



The
Playhouse
Company

an agency of the
Department of Arts & Culture



Annual Report
2018/2019



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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

What it means in practice for The Playhouse Company



CREATIVITY AND INNOVATION

We prioritise creative and innovative thinking and expressions that embrace the multi aesthetics of our country.

EXCELLENCE AND INTEGRITY

We seek to work efficiently and effectively and to be increasingly productive.

We are timeline driven and goal orientated.

We are committed to ethical behaviour and have a zero tolerance stance towards unfairness and discrimination of any form.

We aim for excellence and learn from our mistakes.

DIVERSITY

We respect cultural and artistic expressions that promote the common good of humanity.

We advance the rights of vulnerable groups and promote access to our programmes and facilities.

SUSTAINABILITY

We seek to keep our eye on the future and consider the ongoing sustainability of the Organisation at all times.

We proactively seek to be at the forefront of live theatre.

SINOBUNTU

We strive to work with care, empathy, respect and consideration for the well-being of our staff, customers and stakeholders.

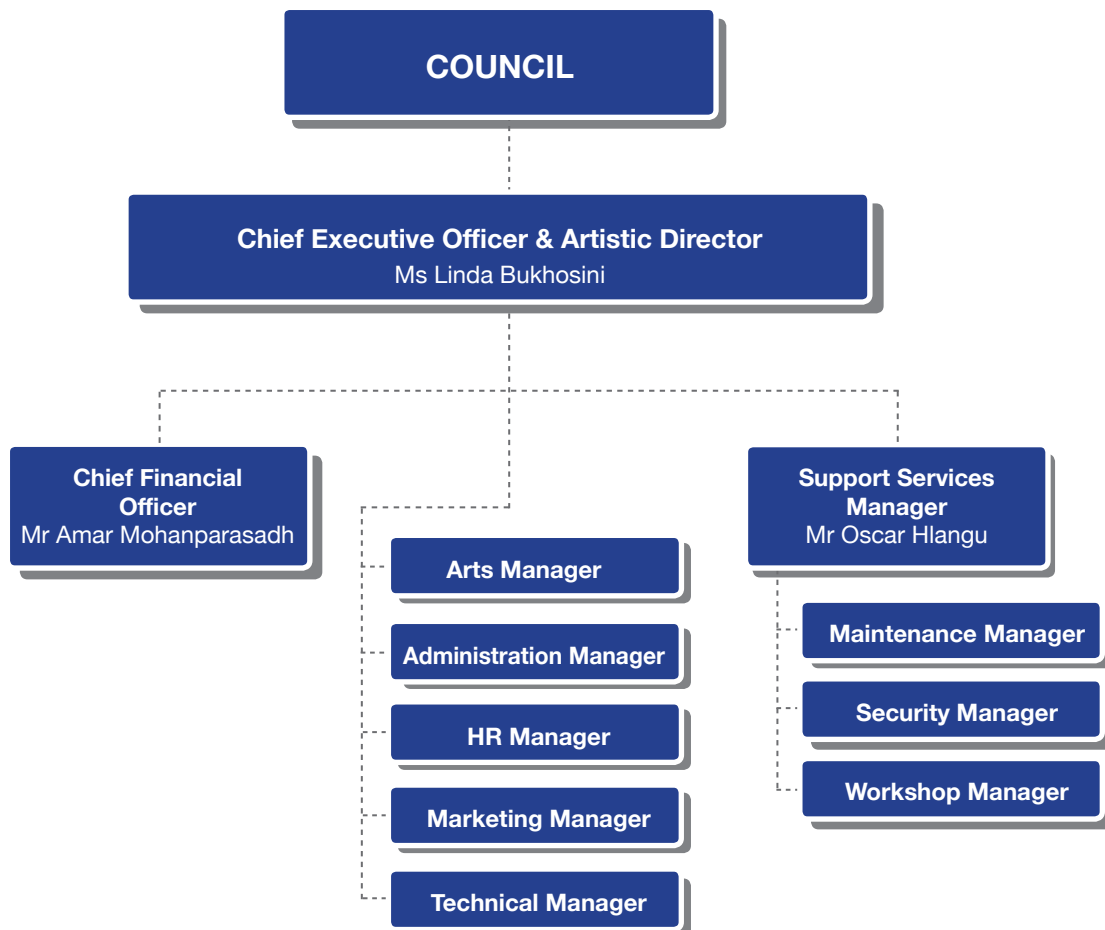
We work hard at maintaining a safe and healthy work environment, protecting our assets and scarce resources, developing our people and promoting a healthy work/life balance.

