



an agency of the
Department of Arts & Culture



Annual Report

2016/2017



▲ The Sound of Music

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Part A

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:	+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

CEO	Chief Executive Officer
CFO	Chief Financial Officer
DAC	Department of Arts and Culture
PFMA	Public Finance Management Act
MTEF	Medium-Term Expenditure Framework
SAWAF	South African Women's Arts Festival
SCM	Supply Chain Management

3. STRATEGIC OVERVIEW

3.1. Vision

Inspiring and cultivating artistic excellence and cultural diversity in the performing arts.

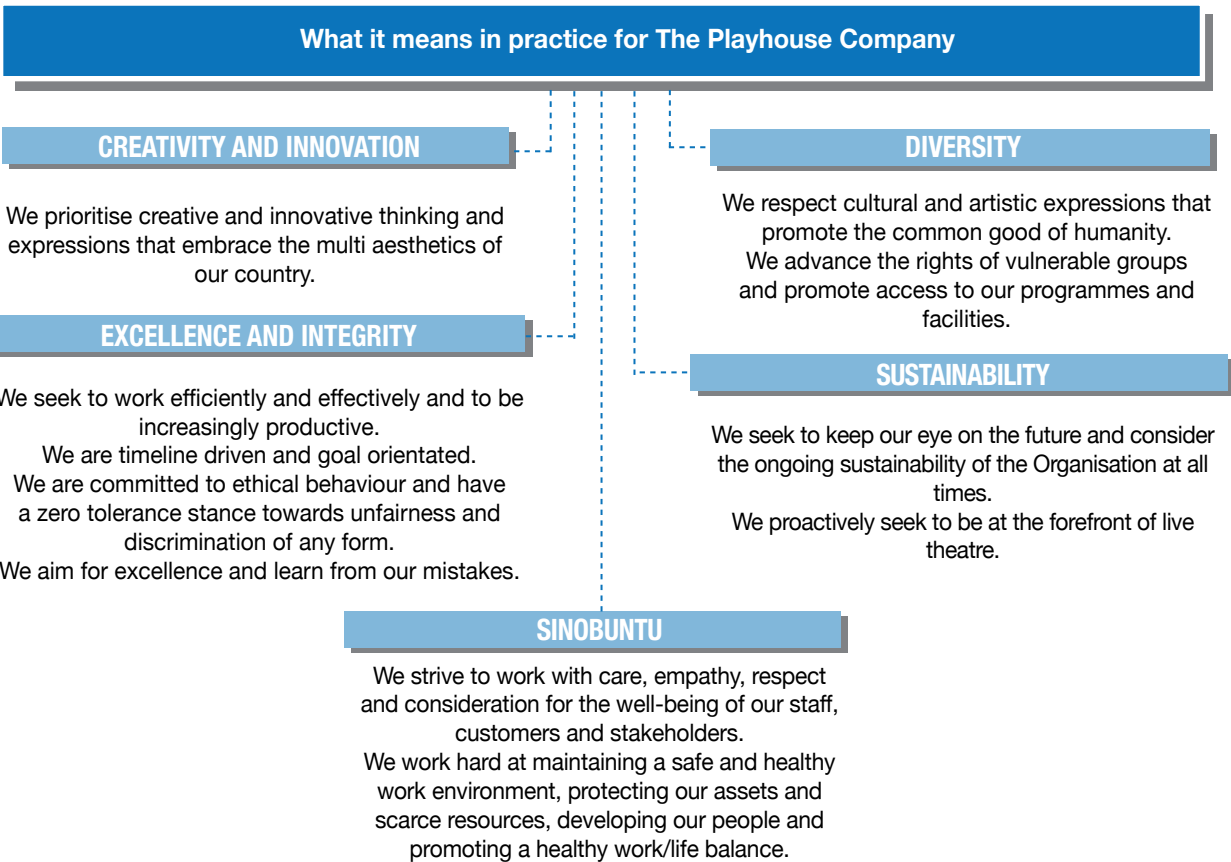
3.2. Mission

In achieving the above vision, The Playhouse Company describes its mission as:

We advance, promote and preserve the performing arts by:

- Producing, co-producing and presenting productions with artistic, entertainment and educational value for diverse and ever increasing audiences;
- Facilitating social cohesion, diversity and inclusivity through our work;
- Targeting diverse audiences through a proactive marketing and customer focused approach;
- Inculcating an appreciation for the performing arts, developing future audiences and commissioning local content productions;
- Supporting education, training and skills development for artists, arts practitioners and staff;
- Working in partnership with local, national and international partners to maximise the impact of our programmes;
- Enhancing financial viability through a balanced transformation and commercial programming for future generations; and
- Ensuring the protection of the historic landmark that is The Playhouse.

3.3. Values

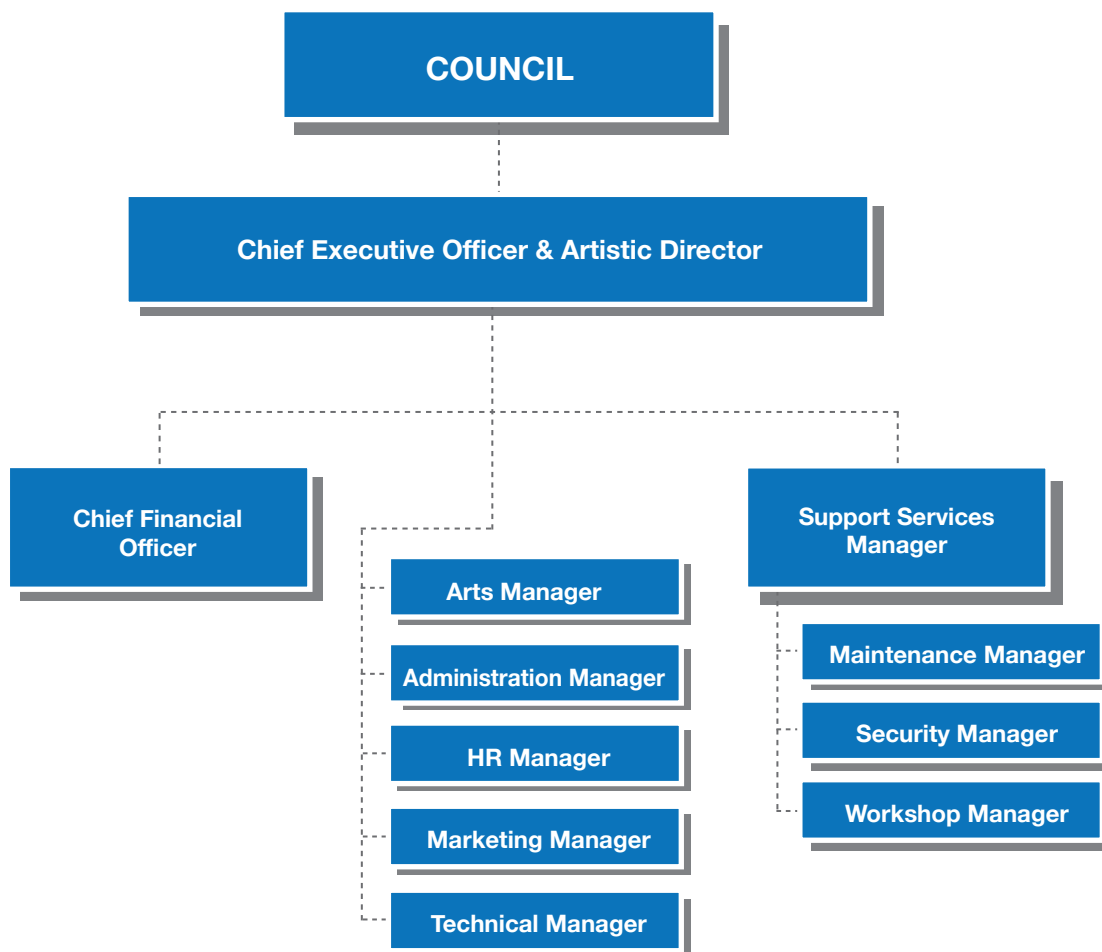


4. LEGISLATIVE AND OTHER MANDATES

In terms of section 8(5) of the Cultural Institutions Act 119 of 1998, the role of The Playhouse Company is to advance, promote and preserve the performing arts in South Africa. The Playhouse Company operates under various legal mandates, including among others:

- Public Finance Management Act (PFMA);
- Division of Revenue Act (DORA);
- The Cultural Institutions Act;
- Consumer Protection Act (No. 68 of 2008);
- Intergovernmental Relations Framework Act (No. 13 of 2005);
- Labour Relations Act (LRA);
- Basic Conditions of Service Act (BCSA);
- Occupational Health and Safety Act (OHSA);
- General Administration Regulations Act (GARA);
- Promotion of Access to Information Act (PAIA);
- Promotion of Administrative Justice Act (PAJA);
- Employment Equity Act;
- Protection of Personal Information Act;
- All Treasury regulations, prescripts and frameworks as published; and
- All Municipal by-laws and local legislation pertaining to The Playhouse Company and its operations.

5. ORGANISATIONAL STRUCTURE



6. FOREWORD BY THE CHAIRPERSON

The Playhouse is a centre of quality entertainment that regularly hosts some of the most famous names in the entertainment industry in South Africa and beyond. It is also a place for aspiring actors, dancers and musicians, and a place where award-winning and celebrated performing artists gather to showcase their talents.

I have pleasure in reporting that the 2016/2017 year under review was yet another successful year for The Playhouse Company, during which it succeeded in delivering on all critical areas of its mandate of promoting and preserving the performing arts.

The Playhouse Company Council members are proud of the Company's achievements and, together with senior management, shaped the Company's strategy and assessed risk in a year in which we celebrated unity in our diversity. We, along with other South Africans, celebrated the 60th anniversary since the 1956 Women's March to Parliament to protest the apartheid pass laws and all their associated evils. This important milestone influenced the nature of the productions to be staged at the Playhouse during our Women's Arts Festival.

