies were invested on a month to month basis to take advantage of the monthly increases in interest rates.

Profile

Variable rate instrument

FNB – 60 days
FNB – 120 days
Investec – 60 days fixed
Investec – 90 days fixed
Investec – 120 days fixed
Nedbank – 60 days fixed
Nedbank – 120 days fixed
ABSA – 30 days
ABSA – 120 days fixed
Standard Bank - 60 days
Standard Bank - 90 days
Standard Bank - 120 days

	2014		2013	
	Int. rate %	Carrying amount	Int. rate %	Carrying amount
FNB – 60 days	5.50	3 500 000	-	-
FNB – 120 days	6.00	7 000 000	5.23	12 000 000
Investec – 60 days fixed	-	-	5.20	2 000 000
Investec – 90 days fixed	-	-	5.22	3 000 000
Investec – 120 days fixed	6.00	15 000 000	5.22	16 200 000
Nedbank – 60 days fixed	5.40	5 000 000	-	-
Nedbank – 120 days fixed	6.05	16 000 000	5.20	22 500 000
ABSA – 30 days	-	-	5.23	6 000 000
ABSA – 120 days fixed	6.05	5 000 000	5.22	10 000 000
Standard Bank - 60 days	5.50	3 500 000	-	-
Standard Bank - 90 days	6.00	10 000 000	-	-
Standard Bank - 120 days	6.00	7 500 000	5.21	7 500 000
	-	72 500 000	-	79 200 000

At 31 March 2014, 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 R725 000.

At 31 March 2014, 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.

Annual Financial Statements

For the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

	March 2014	March 2013
	R	R
19 Tax exemption		
The Playhouse Company is exempt from taxation in terms Section 10 (1)(cA)(l) of the Income Tax Act.		
20 Emoluments – Senior Management and Council		
Senior Management		
L Bukhosini – Apr 13 - Mar 14 (Chief Executive and Artistic Director)	1 541 079	1 421 090
Salary	1 222 336	1 137 056
Bonus	101 861	94 755
Pension, med-aid contributions	201 685	187 614
Car allowance, cell phone and other	15 197	1 665
A Mohanparasadh – Apr 13 - Mar 14 (Chief Financial Officer)	1 031 967	959 526
Salary	921 029	856 771
Bonus	76 752	71 398
Car allowance, acting allowance and other	34 186	31 357
O Hlangu – Apr 13 - Mar 14 (Support Services Manager)	854 157	836 973
Salary	662 766	616 527
Bonus	55 231	51 377
Pension, med-aid contributions	127 428	117 548
Car allowance, acting allowance and other	8 732	51 521
Total Senior Managers	3 427 203	3 217 589
Members of Council and Sub-committees	213 698	240 857
B Mngoma**	8 653	9 735
R Ashe	24 819	25 534
C Jugnarayan**	12 357	19 470
TS January Maclean – Chairperson of Council	19 797	23 875
Sadha Naidoo	20 233	18 775
L Theron* – Deputy Chairperson of Council	13 980	22 566
M Rajab	18 286	12 906
MI Mlambo	-	6 926
T Shezi	14 174	13 629
NM Nala	14 174	18 636
TSS Ngcobo	12 118	7 788
Suresh Naidoo	22 419	11 571
S Gounden	14 392	20 583
M Mvulane**	18 296	28 863
Total emoluments	3 640 901	3 458 446
* Permission obtained from Minister of Justice to receive fees and allowances.		
** External independent member of the Audit and Governance Committee.		

Notes to the Annual Financial Statements (continued)

		March 2014	March 2013
		R	R
21	Retirement benefits 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.		
22	Related parties		
	<i>22.1. National Department of Arts and Culture.</i> Grants received for the financial year amounted to R42 570 000, and for the year ended 2014/2015 will amount to R43 085 000.		
	<i>22.2 KZN Department of Arts and Culture</i> Grant received for the 2013/2014 financial year amounted to R7 057 000 and was received in three instalments.		
	<i>22.3 eThekweni Municipality</i> A total transfer payment of R3 802 640 is recorded as income for the current year.		
	<i>22.4 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.		
	<i>22.5 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 & 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. A Memorandum of Agreement exists between The Playhouse Company and KZNPO. This agreement includes the following: a) Occupying a portion of The Playhouse Company's administration building. b) Access to finance and human resources services for which they are invoiced. 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. d) The Playhouse Company receives a discounted rate for the artistic services offered by KZNPO to The Playhouse Company. The Playhouse Company engaged the services of KZNPO for various productions in a professional and mutually beneficial relationship for the delivery of services according to the mandate of each institution.		
		March 2014	March 2013
	Payments by The Playhouse Company to KZNPO	1 686 912	903 261
	Accrual by The Playhouse Company	-	371 953
	Payments by KZNPO to The Playhouse Company	240 265	262 019
	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>22.6 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 and Governance, Human Resources and Remuneration Committees, that guide and assist Management which is appointed by Council. Refer note 20 – compensation. In her capacity as educator and activist in arts advocacy Ms TS January-MacLean participated as a guest speaker in the Intergenerational Dialogue during the SA Woman's Arts Festival. She was paid R4 000 for her professional services.		