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

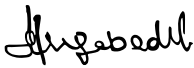


6. FOREWORD BY THE CHAIRPERSON

In the year under review, the Council played an oversight and supportive role to Senior Management, who are in charge of the entire staff of the Entity, and in doing so, ensured that the Institution delivered on all the key components of its mandate. The Playhouse Company received ongoing support from the Department of Arts, Culture and Heritage, both nationally and locally, without which it would have been impossible to showcase the range of productions geared to cater for The Playhouse Company's wide spectrum of audiences.

The Council was able to carry out its fiduciary duties through a close working relationship with the CEO and management. Corporate governance arrangements and the maintenance of systems and controls were exemplary. The work of the Council and its committees is critical in ensuring good financial management as well as ensuring that the mandate of the Entity is achieved, and I would like to express my sincere thanks to the various chairpersons of those committees for their diligence, commitment and leadership. I would like to express my utmost thanks to all members of Council for their dedication and commitment to the Institution. The staff of The Playhouse Company must be commended for their work in making the Institution a leader in the field of the performing arts. We owe a debt of gratitude to the full artistic community, media and patrons, who have made it possible for the Institution to deliver on its mandate. Last but not least, I would like to express my deepest thanks to the Deputy Chairperson, a young, vigilant woman whose future in the leadership space is blooming. Please keep it up Ms Kunene Khwezi; you make the young generation an asset of the nation.

We are pleased to present the annual report and financial statements of The Playhouse Company for the fiscal year ending 31 March 2019. This report highlights various aspects of the significant work we are doing in serving our diverse communities.



Ms Hlengiwe Christophina Mgabedeli

Council Chairperson



7. CHIEF EXECUTIVE OFFICER'S OVERVIEW

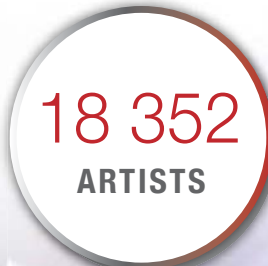


Ms Linda Bukhosini
Chief Executive Officer
and Artistic Director

Despite the myriad challenges facing the arts, the year under review has been positive and encouraging for The Playhouse Company on many fronts. The news of achieving a clean audit report for the **ninth consecutive year** is the cherry on top. It speaks volumes of commitment and leadership provided by our Council as well as innovative, creative spirit and relentless efforts our management and staff put to realize our entity's mandate.

The Playhouse Company is serious about promoting, preserving and presenting diverse artistic and cultural heritage of our country within the ambit of available funds and in compliance with relevant regulations. We continue to stage productions, festivals and arts events that inspire dialogue, a sense of belonging and also nourish the soul. We embrace artistic excellence and use the performing arts as a tool that responds to and reflects the dynamic lives of South Africans. Through the medium of the performing arts, The Playhouse Company continues with programming that fosters greater understanding and promotes the cause of unity in diversity.

Ms Linda Bukhosini
Chief Executive Officer and Artistic Director





 The Playhouse Company
an agency of the
Department of Arts & Culture

► The 3rd BRICS Film Festival Opening Night hosted by Minister Nathi Mthethwa

IN-HOUSE PRODUCTIONS

Produced by The Playhouse Company

Handel's Messiah

Director Ralph Lawson

Conductor Naum Roussine

Artists Lauren Dasappa, Violina Anguelov, Wayne Mkhize, Bongani Kubheka, the KwaZulu Natal Philharmonic Orchestra and the Playhouse Chorale

▼ The Playhouse Chorale in *Handel's Messiah*



How Long?

Director	Duma Ndlovu
Choreographer	Somizi Mhlongo
Musical Director	Phelelani Mnomiya
Artists include	Thembi Mtshali, Mondli Makhoba

Whistle Stop

Director	Frances Slabolepszy
Artists	Ameera Patel, Jaques de Silva



Ndoni

Choreographer Musa Hlatswayo

Womb of Fire

Director Sara Matchett

Artist Rehane Abrahams

Confessions of a Blacklisted Woman...She Bellows

Director Zimkitha Kumbaca

Tribute Concert

Director Jerry Pooe

Artists include Gloria Bosman, Lebo Mashile, Gcina Mhlophe, Khanyo Maphumulo, the Playhouse Chorale, the KZN Philharmonic Orchestra

▼ Tribute Concert





▲ **Woza Albert!**

Woza Albert!