I would like to take this opportunity to extend our sincere thanks to all Playhouse stakeholders, including our patrons, the media, and the community of KZN, South Africa and the world who, in their various ways, have shown the Company the support and respect it deserves. We greatly appreciate this support.

May the coming year be filled with blessings, success and never-ending respect of our endeavours to foster unity in diversity through the arts, culture and heritage.



Mgabedeli

Ms Hlengiwe Christophina Mgabedeli

Council Chairperson

▼ Test Driving the Arts





Ms Linda Bukhosini
Chief Executive Officer
and Artistic Director

7. CHIEF EXECUTIVE OFFICER'S OVERVIEW

The year under review sees the Playhouse achieving its seventh consecutive clean audit report since 2011. Good governance practices are vital at all levels of our operations.

ARTS PROGRAMMING

The Playhouse Company continues to present a remarkably diverse arts programme comprising over 514 performances featuring just over 15 900 artists performing to more than 250,000 diverse audience members at our theatres in the city centre as well as in township and rural schools in our province. This translates to more work opportunities for artists and increased exposure to the performing arts for the public at large.

We are committed to holistic development and appreciation of the performing arts for arts practitioners and for society in general. To this end, we use various skills development programmes including our residency programmes in dance, music and drama. In addition, we also present intervention programmes that offer arts exposure, arts education and responsible creative activity to learners in schools throughout KwaZulu-Natal. Without the yearly funding

from all three tiers of government, such arts education and arts development programmes will scarcely be possible. It is, therefore, with great appreciation that we acknowledge this arts programming funding from government.

The promotion and preservation of indigenous art forms and profiling artistic contributions made by women remain key focus areas in our programming. In August and September, we shall be celebrating 20 and 21 years respectively of our *Women's Arts* and national *Scathamiya* festivals at The Playhouse.



A specific focus is also given to developing and presenting newer South African productions during the month of May. Equally important is our pursuit to stage commercially viable productions such as *The Sound of Music* and *Shall We Dance* as well as opening up our theatres to independent producers. This is vital as it contributes to a healthy box office income, audience development and job creation.

In closing, The Playhouse Company undertakes to continue in our efforts to enrich our citizens' lives through the medium of the performing arts. Continued support and co-operation of our government, Council, dedicated staff, the performing arts community and the various stakeholders, including the media and our loyal theatre patrons, is vital in preserving, presenting and promoting our rich artistic heritage. We continue to urge the private sector to prioritise good corporate citizenship by funding the performing arts as a creative and innovative population who contributes immensely to a vibrant and balanced economy.

Ms Linda Bukhosini

Chief Executive Officer and Artistic Director

	ARTISTS	PRODUCTIONS	PERFORMANCES	AUDIENCE
In-house	4 332	58	181	74 090
Mobile Stage	1 545	4	54	82 596
In Association	400	28	152	42 879
Outside Hirers	9 655	77	127	51 937
Total	15 932	167	514	251 502



In-house Productions

(Fully funded and produced by The Playhouse Company.)

NEW STAGES

This annual season of drama, dance and music offers cutting-edge productions from near and far.



▲ Sean Bovim's *Romeo's Kiss*

◀ *Cenotaph of Dan wa Moriri*



▲ **A Voice I Cannot Silence**

SOUTH AFRICAN WOMEN'S ARTS FESTIVAL



▲ We Are Still Marching



- ▲ Girls' Night Out Comedy
- ◀ Sundowner Concert





FESTIVE SEASON

▼ The Sound of Music









▲ The Game



COMMUNITY ARTS MENTORSHIP PROGRAMME







▲ Iscathamiya Competition

TEST DRIVING THE ARTS

Monthly, free lunch-hour concerts run throughout the year and provide a platform for up-and-coming local artists.

SUNDOWNERS & POETRY

Relaxing concerts with poetry at the Playhouse after work on the first Friday of every month.



SCHOOLS PRODUCTIONS



NATIONAL ARTS FESTIVAL

Maluju Zulu

Written and Directed by SOLOMON SHANGASA

A Tale of love, war and reconciliation

5 July 10:00 | 7 July 22:30
8 July 16:00 | 9 July 11:30 & 18:00

Gymnasium

The National Lottery Fringe
Endorsement # 20 June - 10 July 2016

Denuded Thoughts

A new, daring, fun drama about mental illness.

6 July 12:00 | 7 July 16:00 | 8 July 14:00
9 July 10:00 | 10 July 14:00

Dicks

The National Lottery Fringe
Endorsement # 20 June - 10 July 2016

Ten Days in a Shebeen

A robbery gone wrong leads to the perpetrators turning on each other... and death!

30 June 16:30 | 01 July 20:00
2 July 12:00 | 4 July 12:30
5 July 22:30

Gymnasium

The National Lottery Fringe
Endorsement # 20 June - 10 July 2016

IF THE WORLD WAS LISTENING

23 June (20h00)
24 June (16h00 & 20h00)

John Kani Theatre

TICKETS @ Webticket.co.za

Boy Ntulikazi

A riveting journey of emotions and intrigue.

30 June 20h30 | 1 July 16h00
2 July 12h00 | 3 July 14h30
4 July 18h30

Dicks

The National Lottery Fringe
Endorsement # 20 June - 10 July 2016

Asazi

A theatrical parable about the insightfulfulness of the elderly

30 June 16:00 | 1 July 20:00
2 July 14:00 | 3 July 18:00
4 July 20:00

Masonic Back

The National Lottery Fringe
Endorsement # 20 June - 10 July 2016

1976 Musical

30 June 12:30 | 1 July 18:30
2 July 22:00 | 4 July 20:30

Gymnasium

The National Lottery Fringe
Endorsement # 20 June - 10 July 2016

Sweetie Darling

1 July 20:00 | 2 July 18:00
3 July 22:00 | 4 July 18:00
5 July 20:00 | 6 July 20:00
7 July 18:00 | 8 July 18:00

Scout Hall

The National Lottery Fringe
Endorsement # 20 June - 10 July 2016

IN-HOUSE PRODUCTIONS

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

ARTISTS	PRODUCTIONS	PERFORMANCES	AUDIENCE
4 332	58	181	74 090

MOBILE STAGE

ARTISTS	PRODUCTIONS	PERFORMANCES	AUDIENCE
1 545	4	54	82 596

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.

ARTISTS	PRODUCTIONS	PERFORMANCES	AUDIENCE
400	28	152	42 879

OUTSIDE HIRERS

(Independent productions and events)

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

ARTISTS	PRODUCTIONS	PERFORMANCES	AUDIENCE
9 655	77	127	51 937

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 controls that have 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.

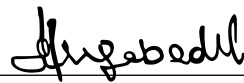
In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Entity for the financial year ended 31 March 2017.



Ms Linda Bukhosini

Chief Executive Officer and Artistic Director

Date: 31 July 2017



Ms Hlengiwe Christophina Mgabedeli

Council Chairperson

Date: 31 July 2017

Part B

PERFORMANCE INFORMATION

1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

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 (%)
No. of annual performance targets	55
Annual performance targets achieved	55 (100%)

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 2017.

The Playhouse Company performance information for the year ended 31 March 2017 has been examined by the external auditors and their report is presented on page 52-54.

The performance information of The Playhouse Company set out on pages 27 to 36 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 52 for the Auditor's Report, published as Part E: Financial Information.

3. PERFORMANCE INFORMATION BY PROGRAMME

3.1 Programme 1: Administration

3.1.1. Sub-programme 1.1: 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 Department responsible Finance Department

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2016/2017	Measurable and evidence based performance indicators 2017/2018	Measurable and evidence based performance indicators 2018/2019	Measurable and evidence based performance indicators 2019/2020	Measurable and evidence based performance indicators 2020/2021
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 2016	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 2016 resolved within 3 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 2016 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 annual performance plans for March 2016 submitted timeously	Produce quarterly annual performance plan reports	Produce quarterly annual performance plan reports	Produce quarterly annual performance plan reports	Produce quarterly annual performance plan reports	Produce quarterly annual performance plan reports

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Actual achievement 2015-2016	Planned target 2016-2017	Actual achievement 2016-2017	Deviation from planned target to actual achievement for 2016-2017	Comment on deviations
To provide effective and efficient financial administration and corporate governance	Achieved. Unqualified clean audit report received for the year ended 31 March 2016	Unqualified Audit Report at 31 March	Achieved. Unqualified clean audit report received for the year ended 31 March 2017	None	N/A
	Achieved. There were no audit findings reported	Action audit findings within three months after the report	Achieved. There were no audit findings reported	None	N/A
	Achieved. The quarterly compliance checklists were completed timeously	PFMA/National Treasury compliance checklist completed quarterly	Achieved. The quarterly compliance checklists were completed timeously	None	N/A
	Achieved. Quarterly annual performance plans for March 2016 submitted timeously	Produce quarterly annual performance plan reports	Achieved. The quarterly annual performance plan reports were produced timeously	None	N/A

Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2016-2017	Actual achievement 2015-2016	Planned Target 2016-2017	Actual achievement 2016-2017	Deviation: planned/ actual 2016-2017	Comment on deviations
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	N/A
		Zero report points on Financial Statements and Performance Information	0	0	0	0	N/A
	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	1	1	1	0	N/A
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	5	4	4	0	N/A
	Ensuring good governance and controls are in place	Maximum of 10% critical findings to be raised per internal audit report	0%	10%	0%	10%	No critical findings reported
	Risk assessment completed on an annual basis	1 risk assessment report prepared on an annual basis by 30 April	1	1	1	0	N/A
	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%	No downtime experienced
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	1	1	0	N/A
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	100% compliance	100% compliance	100% compliance	0	N/A
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	N/A
	Annual Budgets to be submitted to DAC by 31 August, 30 November and final by 15 January each year	Monthly management accounts to be distributed to Management, FINCO and Audit & Governance Committee members by 30th of every month	12	12	12	0	N/A
		Quarterly management accounts to be distributed to key stakeholders 30 days after each quarter	4	4	4	0	N/A
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%	All debtors excluding legal matters is recoverable