Annual Financial Statements

For the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

	March 2014	March 2013
	R	R
22.7 Artist fees		
<p>The Playhouse Company entered into a partnership with the National Arts Festival and The South African State Theatre to stage and tour <i>Race</i>, 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 two financial years.</p> <p>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 R75 000 (2013: R67 464) for her artistic services. She is the daughter of the CEO, Ms Linda Bukhosini.</p> <p>The Playhouse Company staged various productions in celebration of women's month, under the umbrella of the SA 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 R10 000 (2013: R15 000) for her professional services. She is the daughter of Ms TS January-McLean who is the Chairperson of the Council.</p>		
22.8 Management		
<p>Mr O Hlangu is the Support Services Manager of The Playhouse Company. He was a director of Prosound (Pty) Ltd. In January 2014, Mr O Hlangu resigned as a Director. During the period April 2013 to March 2014 an amount of R18 871 (2013: R21 832) was paid by The Playhouse Company to Prosound (Pty) Ltd for the purchase of sound equipment.</p>		
22.9 Key personnel		
<p>Chief Executive and Artistic Director - Linda Bukhosini Chief Financial Officer - Amar Mohanparasadh Support Services Manager - Oscar Hlangu</p>		
23 Subsequent events		
<p>There were no significant events that occurred between balance sheet date and date of this report.</p>		
24 Irregular, fruitless or wasteful expenditure		
<p>No material losses through criminal conduct, or irregular, fruitless or wasteful expenditure were incurred during the year ended 31 March 2014.</p>		
25 Non-cancellable committed tenders		
<p>At the balance sheet date The Playhouse Company had outstanding commitments in respect of non-cancellable tenders awarded during the year.</p>		
<p><i>The tender awards are as follows:</i></p>		
Internal and external remedial work ablutions upgrade	6 539 844	477 660
Replacement of Alhambra and Tudor roofing	2 929 171	-
	<u>9 469 015</u>	<u>477 660</u>

Notes to the Annual Financial Statements (continued)

		March 2014	March 2013
		R	R
26	Reconciliation between budget and statement of financial performance		
	Net surplus (deficit) per the statement of financial performance	6 271 678	(1 335 028)
	Adjusted for:		
	(Increase) Decrease in capital works grant from DAC	(11 402 309)	22 496 420
	Increase in grant received	(334 141)	(1 153 946)
	Increase in sponsorship for the staging of productions	(1 346 620)	(1 451 000)
	Increase in production income	(2 331 480)	-
	Increase in insurance claims	-	(45 775)
	Increase in liquor bar and sundry income	(417 000)	(184 012)
	Increase in finance income	(1 605 508)	(1 033 205)
	Increase (Decrease) in production cost	1 211 437	(889 613)
	Decrease in compensation to employees as certain positions not filled	(2 769 778)	(673 000)
	Decrease in consumables, electricity and cleaning	(896 693)	(937 000)
	Decrease in training costs	-	(68 600)
	Increase (Decrease) in audit fees	127 906	(291 000)
	Decrease in security costs	(791 626)	(631 000)
	Decrease in repairs and maintenance	(1 517 842)	(2 256 842)
	Decrease in other operating expenses	(975 945)	(2 266 128)
	Depreciation	13 088 811	10 435 482
	Capital expenditure budgeted but not processed to statement of financial performance	(39 772 299)	(54 185 272)
	Net deficit per approved budget (including capex)	<u>(43 461 408)</u>	<u>(34 469 519)</u>