Choreographer	Christopher John
Artist	Mbongeni Ngema, Percy Mtwana

Dialogue: Disrupting Patriarchy

Curator	Dr Bronwyn Anderson
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A Christmas Celebration

Choreographer	Ralph Lawson
Musical Director	Lindelani Mkhize
Artists include	Zanele Mbokazi, Sindy Mabe, Tim Mloi, Khanyo Maphumulo, the Playhouse Chorale, the KZN Philharmonic Orchestra

Dialogue: Be the Legacy – Champions for Gender Equality

Curator	Prof Deeiva Bhana
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▲ Scars

Africa Alive Fashion Show Pop-up

Creative Director: Derrick Mhlongo

Senzo's Battle

Director: Bhekani Shabalala

Iscahamiya Competition

The Playhouse Company's National Iscahamiya competition forms part of heritage month. This indigenous music genre features more than 2 000 artists from all over South Africa in an all-night celebration.

Sishaya Ingoma

This Zulu traditional dance competition includes various traditional Zulu dance styles such as Isgekle, Ushameni, Ingoma yezintombi, Ingoma Sikhuze, Umzansi and more. More than 1 800 artists participated.

▼ Sishaya Ingoma



Community Arts Mentorship Programme

This programme provides a platform to community arts based artists over a period of two months to hone their skills in the following performing arts disciplines including: movement, script writing, directing, voice, production, acting etc.

Director Matjamela Motloug

Mentees 36

Okwethu Festival

A community arts festival held in Umlazi Cinema, featuring more than 170 artists.

Director Jerry Pooe



Playhouse Dance Residency

Six resident dancers, featured in four Playhouse dance productions.

Choreographers:

Scars	Lulu Mlangeni
Ukuzinza	Mzo Gasa
Magic Drum	Sandile Mkhize
We Walk Together	Sandile Mkhize

Playhouse Actors Studio

Six resident actors who featured in four Playhouse seasons.

Director/Mentor	Matjamela Motloung
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Sundowner Concert & Poetry

These popular monthly music and poetry concerts featured more than 294 artists.

Test Driving the Arts

These monthly music and dance lunch hour concerts provide an important platform for up and coming local artists who perform: maskanda, hip-hop, indlamu, kwaito and other contemporary local music and dance forms.

► Tribute Concert



New Stages Fringe

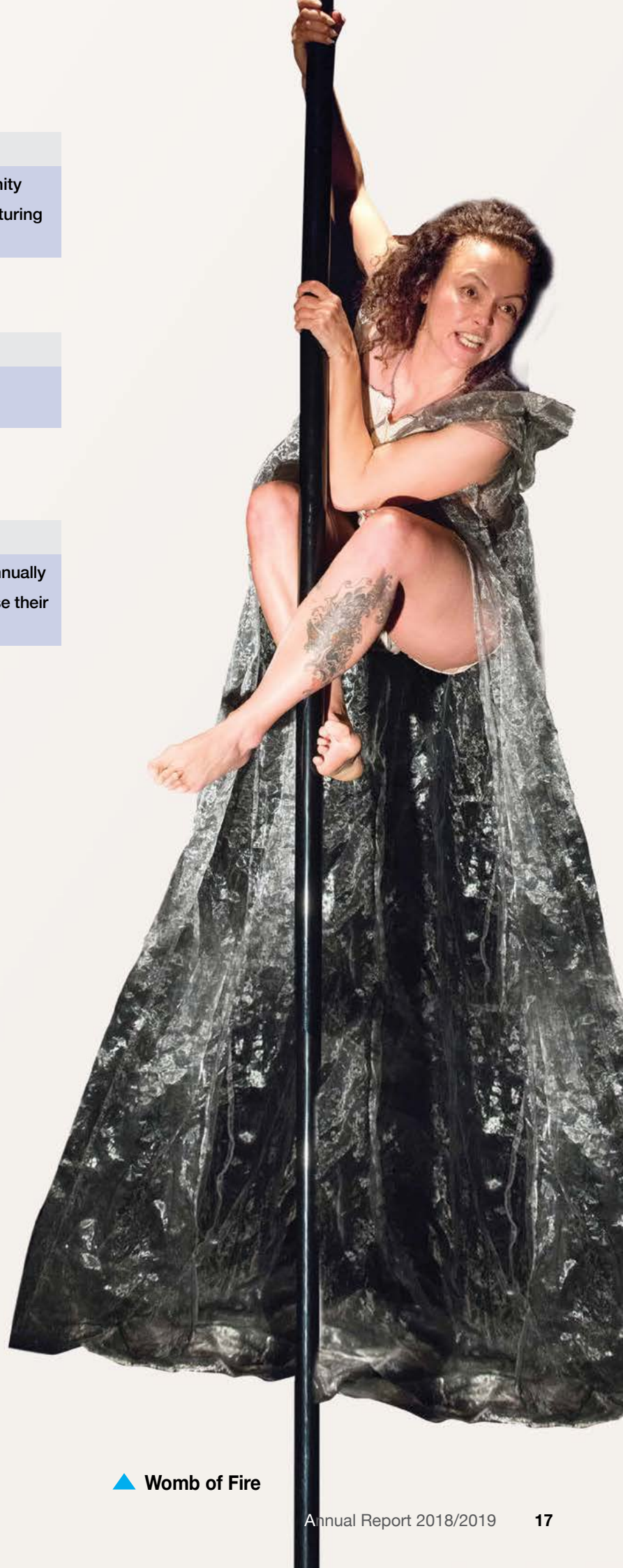
A platform for new works presented by Community Arts Groups to showcase their productions. Featuring eight productions.