Linking performance with budgets

	2016/2017			2015/2016		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Governance and Finance	13 106	10 963	2 143	12 550	11 353	1 197
Total	13 106	10 963	2 143	12 550	11 353	1 197

3.1.2. Sub-programme 1.2: 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 2016/2017	Measurable and evidence based performance indicators 2017/2018	Measurable and evidence based performance indicators 2018/2019	Measurable and evidence based performance indicators 2019/2020	Measurable and evidence based performance indicators 2020/2021
3. To effectively support and service the human resources requirements of the Organisation	To provide skills training that will ensure a highly skilled workforce	100% of training plan implemented by 31 March 2016	90% of the training plan is implemented by 31 March annually	90% of the training plan is implemented by 31 March annually	90% of the training plan is implemented by 31 March annually	90% of the training plan is implemented by 31 March annually	90% 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 2016	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 2015-2016	Planned target 2016-2017	Actual achievement 2016-2017	Deviation from planned target to actual achievement for 2016-2017	Comment on deviations
3. To effectively support and service the human resources requirements of the Organisation	Achieved. 100% of the training plan was completed by the end of March 2016	90% of the training plan is implemented by 31 March annually	Achieved. 92% of the training plan was completed by the end of March 2017	2%	The 2% variance is manageable by management
	Achieved. The 1st half yearly reviews were completed in October 2015, while the 2nd reviews were completed in April 2016	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments	Achieved. The 1st half yearly reviews were completed in October 2016, whilst the 2nd reviews were completed in April 2017	None	N/A

Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2016-2017	Actual achievement 2015-2016	Planned Target 2016-2017	Actual achievement 2016-2017	Deviation: planned/ actual 2016-2017	Comment on deviations
3.1 To ensure a constant resource of skilled, talented and motivated employees to meet the institutions needs	Implementation of effective recruitment, training and development, and performance management systems	Following plans and system in place by 31 January of each year, i.e. the recruitment system, the training and development plan and the performance management plan	1	1	1	0	N/A
3.2 Effectively manage, monitor and evaluate staff turnover.	Review annual labour turnover	Report on the annual labour turnover on a monthly basis	12	12	12	0	N/A
		Annual vacancy rate below 10%	10.50%	10%	7.50%	2.50%	The 2.5% variance is manageable by management
		Review of actual positions filled against those budgeted and report thereon at the monthly management meetings	12	12	12	0	N/A
3.3 Compliance to Employment Equity legislation	1. Review the Employment Equity Plan	Report on the employment equity progress versus plan on a quarterly basis	4	4	4	0	N/A
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	N/A
		90% of training plan and budget accomplished by 31 March of each year	100%	90%	92%	2%	Proper management of the plan ensured 92% implementation
	Provide work experience to capacitate trainees	Enroll at least 8 trainees to receive on the job work exposure	New	8	8	0	N/A
	Bi-annual Performance Reviews for all employees	Performance Reviews completed for employees on a bi-annual basis	2	2	2	0	N/A
3.5 Ensure a stable IR operating environment	Monitor and review disciplinary and grievance matters reported	Report on disciplinary and grievance matters on a quarterly basis	4	4	4	0	N/A
	Building and maintenance of sound collaborative employee relations within the organisation	Negotiate wage agreement annually with the Collective Bargaining Forum	1	1	1	0	N/A

Linking performance with budgets

	2016/2017			2015/2016		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Human Resources	2 458	3 104	(646)	2 362	2 324	37
Total	2 458	3 104	(646)	2 362	2 324	37

3.1.3. Sub-programme 1.3: 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, Mayville Workshop and Security Department

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2016/2017	Measurable and evidence based performance indicators 2017/2018	Measurable and evidence based performance indicators 2018/2019	Measurable and evidence based performance indicators 2019/2020	Measurable and evidence based performance indicators 2020/2021
To provide functional, efficient and safe asset management	Compile a comprehensive infra-structural support and safety plan	Support and safety plan was in place at 31 March 2016. Monthly progress was reported on at the management meetings	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting

Strategic objectives, performance indicators planned, targets and actual achievements

Strategic objectives	Actual achievement 2015-2016	Planned target 2016-2017	Actual achievement 2016-2017	Deviation from planned target to actual achievement for 2016-2017	Comment on deviations
To provide functional, efficient and safe asset management	Achieved. 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	N/A

Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2016-2017	Actual achievement 2015-2016	Planned Target 2016-2017	Actual achievement 2016-2017	Deviation: planned/ actual 2016-2017	Comment on deviations
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 31 January of each year	Signed written master maintenance plan and monthly departmental meeting minutes	12	10	10	0	N/A
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 31 January of each year	1	1	1	0	N/A
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 31 March	1	1	1	0	N/A
		Quarterly Health and Safety meetings with recorded minutes	4	4	4	0	N/A
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	N/A

Linking performance with budgets

	2016/2017			2015/2016		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Support Services	26 357	22 515	3 842	23 416	20 327	3 089
Total	26 357	22 515	3 842	23 416	20 327	3 089

3.2 Programme 2: Business Development

3.2.1 Sub-programme 2.1: 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 2016/2017	Measurable and evidence based performance indicators 2017/2018	Measurable and evidence based performance indicators 2018/2019	Measurable and evidence based performance indicators 2019/2020	Measurable and evidence based performance indicators 2020/2021
To produce and present diverse shows that have artistic, entertainment and educational value	Develop an Annual Arts Plan that includes both professional and developmental productions	Arts plan for year ended 31 March 2016 finalised by 28 February 2014	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 2015-2016	Planned target 2016-2017	Actual achievement 2016-2017	Deviation from planned target to actual achievement for 2016-2017	Comment on deviations
To produce and present professional and developmental productions	Achieved. The annual arts plan was finalised by 28 February	Finalized annual arts programme by 31 January	Achieved. The annual arts plan was finalised by 31 January	None	N/A

Key performance indicators, planned targets and actual achievements

Outcomes: Key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2016-2017	Actual achievement 2015-2016	Planned Target 2016-2017	Actual achievement 2016-2017	Deviation: planned/actual 2016-2017	Comment on deviations	
1.1 To produce and present shows that have artistic, entertainment and educational value (subject to available funding)	Develop an Annual Arts Programme (AAP)	Finalized Annual Arts Programme by 31 January, it will include the following:	1	1	1	0	N/A	
	Implement the Annual Arts Programme by 31 March annually	a) Indigenous performing arts		2	2	2	0	N/A
		b) New Stages		4	3	8	5	Additional productions presented due to high demand from audiences and artists
		c) SA Women's Arts Festival		14	10	11	1	Additional productions presented due to high demand from audiences and artists
		d) Schools Programmes		4	2	2	0	N/A
		e) Test Driving the Arts		14	11	14	3	3 additional unplanned concerts presented during our SAWAF and Festive Seasons
		f) Festive Season		3	2	3	1	1 additional unplanned production presented in December to balance variety of programming.
		g) In-Association Productions and Events		16	12	28	16	Opportunities arose to assist additional arts practitioner/producers at no additional expense
		h) Community Arts Mentorship Programme		8	1	1	0	N/A
		i) Outside Hire Production and Events		60	35	77	42	Demand for the venues exceeded expectation
		j) Mobile Stage		40	40	54	14	Opportunities arose to present more performances on the mobile stage at various schools
k) Sundowners		17	10	17	7	Additional performances presented in the month of May in order to hype the existing programmes		
1.2 Ensure equity in our artistic programming	AAP to ensure that at least 80% of previously marginalised groups participate annually	Artistic panel and peer review process to ensure that minimum of 80% of previously marginalised groups participate annually	91%	80%	93%	13%	The additional productions presented enabled us to increase the reach to previously marginalised groups	
1.3 To position and strengthen The Playhouse Company brand, market inhouse productions and develop production sponsorship partnerships	Secure partnerships with media houses	Secured publicity and media partnerships to a value >R500 000 per annum	R 35 841 076	R 5 000 000	R 71 698 260	R 66 698 260	Publicity is never a guarantee. The in-kind value exceeded original expectation	
		Secured in kind sponsorships to a value no less than R 250 000 per annum	New	R 250 000	R 425 277	R 175 277	The Playhouse Company received unprecedented support from SABC for the festive season	
	Develop market campaigns for in-house productions in order to develop production sponsorship partnerships	Marketing plan in place by the 31st of January annually		1	1	1	0	N/A
		To strengthen relationships with the arts community	Stakeholder management plan in place by the 31st of January annually	1	1	1	0	N/A

Outcomes: Key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2016-2017	Actual achievement 2015-2016	Planned Target 2016-2017	Actual achievement 2016-2017	Deviation: planned/actual 2016-2017	Comment on deviations
1.4 Ensure effective audience development through implementation of the artistic programme	Audience attendance of at least 250 000 per annum (paying and non-paying audience)	Audience attendance and sales report to reflect attendance of at least 250 000 per annum (paying and non-paying)	New	250 000	251 502	1 502	The presentation of a successful festive season production of the Sound of Music as well as the schools programme contributed to exceeding our target
	Paying audience attendance of at least 45 000 per annum	Audience attendance and sales report to reflect paying attendance of at least 45 000 per annum	New	45 000	109 181	64 181	Box offices demand exceeded expectation
1.5 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	N/A
1.6 To deliver high quality customer service at Front of House	Conduct ongoing customer surveys	Report on Annual Satisfaction Survey monthly	12	12	12	0	N/A

Linking performance with budgets

	2016/2017			2015/2016		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
1. Arts and Technical Services	34 949	32 094	2 855	29 500	26 940	2 561
Total	34 949	32 094	2 855	29 500	26 940	2 561