Annual Financial Statements

For the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

27.1 Reconciliation between budget and statement of financial performance - operating expenditure						
STATEMENT OF FINANCIAL PERFORMANCE - ACTUAL VERSUS BUDGET						
	2014 ACTUAL	2014 ORIGINAL BUDGET	2014 REVISED BUDGET	2014 VARIANCE		
	R	R	R	R		
REVENUE	73 376 022	58 057 381	57 657 382	15 718 640		
Grants	64 831 949	53 495 381	53 095 381	11 736 568		
Production income	3 407 039	2 380 000	1 730 001	1 677 038		
Donations and sponsorships	1 360 463	-	-	1 360 463		
Rent received	392 788	660 000	660 000	(267 212)		
Hire of performance venues, costumes and sets	2 119 141	810 000	1 460 000	659 141		
Box office commission – external productions	191 696	-	-	191 696		
Bar and other sales	517 580	500 000	500 000	17 580		
Sundry income	555 366	212 000	212 000	343 366		
EXPENDITURE	71 717 851	61 340 214	64 354 491	(7 363 361)		
Production costs	14 077 164	12 015 727	12 865 727	(1 211 437)		
Employee related costs	25 841 672	28 122 794	28 611 450	2 769 778		
Annual report	101 760	110 000	110 000	8 240		
Auditors fees external	552 215	600 000	600 000	47 785		
Auditors fees internal	575 691	400 000	400 000	(175 691)		
Council related expenses	482 310	632 000	632 000	149 690		
Cleaning and sanitation	1 090 846	1 249 000	1 299 000	208 154		
Consumables	1 286 024	1 479 600	1 700 600	414 576		
Electricity	3 339 669	3 122 500	3 122 500	(217 169)		
Security	2 708 374	3 500 000	3 500 000	791 626		
Insurance	273 930	325 000	325 000	51 070		
Legal expenses	17 602	50 000	50 000	32 398		
Marketing	953 166	753 500	1 003 500	50 334		
Repairs & maintenance	2 903 021	3 345 250	4 416 250	1 513 229		
Telephone	433 017	459 100	459 100	26 083		
Training	368 499	415 000	378 621	10 122		
Travel – local and overseas	523 261	600 000	600 000	76 739		
Water	273 218	339 750	339 750	66 532		
Depreciation	13 088 811	-	-	(13 088 811)		
General expenses	2 827 601	3 820 993	3 940 993	1 113 392		
Surplus from operations	1 658 170	(3 282 833)	(6 697 109)	8 355 279		
Interest received	4 613 508	3 008 000	3 008 000	1 605 508		
Surplus for the year	6 271 678	(274 833)	(3 689 109)	9 960 787		

Notes to the Annual Financial Statements (continued)

2014 VARIANCE	Explanation of significant variance
%	
-	
22%	Capital grant recognised as income in terms of GRAP 23 when tenders awarded.
97%	Ticket sales from productions exceeded expectations.
0%	Sponsorship income received in respect of <i>Race</i> and the schools tour.
-40%	Decrease in the number of leases due to tenants leaving.
45%	Outside hirers and in-association income exceeded budget by R1 million whilst rehearsal studio venues exceeded budget by R240 000.
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.
4%	
162%	Income from events and functions of R220 000 was not budgeted.
-	
-9%	R460 000 relates to pre-production expenditure for April/May 2014.
10%	Due to positions that are vacant, in the process of being filled.
7%	Savings in publication and printing of 2013 annual report.
8%	Fees for the Auditor General 2013 audit.
-44%	Adhoc audits carried out whilst the risk workshop was held in February.
24%	Savings as a result of one Council member attending the ISPA conference in June 2013.
16%	Savings as a result of cost saving initiatives.
24%	Savings in domestic electrical as energy saver lamps are lasting far longer with less replacement. Savings in other consumables are in line with cost saving initiatives.
-7%	
23%	Security employed by eThekweni Council to patrol the street is adding value on safety around The Playhouse.
16%	Savings in premiums paid.
65%	Limited legal services utilised.
5%	
34%	The anticipated repair and maintenance on buildings was accommodated in the DAC capital works allocation.
6%	Cost savings and recovery of costs for personal calls from staff.
3%	As per training schedule.
13%	Flights and accommodation booked in advance to take advantage of cheaper rates.
20%	Reduction in water usage.
100%	Non cash flow item not budgeted for annually.
28%	R500 000 contingency reserve budgeted and not utilised. Savings in various expenses items due to cost saving initiatives.
-	
53%	Funds optimally invested with banks providing best rates of returns.
-	

Annual Financial Statements

For the year ended 31 March 2014

Notes to the Annual Financial Statements (continued)

27.2 Reconciliation between budget and statement of financial performance – capital expenditure							
FIXED ASSET ADDITIONS – ACTUAL VERSUS BUDGET							
		2014 ACTUAL	2014 ORIGINAL BUDGET	2014 REVISED BUDGET	2014 VARIANCE	2014 VARIANCE	Explanation of significant variance
		R	R	R	R	%	
	Office equipment	369 205	135 000	374 909	5 704	2%	Purchase of a multifunction printer that was required urgently.
	Computer equipment	188 808	245 000	437 000	248 192	57%	Savings in order to purchase multifunction printer.
	Stage equipment	344 859	7 990 000	19 632 027	19 287 168	98%	Tender processes were in progress at year end. Work will commence in the new financial year.
	Buildings	10 552 713	7 000 000	19 328 363	8 775 650	45%	Tenders awarded and work in progress at year end.
	Total	11 455 585	15 370 000	39 772 299	28 316 714	71%	



Khwela Bafana



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