SA Women's Arts Festival Fringe

A platform for productions focusing on women, presented by Community Arts Groups.

National Arts Festival Showcase

An initiative to support community arts groups annually by providing a performance platform to showcase their productions prior to the National Arts Festival.



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 2019.



Ms Linda Bukhosini

Chief Executive Officer and Artistic Director

Date: 31 July 2019



Ms Hlengiwe Christophina Mgabadel

Council Chairperson

Date: 31 July 2019



Part B

PERFORMANCE INFORMATION

1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2019

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

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

Description	Number (%)	Reason for Not Achieved/ Partially Achieved	Interventions
No. of annual performance targets	53		
Annual performance targets achieved	52 (98%)		
Annual performance targets not achieved	1 (2%)	Audience attendance target of 250 000 per annum (paying and non-paying audience) was not achieved. The actual attendance was 218 997. The new opera stage was being installed from October 2018 to the end of March 2019 and no productions could take place during this period. The festive period season usually brings in a large number of audiences in the region of 20 000 to 40 000.	No interventions envisaged as the opera stage will be available for use in the 1st quarter of 2020.

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 2019.

The Playhouse Company performance information for the year ended 31 March 2019 has been examined by the external auditors and their report is presented on pages 42-44.

The performance information of The Playhouse Company set out on pages 21 to 30 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 42 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 2018-2019	Measurable and evidence based performance indicators 2019-2020	Measurable and evidence based performance indicators 2020-2021	Measurable and evidence based performance indicators 2021-2022	Measurable and evidence based performance indicators 2022-2023
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 2018	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
		Quarterly Compliance checklists for March 2018 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 2018 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 2017-2018	Planned target 2018-2019	Actual achievement 2018-2019	Deviation from planned target to actual achievement for 2018-2019	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 2018	Unqualified Audit Report at 31 March	Achieved. Unqualified clean audit report received for the year ended 31 March 2019	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 2018 submitted timeously	Produce quarterly annual performance plan reports.	Achieved. Quarterly annual performance plans for March 2019 submitted 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 2018-2019	Actual Achievement 2017-2018	Planned Target 2018-2019	Actual Achievement 2018-2019	Deviation: Planned/ actual 2018-2019	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	
	Review and update all the Policies and Procedures in the organization 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 as per the internal audit plan	4 Internal audits to be conducted annually	4	4	6	2	Budget was available to add 2 more internal audits
	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	Annual verification of fixed assets. Monthly updates 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 the 15th of January each year	Monthly management accounts to be distributed to Management, FINCO and Audit & Governance Committee members by 15th of every month.	12	12	12	0	n/a
		Quarterly management accounts to be distributed to key stakeholders 30 days after each quarter.	4	4	4	0	n/a
2.6 Process of managing Debt: develop a system to guide the process of managing bad 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

	2018/2019			2017/2018		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Governance and Finance	15 432	15 241	192	13 595	13 016	578
Total	15 432	15 241	192	13 595	13 016	578