3.3. Programme 3: 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 2016/2017	Measurable and evidence based performance indicators 2017/2018	Measurable and evidence based performance indicators 2018/2019	Measurable and evidence based performance indicators 2019/2020	Measurable and evidence based performance indicators 2020/2021
To optimise the Institution's revenue streams	Collate and align infrastructural funding resources and institutional needs from various streams into the annual budget	The finalised budget incorporating the funding streams was approved by Council by 15 January 2016	Finalised budget incorporating funding streams by 31 January.	Finalised budget incorporating funding streams by 31 January.	Finalised budget incorporating funding streams by 31 January.	Finalised budget incorporating funding streams by 31 January.	Finalised budget incorporating funding streams by 31 January

Strategic objectives, performance indicators planned, targets and actual achievements

Strategic objectives	Actual achievement 2015-2016	Planned target 2016-2017	Actual achievement 2016-2017	Deviation from planned target to actual achievement for 2016-2017	Comment on deviations
To optimise the Institution's revenue streams	Achieved. Finalised budget incorporating funding streams were included in the budget, which was approved by Council in January	Finalised budget incorporating funding streams by 31 January	Achieved. Finalised budget incorporating funding streams were included in the budget, which was approved by Council in January	None	N/A

Key performance indicators, planned targets and actual achievements

Outcomes: key Objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2016-2017	Actual achievement 2015-2016	Planned Target 2016-2017	Actual achievement 2016-2017	Deviation: planned/ actual 2016-2017	Comment on deviations
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 31 January of each year	2	2	2	0	N/A
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%	100% of all investments were achieved with banks at rates greater than prime less 5%	100% of all investments were achieved with banks at rates greater than prime less 5%	100% of all investments were achieved with banks at rates greater than prime less 5%	0	N/A
5.3 Revenue generated through the outside hires: in association and mobile stage	Develop and implement a plan to achieve the targeted budget established for the outside hire of the theatres.	Outside theatre hires to achieve 90% of budgeted revenue annually	420%	90%	245%	155%	Demand for the venues exceeded expectation.
5.4 Costumes, sets and props	Ensure the proactive drive in the hire of office space, costumes, sets and props meets the budgeted targets established	Tenants, costumes, sets and props hire to achieve 75% of budgeted revenue annually	97%	75%	99%	24%	Demand for office space, costumes, sets and props exceeded demand when compared to prior years
5.5 Box office	Ensure the revenue generated from ticket sales meets the budgeted targets established	Ticket sales to achieve 90% of budgeted revenue annually	New	90%	294%	204%	Box offices demand exceeded expectation
5.6 Sponsorship income	Ensure the revenue generated from sponsorship meets the budgeted targets established	Sponsorship to achieve 90% of budgeted revenue annually	New	90%	100%	10%	Achieved 100% of sponsorship budget

Linking performance with budgets

	2016/2017			2015/2016		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue consolidation	14 363	20 956	(6 593)	10 676	13 498	(2 822)
Total	14 363	20 956	(6 593)	10 676	13 498	(2 822)

4. SUMMARY OF FINANCIAL INFORMATION

4.1. Revenue collection

	2016/2017			2015/2016		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Grants – operational	52 323	54 602	(2 279)	50 543	52 713	(2 170)
Grants – capital	13 818	20 454	(6 636)	6 000	23 015	(17 015)
Finance income	7 003	7 805	(802)	6 016	7 279	(1 263)
Production income	2 624	7 710	(5 086)	2 499	3 998	(1 499)
Rentals	427	569	(142)	407	413	(6)
Costume, décor and props hire	551	485	67	525	494	31
Sundry income	1 258	1 888	(630)	1 229	433	796
Sponsorship income	2 499	2 499	0	0	882	(882)
Total	80 504	96 012	(15 508)	67 219	89 226	(22 007)

4.2. Programme expenditure

Programme name	2016/2017			2015/2016		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Arts and technical services	34 949	32 094	2 855	29 500	26 940	2 561
Corporate governance and finance	13 106	10 963	2 143	12 55	11 353	1 197
Human resources	2 458	3 104	(646)	2 362	2 324	37
Support services	26 357	22 515	3 842	23 416	20 327	3 089
Total	76 871	68 677	8 194	67 828	60 943	6 884

Infrastructure projects	2016/2017			2015/2016		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Office equipment	768	297	471	711	155	556
Computer equipment	225	1 289	(1 064)	225	158	67
Buildings	26 902	11 048	15 854	16 277	5 220	11 057
Stage and other equipment	26 662	21 028	5 634	33 204	651	32 552
Motor Vehicles	0	0	0	355	391	(36)
Total	54 558	33 662	20 895	50 772	6 574	44 197



▲ 1976 Musical

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.

The Playhouse Company did not have any meetings with the Portfolio Committee on Arts And Culture.

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, 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)	Total number of meeting attended	Amounts paid and/or accrued (R)
Ms Hlengiwe Christophina Mgabadeli <i>Chairperson of Council</i>	1-12-2014	BA Social Work, Honours in Sociology	Public Service and Administration		19	45 325
Mr Sathie Gounden	1-12-2014	CA (SA)	Finance, risk management corporate governance and audit	Audit and Governance Committee	13	8 084
Ms Fikile Eunice Khumalo	1-12-2014	Labour Relations, Social Security	Labour, Trade and Industry, Social Development	Arts and Fundraising Committee/Human Resources Committee	12	13 840
Ms Khwezi BL Kunene	1-12-2014	BSc Property Development	Quantity surveying, contracts management	Finance and Procurement Committee/Human Resources Committee	9	0
Mr Nathi Mbele	1-12-2014		Social and economic development, Textile and Information Communication Technology expert	Arts and Fundraising Committee/Finance and Procurement Committee	14	11 512
Ms Siphesihle Ndlela	1-12-2014	BA Communications (UNISA) Hotel Management (ND) Durban Hotel School	Client and media liaising, promotions and marketing	Arts and Fundraising Committee/Finance and Procurement Committee	16	18 400
Ms Linda Zama	1-04-2016	BA, LLB degrees	Law, Governance and Administration	Audit and Governance Committee	10	0
Mr Clive Mlungisi Manci	1-10-2016	Senior Executive Programme-Africa, Postgraduate Diploma Business Management, Mergers and Acquisitions, Corporate Restructuring, Mergers and Acquisitions, Finance for Non-financial Managers	Entrepreneur	Finance and Procurement Committee/Arts and Fundraising Committee	3	0
Mr Sadhasivan Naidoo	1-10-2016	BA; BAdmin; BAdmin (Honours) Industrial Psychology	Tourism, Entrepreneurship and Human Resource Development	Human Resources Committee/Arts and Fundraising Committee	4	4 656

Committees

Members	Finance & Procurement Committee	Audit & Governance Committee	Human Resources Committee	Arts & Fund Raising Committee
Ms Hlengiwe Mgabadeli				
Mr Sathie Gounden		✓		
Ms Fikile Khumalo			✓	✓
Ms Khwezi Kunene	✓		✓	
Mr Nathi Mbele				✓
Ms Siphesihle Ndlela	✓			✓
Ms Linda Zama		✓		
Mr Mlu Manci	✓			✓
Mr Sadha 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 as 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. ITGC review
2. HR Audit review
3. SCM review
4. Follow up reviews
5. Audit of Predetermined Objectives

6. AUDIT AND GOVERNANCE COMMITTEE

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

The primary role 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 non-compliance 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 74 000 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 2017.

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.

Committee Members

Name	Qualifications	Internal or External	Date Appointed
Judge Leona Valerie Theron	Master of Law, Bachelor of Laws and Bachelor of Arts	External – Chairperson of the Audit and Governance Committee	10 April 2015
Ms Charmaine Jugnarayan	CA (SA), RA	External	10 April 2015
Ms Noluthando Lungile Radebe	CA (SA), RA	External	24 July 2015
Mr Sathie Gounden	CA (SA), RA	Internal	1 December 2014
Ms Linda Zama	BA, LLB degree	Internal	1 April 2016

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 risk assessment workshop with all key stakeholders;
- 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 the 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;
- Considered 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 2017 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 congratulates the Council and Management on their countless efforts and commitment in obtaining an unqualified clean audit report from the Auditor-General for five consecutive years. The Committee is grateful for the support received from the Council and Management.



Judge Leona Theron

Chairperson: Audit and Governance Committee





▲ Sishaya Ingoma Competition

Part D

HUMAN RESOURCE MANAGEMENT

1. 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)
	91 140	33 274	37%	86	386 902

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	1 905	7%	1	1 905
Senior management	1 306	5%	1	1 306
Professional qualified	6 044	21%	10	604
Skilled	10 442	36%	33	316
Semi-skilled	9 239	32%	41	225
Unskilled	0	0%	0	0
TOTAL	28 936	100%	86	336

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
	33 274	312	1%	81	3.9

Employment and vacancies

Programme	2015/2016 no. of employees	2016/2017 approved posts	2016/2017 no. of employees	2016/2017 vacancies	% of vacancies
	85	97	86	11	11.34%

Programme	2015/2016 No. of Employees	2016/2017 Approved Posts	2016/2017 No. of Employees	2016/2017 Vacancies	% of vacancies
Top management	1	1	1	0	0
Senior management	1	1	1	0	0
Professional qualified	8	12	10	2	16.66%
Skilled	34	37	33	4	10.8%
Semi-skilled	41	46	41	5	10.86%
Unskilled	0	0	0	0	0
TOTAL	85	97	86	11	11.34%

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	8	2	0	10
Skilled	34	2	3	33
Semi-skilled	41	3	3	41
Unskilled	0	0	0	0
Total	85	7	6	86

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	2	33.3%
Dismissal	1	16.6%
Retirement	2	33.3%
Ill health	1	16.6%
Expiry of contract	0	0
Other	0	0
Total	6	100%

Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	1
Dismissal	1

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	3	3	0	1	2	1	1	1
Skilled	19	20	1	1	2	2	2	3
Semi-skilled	21	22	0	0	4	4	1	1
Unskilled	0	0	0	0	0	0	0	0
TOTAL	43	45	1	2	9	8	4	5

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	2	2	0	0	1	1	1	1
Skilled	6	9	1	1	0	0	2	1
Semi-skilled	10	10	2	1	3	4	0	2
Unskilled	0	0	0	0	0	0	0	0
TOTAL	19	22	3	2	4	5	3	4

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	} 2
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	



▲ Ten Days in a Shebeen

Part E

FINANCIAL INFORMATION

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

The Council is responsible for the preparation of 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 2017.

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 2017 have been audited by the Auditor-General and their report is presented on page 52.

The Annual Financial Statements of The Playhouse Company set out on pages 55 to 80 have been approved.



Ms Linda Bukhosini
Chief Executive Officer and Artistic Director
Date: 28 July 2017



Ms Hlengiwe Christophina Mgabedeli
Council Chairperson
Date: 28 July 2017

2. REPORT OF THE CHIEF EXECUTIVE OFFICER AND ARTISTIC DIRECTOR

Financial performance

Revenue

Total revenue increased by 8% from R89m to R96m.

- The increase was mainly attributable to an increase in box office income and sponsorship income from the Department of Arts and Culture in respect of the incubator projects.

Operating expenses

Operating expenses increased by 13% from R81m to R91m.

- The increase was mainly attributable to an increase in production expenses and depreciation.

Surplus for the year

The Surplus of R12.6m for the 2017 year takes into account the increase in box office income and sponsorship income.

Financial position

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

- The increase in non-current assets by R19m is primarily due to costs of assets capitalised during the year.
- Current assets decreased by R14.5m and this was primarily as a result of cash and cash equivalents decreasing by R14m.
- Current liabilities decreased by R8m. This was primarily due a reduction in deferred income.

Cash flows

Cash and cash equivalents decreased by R14m from R111m to R97m. Cash inflows from operating activities of R20m was offset by cash outflows from investing activities of R34m.

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 and Artistic Director

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

Report on the Audit of the Financial Statements

Opinion

1. I have audited the financial statements of The Playhouse Company set out on pages 55 to 80, which comprise the statement of financial position as at 31 March 2017, statement of financial performance, statement of changes in net assets, statement of cash flows, the statement of financial performance – actual versus budget for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of The Playhouse Company as at 31 March 2017, its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in note 2 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the entity's financial statements at, and for the year ended, 31 March 2017.

Responsibilities of accounting authority for the financial statements

8. The council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with SA

Standards of GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting authority is responsible for assessing The Playhouse Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the entity or to cease operations, or there is no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the Audit of the Annual Performance Report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the

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

reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 - Business Development	32-34
Programme 3 - Revenue Consolidation	34-35

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2 - business development
 - Programme 3 - revenue consolidation.

Other matter

17. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Achievement of planned targets

18. The annual performance report on pages 27 to 36 includes information on the achievement of planned targets for the year and explanations provided for the overachievement of a number of targets.

Report on audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
20. I did not identify any instances of material non-compliance with selected specific requirements of

applicable legislation, as set out in the general notice issued in terms of the PAA.

Other information

21. The Playhouse Company's accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the report of the chief executive officer and artistic director and the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
24. Based on reading the other information I have nothing to report in this regard.

Internal control deficiencies

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. I did not identify any significant deficiencies in internal control.

Auditor-General

Pietermaritzburg
31 July 2017



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

Annexure – Auditor-General’s Responsibility for the Audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - obtain an understanding of internal control relevant to the audit 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.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
 - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on entity’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause an entity to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

4. ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position

	Notes	March 2017 R	Restated March 2016 R
ASSETS			
Non-current assets			
Heritage assets	3.1	88 330 000	88 330 000
Property, plant and equipment	3.2	102 747 781	84 617 716
Intangible assets	3.3	799 076	49 269
Current assets			
Inventories	4	536 877	509 710
Trade and other receivables	5	1 366 265	1 961 922
Cash and cash equivalents	6	96 737 366	110 640 147
Total assets		290 517 365	286 108 764
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated surplus		266 769 171	254 199 897
Current liabilities			
Trade and other payables	7	8 584 395	7 403 527
Deferred income	8	15 163 799	24 505 340
Total net assets and liabilities		290 517 365	286 108 764

Statement of Financial Performance

	Notes	March 2017 R	Restated March 2016 R
Revenue		95 903 995	89 171 811
Grants	9	75 055 947	75 728 084
Other operating income	10	20 848 048	13 443 727
Less: Expenditure		91 139 810	80 630 049
Production expenditure	11	16 662 942	12 671 092
Production and technical services expenditure	12	5 000 576	4 401 456
Workshop expenditure		1 576 122	1 435 993
Maintenance expenditure	13	2 127 389	2 463 321
Security expenditure		3 429 010	3 060 096
HF, finance and corporate expenditure		5 318 450	5 625 909
Rates and taxes		7 697 389	7 202 134
Other operating expenditure	14	1 288 502	1 164 504
Depreciation and amortisation		14 765 879	12 484 488
Emoluments	15	33 273 551	30 121 056
Surplus from operations	16	4 764 185	8 541 762
Interest received		7 805 090	7 256 621
Surplus for the year	17	12 569 275	15 798 383

Statement of Changes in Net Assets

	Notes	March 2017 R	Restated March 2016 R
Opening accumulated surplus as previously reported		254 199 897	238 401 514
Net surplus for the year as previously reported			15 798 383
Revenue from services in kind			7 202 134
Increase in rates and taxes			(7 202 134)
Surplus for the year		12 569 275	15 798 383
Closing accumulated surpluses	18	266 769 171	254 199 897

Statement of Cash Flows

	Notes	March 2017 R	Restated March 2016 R
Cash flows from operating activities			
Cash receipts from grantors and clients		111 663 450	107 276 509
Cash paid to suppliers and employees		(99 724 684)	(102 091 829)
Cash generated from operations	19	11 938 756	5 184 681
Interest received		7 805 090	7 256 621
Net cash from operating activities		19 743 846	12 441 302
Cash flows used in investing activities			
Additions to property, plant and equipment		(32 843 016)	(6 555 696)
Additions to intangibles		(819 481)	(18 679)
Proceeds on sale of property, plant and equipment		15 870	-
Net cash used in investing activities		(33 646 626)	(6 574 375)
Cash flows from financing activities			
Decrease in long-term borrowings		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		(13 902 781)	5 866 926
Cash and cash equivalents at beginning of year		110 640 147	104 773 220
Cash and cash equivalents at end of year	6	96 737 366	110 640 147

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 consistently with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

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

These accounting policies are consistent with the previous year.

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

GRAP 1 Presentation of financial statements

GRAP 2 Cash flow statements

GRAP 3 Accounting policies, changes in accounting estimates and errors

GRAP 6 Consolidated financial statements and accounting for controlled entities

GRAP 9 Revenue from exchange transactions

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events after the reporting date

GRAP 17 Property, plant and equipment

GRAP 19 Provisions, contingent liabilities and contingent asset

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

GRAP 31 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

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 18 Segment Reporting

GRAP 27 Agriculture

GRAP 105 Transfers of Functions between Entities Under Common Control

GRAP 106 Transfers of Functions between Entities not Under Common Control

GRAP 107 Mergers

IFRS 4 Insurance Contracts

IFRS 6 Exploration for and Evaluation of Mineral Resources

IAS 12 Income Taxes

IFRIC 12 Service Concession Arrangements

SIC 25 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders

SIC 29 Service Concession Arrangements

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 20 Related Party Disclosure (principles of policy applied)

GRAP 32 Service Concession Arrangements: Grantor

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.

Accounting Policies (continued)

1.2. Use of estimates and judgments

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

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

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

Note 1.3 Property, plant and equipment

Note 1.5 Intangible assets

Note 1.12 Provisions

1.3. Property, plant and equipment

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

Where an asset is acquired by the public entity for no or nominal consideration (i.e. non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Assets are fair valued on the depreciated cost replacement method. Where an active market does not exist, the fair value of the item has been established by reference to other items with similar characteristics.

Major spare parts qualify as property, plant and equipment when the public entity expects to use them during more than one period. Similarly, if the major spare parts can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

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 assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss has been recognised.

1.5. Intangible assets

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

Software	: 2 Years
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Accounting Policies (continued)

1.6. **Heritage assets**

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

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

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

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

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

1.7. **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.

1.8. **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.

1.9. **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.

1.10. **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.

Accounting Policies (continued)

1.11. 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.

1.12. Services in-kind

Services in-kind are recognised at its fair value when it is significant to the operations and/or service delivery objectives and when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, only the nature and type of services in-kind received during the reporting period is disclosed.

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.

1.18. Going concern

The going concern basis has been adopted in preparing the financial statements. Management have no reason to believe that the company will not be a going concern in the foreseeable future, based on funding commitment from the Department of Arts and Culture, forecasts and available cash and finance resources.

The Playhouse Company has received a funding allocation in terms of the MTEF from the Department of Arts and Culture for the next three years.