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 2018-2019	Measurable and evidence based performance indicators 2019-2020	Measurable and evidence based performance indicators 2020-2021	Measurable and evidence based performance indicators 2021-2022	Measurable and evidence based performance indicators 2022-2023
3. To effectively support and service the human resources requirements of the organisation	To provide skills training that will ensure a highly skilled workforce	91% of training plan implemented by 31 March 2018	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 2018	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 2017-2018	Planned target 2018-2019	Actual achievement 2018-2019	Deviation from planned target to actual achievement for 2018-2019	Comment on deviations
3. To effectively support and service the human resources requirements of the Organisation	Achieved. 91% of the training plan was completed by the end of March 2018	90% of the training plan is implemented by 31 March annually	Achieved. 95% of the training plan was completed by the end of March 2019	5%	The 5% variance is manageable by management
	Achieved. The 1st half yearly reviews were completed in October 2017, whilst the 2nd reviews were completed in April 2018.	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments.	Achieved. The 1st half yearly reviews were completed in October 2018, whilst the 2nd reviews were completed in April 2019.	None	n/a

Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2018-2019	Actual achievement 2017-2018	Planned Target 2018-2019	Actual achievement 2018-2019	Deviation: planned/ actual 2018-2019	Comment on deviations
3.1 To ensure a constant resource of skilled, talented and motivated employees to meet the Institution's needs	Implementation of effective recruitment, training and development, and performance management systems.	Following plans and system in place by 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%	8.60%	10%	9.70%	0.30%	The 0.3% 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.	91%	90%	95%	5%	Proper management of the plan ensured 95% implementation
	Provide work experience to capacitate trainees	Enroll at least 4 trainees to receive on the job work exposure	8	4	10	6	TPC created an additional 6 positions for trainees
	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

	2018/2019			2017/2018		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Human Resources	2 918	3 389	(471)	2 567	1 917	651
Total	2 918	3 389	(471)	2 567	1 917	651

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 2018-2019	Measurable and evidence based performance indicators 2019-2020	Measurable and evidence based performance indicators 2020-2021	Measurable and evidence based performance indicators 2021-2022	Measurable and evidence based performance indicators 2022-2023
To provide functional, efficient and safe asset management	Compile a comprehensive infrastructural support and safety plan	Support and safety plan was in place at 31 March 2018. 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 2017-2018	Planned target 2018-2019	Actual achievement 2018-2019	Deviation from planned target to actual achievement for 2018-2019	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 2018-2019	Actual achievement 2017-2018	Planned Target 2018-2019	Actual achievement 2018-2019	Deviation: planned/ actual 2018-2019	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	10	10	10	0	n/a
4.2 Pursue funding of capital expenditure 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

	2018/2019			2017/2018		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Support Services	30 001	24 575	5 426	27 164	23 676	3 488
Total	30 001	24 575	5 426	27 164	23 676	3 488

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 2018-2019	Measurable and evidence based performance indicators 2019-2020	Measurable and evidence based performance indicators 2020-2021	Measurable and evidence based performance indicators 2021-2022	Measurable and evidence based performance indicators 2022-2023
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 2018 finalised by 31 January 2017	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 2017-2018	Planned target 2018-2019	Actual achievement 2018-2019	Deviation from planned target to actual achievement for 2018-2019	Comment on deviations
To produce and present professional and developmental productions	Achieved. The Annual Arts Plan was finalised by 31 January	Finalised 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 2018-2019	Actual achievement 2017-2018	Planned Target 2018-2019	Actual achievement 2018-2019	Deviation: planned/actual 2018-2019	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)	Finalised 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		7	3	15	12	Additional productions presented due to high demand from audiences and artists
		c) SA Women's Arts Festival		10	10	10	0	n/a
		d) Schools Programmes		3	2	4	2	Additional productions presented due to high demand from schools
		e) Test Driving the Arts		14	11	14	3	3 additional unplanned concerts presented during our SAWAF and Festive Seasons
		f) Festive Season		2	2	3	1	Additional productions presented due to high demand from audiences and artists
		g) In-Association Productions & Events		15	12	16	4	Opportunities arose to assist additional arts practitioner/producers at no additional expense
		h) Community Arts Mentorship Programme		1	1	2	1	Opportunities arose to assist additional arts practitioner/producers
		i) Outside Hire Production & Events		75	35	59	24	Demand for the venues exceeded expectation
		j) Mobile Stage		85	40	60	20	Opportunities arose to present more performances on the mobile stage at various schools
k) Sundowners		24	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.	93%	80%	81%	1%	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 in-house productions and develop production sponsorship partnerships	Secure partnerships with media houses.	Secured in kind sponsorships to a value no less than R 250 000 per annum.	R 348 308	R 250 000	R 922 760	R 672 760	The Playhouse Company received unprecedented support from service providers	
	Develop marketing campaigns for various activities at The Playhouse Company.	Marketing plan in place by the 31st of January annually.	1	1	1	0	n/a	
	To strengthen relationships/partnerships with relevant stakeholders	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 2018-2019	Actual achievement 2017-2018	Planned Target 2018-2019	Actual achievement 2018-2019	Deviation: planned/actual 2018-2019	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)	261 530	250 000	218 997	(31 003)	The new opera stage was being installed from October 2018 to the end of March 2019. No productions could take place during this period. The festive period season usually brings in a large number of audiences in the region of 20 000 to 40 000
	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	72 642	45 000	81 307	36 307	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 on-going customer surveys	Report on Annual Satisfaction Survey monthly	12	12	12	0	n/a