1.19. Deferred Income

Liabilities are raised for money received from conditional grants. The revenue from these grants are deferred until such time that the conditions of the grant have been met. The grant liability decreases as the grant deferred revenue is realised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PRIOR YEAR ERROR

The Playhouse Company implemented the requirements of para 99 of GRAP 23, Revenue from Non-Exchange Transactions (Taxes and Transfers) in the 2016 financial year. The paragraph deals with the recognition of services in-kind. In the prior year, The Playhouse Company stated that the company did not receive any services in-kind that was significant to the company's operations and/or service delivery objectives. In October 2016, The Playhouse Company was made aware that the company's rates and taxes for the properties in its use were being paid by the Department of Public Works. The Playhouse Company followed up with the relevant authorities to determine the value of the rates and taxes being paid on the company's behalf. The error has subsequently been rectified and has affected the financial statements as follows:

The effect of the change in error is as follows:

	March 2017 R	Restated March 2016 R
31 March		
Statement of Financial Performance		
Increase in revenue		7 202 134
Increase in expenses		7 202 134
Net effect on Statement of Financial Performance		<u>0</u>
Statement of Financial Position		
Increase in current assets		7 202 134
Decrease in current assets		7 202 134
Net effect on Statement of Financial Position		<u>0</u>
3. ASSETS		
3.1 Heritage assets		
Carrying amount	88 330 000	88 330 000
Gross carrying amount	88 330 000	88 330 000
Accumulated Impairment loss	-	-
Carrying amount at year end	<u>88 330 000</u>	<u>88 330 000</u>

Heritage assets comprises land and buildings: Rem of portion 1 of ERF 10636 of Durban. The property was valued by eThekweni Municipality in May 2008.

Heritage assets were recognised for the first time in March 2011.

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.

In terms of section 66 of the PFMA Act, The Playhouse Company may not use the immovable property, including the heritage assets as collateral and the land and buildings are unencumbered.

Notes to the Annual Financial Statements (continued)

3.2. Reconciliation of carrying value of property, plant and equipment

	Motor vehicles	Maintenance spares	Office furniture and other equipment	Computer equipment	Stage equipment	Workshop equipment	Work in progress	Art-works	Capitalised leased assets (office equip, land and buildings)	Total
	R	R	R	R	R	R	R	R	R	R
Carrying amount 1 April 2015	1 585 374	27 935	3 472 215	699 607	9 237 906	237 321	3 618 873	452 049	71 145 150	90 476 430
Gross carrying amount	4 290 432	27 935	11 544 853	2 299 165	30 210 019	527 456	3 618 873	452 049	107 246 749	160 217 531
Accumulated depreciation	(2 705 058)	-	(8 072 638)	(1 599 558)	(20 972 113)	(290 135)	-	-	(36 101 599)	(69 741 101)
Additions	395 023	-	150 910	133 103	650 729	6 430	5 219 501	-	-	6 555 696
Fair value adjustment	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	612 190	-	1 222 590	-	(5 619 623)	-	3 784 843	-
Depreciation	(722 879)	-	(1 237 470)	(331 226)	(4 701 476)	(100 006)	-	-	(10 956 006)	(18 049 063)
Depreciation write-back	660 773	-	136 241	221 627	4 432 555	3 877	-	-	179 580	5 634 653
Disposals	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
Carrying amount 31 March 2016	1 918 291	27 935	3 134 086	723 111	10 842 304	147 622	3 218 751	452 049	64 153 567	84 617 716
Gross carrying amount	4 685 455	27 935	12 307 953	2 432 268	32 083 338	533 886	3 218 751	452 049	111 031 592	166 773 227
Accumulated depreciation	(2 767 164)	-	(9 173 867)	(1 709 157)	(21 241 034)	(386 264)	-	-	(46 878 025)	(82 155 511)
Additions	-	-	104 251	320 052	77 123	-	32 324 858	-	16 731	32 843 015
Fair value adjustment	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	168 474	160 626	20 953 986	-	(33 062 663)	-	11 779 577	-
Depreciation	(577 025)	-	(1 360 616)	(339 543)	(6 818 803)	(100 905)	-	-	(11 404 288)	(20 601 180)
Depreciation write-back	208 526	-	382 171	121 587	1 376 558	17 126	-	-	3 799 007	5 904 975
Disposals	-	(877)	(3 469)	(528)	(10 792)	(4)	-	(1 075)	-	(16 745)
Cost	-	(877)	(106 314)	(183 509)	(535 363)	(12 349)	-	(1 075)	-	(839 487)
Accumulated depreciation	-	-	102 845	182 981	524 571	12 345	-	-	-	822 742
Carrying amount 31 March 2017	1 549 792	27 058	2 424 897	985 305	26 420 376	63 839	2 480 946	450 974	68 344 594	102 747 781
Gross carrying amount	4 685 455	27 058	12 474 364	2 729 437	52 579 084	521 537	2 480 946	450 974	122 827 900	198 776 755
Accumulated depreciation	(3 135 663)	-	(10 049 467)	(1 744 132)	(26 158 708)	(457 698)	-	-	(54 483 306)	(96 028 974)

Land and buildings 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 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)

3.3. Intangible assets

	Software	Total
	R	R
Carrying amount 1 April 2015	100 669	100 669
Gross carrying amount	557 926	557 926
Accumulated amortisation	(457 257)	(457 257)
Additions	18 679	18 679
Amortisation	(70 079)	(70 079)
Amortisation write-back	-	-
Disposals	-	-
Cost	-	-
Accumulated amortisation	-	-
Carrying amount 31 March 2016	49 269	49 269
Gross carrying amount	576 605	576 605
Accumulated amortisation	(527 336)	(527 336)
Additions	819 480	819 480
Amortisation	(198 229)	(198 229)
Amortisation write-back	128 557	128 557
Disposals	(1)	(1)
Cost	(3 795)	(3 795)
Accumulated amortisation	3 794	3 794
Carrying amount 31 March 2017	799 076	799 076
Gross carrying amount	1 392 290	1 392 290
Accumulated amortisation	(593 214)	(593 214)

Amortisation is included with depreciation.

	March 2017	Restated March 2016
	R	R
4. Inventories		
Catering	95 540	81 465
Workshop	239 068	220 885
Wardrobe	94 284	96 313
General stores	107 985	111 047
	536 877	509 710
5. Trade and other receivables		
Trade receivables	266 222	290 268
Staff debtors	5 833	5 833
Other receivables	1 216 732	1 879 190
	1 488 787	2 175 291
Less: Debtors impairment	(122 522)	(213 369)
	1 366 265	1 961 922
5.1. Movement in the provision for impairment of trade receivables		
Balance at 1 April	213 369	500 064
Provision for receivables impairment	(90 847)	(286 695)
Receivables written off during the year as uncollectible	-	-
Unused amounts reversed	-	-
Unwinding of discount	-	-
Balance at 31 March	122 522	213 369

Notes to the Annual Financial Statements (continued)

	March 2017	Restated March 2016
	R	R
6. Cash and cash equivalents at end of year		
Cash available immediately	28 137 720	12 057 264
Investments – fixed deposits	68 599 646	98 582 883
Cash available in 30 days	-	33 152 521
Cash available in 60 days	21 500 000	24 894 000
Cash available in 90 days	47 099 646	40 536 362
	<u>96 737 366</u>	<u>110 640 147</u>
R277 816 and R30 360 are 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.		
7. Trade and other payables		
Trade payables	1 907 920	1 805 160
Other payables and accruals	3 129 570	2 773 473
Leave pay accrual	2 717 182	2 062 390
Bonus accrual	829 723	762 504
	<u>8 584 395</u>	<u>7 403 527</u>
8. Deferred Income		
Grant received in advance	15 163 799	24 505 340
National Department of Arts and Culture	14 413 799	23 755 340
eThekweni Municipality	750 000	750 000
	<u>15 163 799</u>	<u>24 505 340</u>
9. Grants		
National Department of Arts and Culture (DAC)	43 815 000	41 926 000
Special Capital Expenditure Grant – (DAC)	20 453 947	23 015 084
KZN Department of Arts and Culture	7 787 000	7 787 000
eThekweni Municipality	3 000 000	3 000 000
Total	<u>75 055 947</u>	<u>75 728 084</u>

Conditional grant

National Department of Arts and Culture

The Playhouse Company receives public funding from the National Department of Arts and Culture.

In terms of Para 53(3) of the Public Finance Management Act, 1999, the public entity may not budget for a deficit and may not accumulate surpluses unless written approval of The National Treasury has been obtained.

Unless written approval is received, the unused grants must be returned to National Treasury.

The Playhouse Company has received the approval from National Treasury to retain the accumulated surplus.

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 controls 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.
- 5.3 To ensure that the quarterly report contain any other information and or documents that the Department may require.
6. To submit to the Department the close out report for the 2016/2017 financial year by no later than the 30 April 2017.
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 acknowledges 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.
10. To immediately notify the Department in writing of any failure on its part to achieve any of its obligations.
- 11.1 To ensure that in its execution of the MOA and in the performance of its duties, The Playhouse Company does not cause breach of any other agreement to which The Playhouse Company is a party.
- 11.2 To ensure that any other agreement that The Playhouse Company may enter into with such other parties as may be necessary to fulfil its obligations to the Department, shall not in any way be in conflict or cause a conflict with the provisions of the MOA.

Notes to the Annual Financial Statements (continued)

Conditional grant

eThekwini Municipality

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

The eThekwini Municipality and The Playhouse Company entered into a Memorandum of Agreement in January 2015 for the year ended 31 March 2017.

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

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.
 - 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 15 December and shall focus on, but not 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 six 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.
 - 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 15 August each year.
 - 4.10. The Playhouse Company shall provide a copy of its Annual Report as soon as it becomes available but not later than 15 August each year.

Notes to the Annual Financial Statements (continued)

Notes	March 2017	Restated March 2016
	R	R
10. Other operating income		
Revenue from exchange transactions	10 651 556	5 359 495
Hire of performance venues, costumes, sets, and mobile stage	2 575 280	2 552 597
Box office income	5 948 878	1 395 113
Rent received	569 075	412 501
Bar and other sales	609 573	373 915
Functions	238 132	229 008
Box office commission – external productions	475 754	188 207
Sundry revenue – admin, computicket commission and fair valuation of assets	234 864	208 154
Revenue from non-exchange transactions	10 196 492	8 084 232
Donations and sponsorships (productions)	2 499 103	882 098
Services in kind	7 697 389	7 202 134
Total	20 848 048	13 443 727
11. Production expenditure		
Direct production expenditure	16 539 383	12 554 748
Outside hirers	33 034	4 842
Productions and festivals	16 413 317	12 475 504
Mobile stage	93 032	74 402
Indirect production expenditure	123 559	116 344
Total	16 662 942	12 671 092
12. Production and technical services expenditure		
Technical services	5 000 576	4 401 456
Total	5 000 576	4 401 456
13. Maintenance expenditure		
Airconditioning	357 511	227 268
Buildings	316 140	877 838
Domestic electrical	275 772	184 021
Fire fighting equipment	118 545	32 489
Lifts	464 035	394 507
Machinery	27 984	81 400
Motor vehicles	232 784	270 970
Stage equipment and pianos	176 075	216 435
General	158 543	178 394
Total	2 127 389	2 463 322

Notes to the Annual Financial Statements (continued)

	Notes	March	Restated March
		2017	2016
		R	R
14. Other operating expenditure			
Transport		199 935	129 598
Loss on sale of assets		15 871	-
Deco hire		-	7 426
Wardrobe		28 089	16 472
General – consultants, insurance and phones		724 552	792 917
Cost of sales – bar and other		320 055	218 091
Total		1 288 502	1 164 504
15. Emoluments			
Salaries		22 732 594	20 799 969
Adhocs		2 502 543	2 338 052
Provident fund		3 191 784	2 951 994
Medical aid		730 068	702 905
UIF		175 245	168 553
Bonus		1 854 468	1 728 682
Overtime		240 733	228 706
Leave		792 635	73 788
Council – attendance		134 321	251 780
Housing subsidies		863 000	816 687
Long service awards		56 160	59 940
Total		33 273 551	30 121 056
16. Surplus from operations			
Surplus from operations is arrived at after taking into account:			
Expenditure			
Auditors' remuneration:		866 368	552 215
Depreciation of property, plant and equipment:		14 696 205	12 414 410
Motor vehicles		577 025	722 879
Office furniture and other equipment		1 360 616	1 237 470
Computer equipment		339 543	331 226
Stage equipment		6 818 803	4 701 476
Workshop equipment		100 905	100 006
Leased assets		11 404 288	10 956 006
		20 601 180	18 049 063
Depreciation write back		(5 904 975)	(5 634 653)
Amortisation		69 672	70 079
Intangible assets		198 229	70 079
Amortisation write back		(128 557)	-
Emoluments – senior management and council	22	4 440 927	4 297 054
Staff costs		28 832 624	25 824 001
Professional services:		695 053	450 753
Internal audit fees		672 823	388 794
Consultancy fees		22 230	61 959

Notes to the Annual Financial Statements (continued)

March 2017	Restated March 2016
R	R

17. Surplus for the year

The Surplus for the 2017 and 2016 year takes into account the recognition of the capital income in terms of GRAP 23 – Revenue from Non-exchange Transactions Taxes and Transfers (principles of policy applied).

18. Reconciliation of statement of changes in net assets

Balance at 31 March	266 769 171	254 199 897
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	124 869 171	112 299 897

19. Reconciliation of cash generated

Cash generated by operations		
Surplus for the year	12 569 275	15 798 383
Adjusted for:		
Depreciation, amortisation and impairment	14 765 879	12 484 488
Loss on disposal of property, plant and equipment	877	-
Interest received	(7 805 090)	(7 256 621)
Operating cash flows before working capital changes	19 530 940	21 026 250
Working capital changes	(7 592 184)	(15 841 569)
(Increase) in inventories	(27 168)	(28 689)
Decrease (Increase) in accounts receivable	595 657	(593 621)
Increase in accounts payable	1 180 868	1 089 825
(Decrease) in deferred income	(9 341 541)	(16 309 084)
Cash generated from operations	11 938 756	5 184 681

Notes to the Annual Financial Statements (continued)

March 2017	Restated March 2016
R	R

20. Financial instruments

Overview

The Playhouse Company has exposure to the following risks from its use of financial instruments.

- 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.

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 was:

Trade and other receivables (note 5)	1 366 265	1 961 922
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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.

Notes to the Annual Financial Statements (continued)

March 2016	March 2015
R	R

20. Financial instruments (continued)

Trade and other receivables (continued)

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.

Analysis of trade and other receivables for reporting purposes:

90 days and over	189 934	205 106
30 days	8 781	12 417
Current	1 167 551	1 744 399
	<u>1 366 266</u>	<u>1 961 922</u>

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 2017 were as follows:

eThekwini municipality for services – R 277 816

The Postmaster for services – R 30 360

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.

The Playhouse Company makes payments weekly. An assessment is made of the payments due in advance. Monies are transferred to the current bank account to meet the weekly obligations. Any surpluses are invested on a month-to-month basis at the most optimum interest rate.

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.

The cash available at 31 March 2017 was R96 737 366 (2016 – R110 640 147).

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 investment periods are received from various banking institutions. A proposal is made and approved by senior management.

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.

Notes to the Annual Financial Statements (continued)

20. Financial instruments (continued)

Interest rate risk (continued)

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.

Profile	2017		2016	
	Int Rate %	Carrying amount	Int Rate %	Carrying amount
Variable rate instrument				
FNB – 120 days		-		-
Investec – 120 day fixed	7,85	18 243 834	7,25	31 546 480
Nedbank – 60 Day fixed		-	7,10	2 500 000,00
Nedbank – 120 day fixed	7,90	19 072 768	6,90	13 935 379
ABSA – 120 day fixed		-	7,11	16 496 240
Standard Bank – 120 day	7,94	31 283 044	7,47	34 104 784
		68 599 646		98 582 883

At 31 March 2017, 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 R685 996.

At 31 March 2017, 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.

21. Tax exemption

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

22. Emoluments - Senior management and council

Senior management

L Bukhosini (Chief Executive and Artistic Director)

	March 2017	March 2016
	R	R
	1 904 712	1 784 414
Salary	1 518 470	1 419 131
Bonus	126 539	118 261
Pension, med-aid contributions	250 548	234 157
Cell phone and other	9 155	12 865

A Mohanparasadh (Chief Financial Officer)

	1 305 762	1 226 892
Salary	1 142 901	1 069 314
Bonus	95 242	89 109
Cell phone and other	67 619	68 469

O Hlangu (Support Services Manager)

	1 096 132	1 033 969
Salary	823 334	769 471
Bonus	68 611	64 122
Pension, med-aid contributions	153 922	145 035
Cell phone and other	50 265	55 341

Total senior managers

	4 306 606	4 045 274
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Notes to the Annual Financial Statements (continued)

	March 2017	Restated March 2016
	R	R
22. Emoluments – Senior management and council (continued)		
Members of council and sub-committees	134 321	251 780
HC Mgabadeli – Chairperson of Council	45 325	108 044
JT Mtshali – Deputy Chairperson of Council	-	19 872
L Theron* – Audit Committee Chairperson	-	-
S Gounden	8 084	20 664
C Jugnarayan*	18 539	18 368
N Mbele	11 512	16 192
FE Khumalo	13 840	23 080
KB Kunene	132	-
M Purkey	-	6 888
I Ntuli	-	6 528
NLB Radebe*	13 833	6 888
SP Ndlela	18 400	25 256
Sadha Naidoo	4 656	-
Total emoluments	4 440 927	4 297 054

* External independent member of the Audit Committee.

23. 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.

The contribution to the provident funds R3 191 784 (2016: R2 951 994) and is included in staff costs.

24. Related parties

24.1 National Department of Arts and Culture.

Grants received for the financial year amounted to R43 815 000, and for the year ended 2017/18 will amount to R49 838 000.

24.2 KZN Department of Arts and Culture

Grant received for the 2016/2017 financial year amounted to R7 786 500, and for the year ended 2017/2018 will amount to R8 599 138.

24.3 eThekweni Municipality

A total transfer payment of R3 000 000 was received during the current year on 24 October 2016 for the period 1 July 2016 to 30 June 2017 in line with the municipalities financial year. An amount of R750 000, relating to April, May and June 2017, has been deferred to the 2017/2018 financial year. A total transfer payment of R3 000 000 (2016: R2 250 000) is recorded as income for the current year, R2 250 000 (R3 000 000 - R750 000) plus R750 000 deferred in the previous financial year.

24.4 Department of Public Works

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. The Department paid for rates for the year as follows: R7 697 389 (2016: R7 202 134).

Notes to the Annual Financial Statements (continued)

March 2017	Restated March 2016
R	R

24. Related parties (continued)

24.4 Department of Public Works

24.5 KwaZulu-Natal Philharmonic Orchestra – KZNPO

On 1 April 1998, The Playhouse Company reduced its operational size in line with the principles contained in the Department of Arts, Culture, Science and 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 relations for the delivery of services according to the mandate of each institution.

Payments by The Playhouse Company to KZNPO	1 484 335	703 435
Accrual by The Playhouse Company	627 267	158 189
Payments by KZNPO to The Playhouse Company	437 778	250 013

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.

24.6. Council

The Council was appointed by the Minister of Arts and Culture to oversee and ensure good corporate governance. Council has various sub-committees such as Arts and Fundraising, Finance, Audit and Governance, Human Resources and Remuneration Committees, that guide and assist management, which is appointed by Council. Refer to note 22 – compensation.

In her capacity as an accomplished public speaker and events manager both on the international and local fronts Ms S Ndlela was tasked with the added responsibility of being the Programme Director for a special fundraising event for the Playhouse's arts programme. The event took place in August. She was paid R10 000 for her professional services.

24.7. Key personnel

Chief Executive and Artistic Director – Linda Bukhosini

Chief Financial Officer – Amar Mohanparasadh

Support Services Manager – Oscar Hlangu

25. Subsequent events

There was no significant events that occurred between balance sheet date and date of this report.

26. Irregular, fruitless or wasteful expenditure

No material losses through criminal conduct, or irregular, fruitless or wasteful expenditure were incurred during the year ended 31 March 2017.