Linking performance with budgets

	2018/2019			2017/2018		
	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	39 314	37 334	1 980	36 833	29 542	7 291
Total	39 314	37 334	1 980	36 833	29 542	7 291

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 2018-2019	Measurable and evidence based performance indicators 2019-2020	Measurable and evidence based performance indicators 2020-2021	Measurable and evidence based performance indicators 2021-2022	Measurable and evidence based performance indicators 2022-2023
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 31 January 2018	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 2017-2018	Planned target 2018-2019	Actual achievement 2018-2019	Deviation from planned target to actual achievement for 2018-2019	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 2018-2019	Actual achievement 2017-2018	Planned Target 2018-2019	Actual achievement 2018-2019	Deviation: planned/ actual 2018-2019	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%.	Yes	Yes	Yes	0	n/a
5.3 Revenue generated through the outside hires.	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	546%	90%	496%	406%	Demand for the venues exceeded expectation
5.4 Tenants, 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.	85%	75%	76%	1%	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.	110%	90%	135%	45%	Box offices demand exceeded expectation

Linking performance with budgets

	2018/2019			2017/2018		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue consolidation	16 449	17 754	(1 305)	14 140	15 549	(1 409)
Total	16 449	17 754	(1 305)	14 140	15 549	(1 409)

4. SUMMARY OF FINANCIAL INFORMATION

4.1. Revenue collection

	2018/2019			2017/2018		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Grants – Operational	57 931	57 931	0	58 012	58 762	(750)
Grants – Capital	31 852	27 840	4 012	1 770	5 298	(3 528)
Finance income	6 502	7 036	(534)	7 104	7 389	(285)
Production income	2 893	3 898	(1 005)	2 755	3 043	(287)
Rentals	471	577	(106)	449	476	(28)
Costume, décor & props hire	608	321	287	579	437	142
Sundry income	1 824	2 302	(478)	1 097	2 095	(998)
Recording Studio	360	58	302	221	173	47
Sponsorship income	3 791	3 562	230	1 936	1 936	0
Total	106 232	103 525	2 707	73 922	79 609	(5 687)

4.2. Programme expenditure

Programme Name	2018/2019			2017/2018		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Arts and technical services	39 314	37 334	1 980	36 833	29 542	7 291
Corporate governance and finance	15 432	15 241	192	13 595	13 016	578
Human resources	2 918	3 389	(471)	2 567	1 917	651
Support services	30 001	24 575	5 426	27 164	23 676	3 488
Total	87 665	80 539	7 126	80 160	68 151	12 009

Infrastructure Projects	2018/2019			2017/2018		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Office equipment	725	642	83	890	760	130
Computer equipment	553	433	120	346	652	(307)
Buildings	43 128	27 364	15 764	19 999	11 125	8 874
Stage and other equipment	3 327	344	2 983	2 510	1 069	1 441
Motor vehicles				500	467	33
Total	47 732	28 783	18 949	24 244	14 074	10 170