Notes to the Annual Financial Statements (continued)

March 2017	Restated March 2016
R	R

27. Services in-kind

27.1. The Company received services in-kind that was significant to the company's operations and/or service delivery objectives. The in-kind services relating to the rates and taxes paid by the Department of Public Works KZN have been recognised in the Annual Financial Statements.

Rates and taxes paid by the Department of Public Works KZN	7 697 389	7 202 134
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The following in-kind services have not been recognised in the Annual Financial Statements.

27.2. In-kind services rendered by Council and committee members in the employment of the State:

The Treasury Regulation on 'Service benefit packages for office-bearers for certain statutory and other institutions' states that employees of National, Provincial and Local Government or institutions, agencies and entities of government serving as office bearers of public entities/institutions are not entitled to additional remuneration.

Two Council and committee members were in the employment of the State and did not receive fees for attending Council and Committee meetings.

27.3. Publicity and media partnerships in kind:

One of the entitie's APP objectives deals with publicity and media partnerships in kind. When the entitie's name appears in the any written media, the measurements of the articles are taken and a formula applied to generate a value for in-kind publicity. The entity has insufficient control over the services provided.

28. Non-cancellable committed tenders

At the balance sheet date, The Playhouse Company had outstanding commitments in respect of non-cancellable tenders awarded during the year. The tender awards are as follows:

Recording studio upgrade		5 045 344
Led stage screens		4 981 629
Upgrading of theatre lighting		5 020 982
Opera sound refurbishment		421 800
Head office reception and foyer upgrade		222 870
Replacement of Alhambra and Tudor roofing		9 985 718
Generators	10 202 276	-
	10 202 276	25 678 343

29. Comparative figures

The Prior year error (note 2) relates to services in kind for the 2017 and prior year. The prior year trading results have been restated. The Annual Financial Statements discloses this as 'Restated March 2016' financial information.

Notes to the Annual Financial Statements (continued)

	March	Restated March
	2017	2016
	R	R
30. Reconciliation between budget and statement of financial performance		
Net surplus per the Statement of Financial Performance	12 569 275	15 798 383
Adjusted for:		
Increase in capital works grant from DAC	(6 635 541)	(17 015 084)
Increase in grant received	(2 279 200)	(2 170 000)
Increase in sponsorship for the staging of productions	(103)	(882 098)
Increase in production income	(4 874 808)	(623 960)
Increase in liquor bar and sundry income	(748 773)	(59 261)
Increase in finance income	(805 090)	(1 256 621)
Decrease in production expenditure	(2 103 532)	(1 301 580)
Decrease in compensation to employees as certain positions not filled	(1 087 515)	(1 692 239)
Decrease in consumables, electricity and cleaning	(115 304)	(513 690)
Decrease in council expenses	(152 237)	(120 174)
(Decrease) increase in telephone expenses	(2 744)	26 658
Decrease in repairs and maintenance	(1 538 097)	(827 710)
Decrease in other operating expenses	(3 210 833)	(2 454 840)
Deficit on the sale of assets	15 871	-
Depreciation	14 765 879	12 484 488
Capital expenditure budgeted but not processed to Statement of Financial Performance	(54 557 568)	(50 771 807)
Net deficit per approved budget (including capex)	(50 760 320)	(51 379 533)

Notes to the Annual Financial Statements (continued)

31.1. Reconciliation between budget and statement of financial performance – operating expenditure

STATEMENT OF FINANCIAL PERFORMANCE – ACTUAL VERSUS BUDGET

	2017 ACTUAL	2017 ORIGINAL BUDGET	2017 REVISED BUDGET	2017 VARIANCE	2017 VARIANCE
	R 000	R 000	R 000	R 000	%
REVENUE	95 903 995	66 718 525	73 668 181	22 235 814	
Grants	75 055 947	62 043 000	66 141 206	8 914 741	13%
Production income	5 948 878	1 816 500	2 071 725	3 877 153	187%
Donations and sponsorships	2 499 103	-	2 499 000	103	0%
Rent received	569 075	407 000	427 350	141 725	33%
Hire of performance venues, costumes and sets	2 575 280	1 557 250	1 577 625	997 655	63%
Box office commission – external productions	475 754	150 000	157 500	318 254	202%
Bar and other sales	609 573	525 000	400 000	209 573	52%
Services in kind	7 697 389			7 697 389	
Sundry income	472 996	219 775	393 775	79 221	20%
EXPENDITURE	91 139 809	67 316 111	76 870 934	(14 268 875)	
Production expenditure	16 539 384	13 856 828	18 642 916	2 103 532	11%
Employee related costs	33 365 842	32 040 950	34 453 357	1 087 515	3%
Annual report	62 580	110 000	110 000	47 420	43%
Auditors fees external	866 368	1 000 000	1 100 000	233 632	21%
Auditors fees internal	672 823	428 000	450 000	(222 823)	-50%
Council related expenses	252 387	663 600	404 624	152 237	38%
Cleaning and sanitation	1 374 897	1 352 749	1 446 979	72 082	5%
Consumables	1 206 024	1 284 650	1 603 592	397 568	25%
Electricity	4 320 336	3 795 825	4 038 072	(282 264)	-7%
Security	3 085 650	2 942 500	3 148 475	62 825	2%
Insurance	335 035	315 115	320 275	(14 760)	-5%
Legal expenses	21 079	60 000	30 000	8 921	30%
Marketing	541 170	1 000 000	1 100 000	558 830	51%
Rates and taxes	7 697 389	-	-	(7 697 389)	
Repairs and maintenance	1 424 059	2 584 020	2 962 156	1 538 097	52%
Telephone	389 845	373 175	392 589	2 744	1%
Training	312 477	395 900	340 000	27 523	8%
Travel – local and overseas	390 164	642 000	598 327	208 163	35%
Water	524 806	332 850	528 680	3 874	1%
Depreciation	14 765 878	-	-	(14 765 878)	100%
General expenses	2 991 616	4 137 948	5 200 892	2 209 276	42%
Surplus from operations	4 764 185	(597 586)	(3 202 752)	7 966 939	
Interest received	7 805 090	3 250 000	7 000 000	805 090	12%
Surplus for the year	12 569 275	2 652 414	3 797 248	8 772 029	

Changes from the approved budget to the final budget

Some capital income funding requests were deferred to the outer years due to a restriction in the availability of capital grant funding from DAC.

The changes between the approved and final budget are a consequence of roll overs and reallocations within the approved budget parameters.

Notes to the Annual Financial Statements (continued)

Explanation of significant variance

Capital grant recognised in terms of GRAP 23 – Revenue from Non-exchange Transactions Taxes and Transfers.
The Playhouse Company had a phenomenal year end production and ticket sales far exceeded the budget.

New tenants' contracts entered into that were not originally budgeted for.
Outside hirers' income exceeded budget. Seventy-eight outside hirers' production were presented against a budget of 35.
Box office income increased in line with the increased outside hirers productions presented.
The liquor bar benefitted from the increased attendance at the phenomenal year end production.
Services in kind as disclosed in note 27.
Functions venue hire exceeded budget due to high demand for venues.

Two productions, *Messiah* and *KZN Community Arts Festival* have been earmarked to take place in the first two quarters of the new financial year. Financial and other support will be provided for groups needing assistance to get to National Arts Festival in Grahamstown.

Savings in publication and printing of the 2016 Annual Report.
Savings in Auditor General's 2016 audit fee due to some audit costs being processed in the prior year.
Outstanding internal audit work from the prior year paid in the current year.
Savings as a result of cost-saving initiatives. Council members attended only one ISPA conference in December.
Savings as a result of cost-saving initiatives.
Savings in HVAC costs due to maintenance agreements entered into. 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.
Electricity costs increased more than originally anticipated.

Capital equipment acquired during the year added to insurance schedule.
Savings arising from cost-saving initiatives. Use of attorneys limited to exceptional cases only.
Council took a decision to host a fundraising gala dinner to expedite the sales for the festive season production of the *Sound of Music*. The cost related to this event was funded by the production budget, thus resulting in savings in the corporate marketing budget.
Services in Kind as disclosed in note 27.
The budget available was ring fenced for civil works in the rooms where the three newly acquired generators will be housed.

Scheduled/planned training that did not take place due to non-availability of designated staff.
Flights and accommodation booked in advance to take advantage of cheaper rates. Savings in accommodation costs also resulting from directive from National Treasury limiting the accommodation value.

Non-cash flow item not budgeted for annually.
Contingency reserve and construction work budgeted for but not utilised. Savings in various expenses items due to cost saving initiatives.

Funds optimally invested with banks providing best rates of returns.

Notes to the Annual Financial Statements (continued)

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

FIXED ASSET ADDITIONS – ACTUAL VERSUS BUDGET

	2017 ACTUAL	2017 ORIGINAL BUDGET	2017 REVISED BUDGET	2017 VARIANCE	2017 VARIANCE	Explanation of significant variance
	R 000	R 000	R 000	R 000	%	
Office equipment	272 725	100 000	768 000	495 275	64%	Acquisition of some office equipment was delayed after receiving budget cut notification from National Treasury.
Computer equipment	1 300 158	225 000	225 000	(1 075 158)	-478%	Acquisition of a new exchange server required critically for continued optimum functionality.
Stage equipment	21 031 109	13 500 000	26 662 204	5 631 095	21%	Tenders were awarded during the year and were in progress at year end. Work will be completed in first quarter of the new year.
Buildings	11 058 503	-	26 902 364	15 843 861	59%	Tenders awarded and work in progress at year end.
Total	33 662 494	13 825 000	54 557 568	20 895 074	38%	

Changes from the approved budget to the final budget were due to capital budget roll-overs. Funding for capital projects was received on 31 March 2016 and the funds had to be rolled over to the year ended 31 March 2017 for project implementation and execution.







an agency of the
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