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	Date Resignation	Qualifications	Area of Expertise	No. of Meetings attended	Remuneration
Ms Hlengiwe Christophina Mgabadeli <i>Chairperson of Council</i>	1 December 2017		BA Social Work, Honours in Sociology	Public Service and Administration	7	23 398
Mr Sathie Gounden	1 December 2017		CA (SA)	Finance, risk management, corporate governance and audit	7	14 228
Ms Siphesihle Ndlela	1 December 2017		BA Communications (UNISA) Hotel Management (ND) Durban Hotel School	Client and media liaising, promotions and marketing	5	10 598
Ms Linda Zama	1 December 2017		BA, LLB degrees	Law, Governance and Administration	3	0
Mr Abia Litheko	1 December 2017				7	14 100
Ms Thandeka Mngadi	1 December 2017		BA Humanities; MA Humanities	BA Humanities, MA Humanities, Administration and Human Resource Management	7	14 100
Mr Bernard Jay	1 December 2017	29 September 2018	Arts Council of Great Britain Bursaries for Study: Theatre Administration in the UK; Children's Theatre in Leningrad, USSR	Theatre Administration, Theatre Production, Marketing, Governance, Global Network	2	4 480
Mr Nkosinathi Mbele	11 December 2018			Social and economic development, textile and information communication technology expert	2	8 068
Mr Fezile Wetes	11 December 2018		BA degree; Advanced Diploma in Labour Law; Advanced Diploma in Management; Graduate Diploma in Company Direction; Bcom Honours in Human Resources Management		2	0
Ms Lebogang Matlala	11 December 2018		CA (SA)	Finance, risk management, corporate governance, audit, supply chain management and strategy	1	5 208
Ms Khwezi BL Kunene	22 May 2018		BSc Property Development	Quantity surveying, contracts management	7	0

Committees of the Board

Members	Finance & Procurement Committee	Audit & Governance Committee	Human Resources Committee	Arts & Fund raising Committee
Ms Hlengiwe Christophina Mgabadeli				
Mr Sathie Gounden	✓		✓	
Ms Siphesihle Ndlela	✓			✓
Ms Linda Zama		✓		
Mr Abia Litheko	✓		✓	
Ms Thandeka Mngadi			✓	✓
Mr Bernard Jay	✓			✓
Mr Nkosinathi Mbele		✓		
Mr Fezile Wetes			✓	✓
Ms Khwezi BL Kunene	✓		✓	
Ms L Matlala	✓			✓

3. RISK MANAGEMENT

The Playhouse Company has in place a risk management policy that guides the process of risk identification and management. The policy is reviewed annually. The management of risk is the process by which the Accounting Officer, Chief Financial Officer and other senior management of The Playhouse Company pro-actively, purposefully and regularly identify and define current as well as emerging business, financial and operational risks, and identify appropriate business and cost-effective methods of managing these risks.

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

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

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

4. INTERNAL CONTROL UNIT

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

5. INTERNAL AUDIT FUNCTION

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

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

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

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

1. CAATs Testing Relating to Procurement and Payroll
2. Review of Assets Management
3. Review of Human Resources
4. Occupational Health & Safety
5. Review of Performance Information
6. Review of Supply Chain Management

6. AUDIT AND GOVERNANCE COMMITTEE

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

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

The Audit and Governance Committee:

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

7. COMPLIANCE WITH LAWS AND REGULATIONS

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

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

8. FRAUD AND CORRUPTION

The Playhouse Company has in place a fraud prevention plan. The plan is reviewed annually. The plan recognises basic fraud prevention initiatives within The Playhouse Company.

The primary objectives of the plan are to:

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

9. MINIMISING CONFLICT OF INTEREST

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

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

10. CODE OF CONDUCT

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

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

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

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

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

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

11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

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

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

12. SOCIAL RESPONSIBILITY

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

The Playhouse Company sees its mission as its social responsibility.

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

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

The mobile stage is also used to showcase the schools' set works in the rural areas. In excess of 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 2019.

Audit and Governance Committee Members and Attendance

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

Name	Qualifications	Internal or External	Date Appointed
Judge Leona Valerie Theron	Master of Law, Bachelor of Laws and Bachelor of Arts	External – Chairperson of the Audit and Governance Committee	25 May 2018
Ms Charmaine Jugnarayan	CA (SA), RA	External	25 May 2018
Mr Rodger Ashe		External	25 May 2018
Ms Linda Zama	BA, LLB degree	Internal	23 February 2018
Mr Nkosinathi Mbele		Internal	25 January 2019

Audit and Governance Committee responsibility

The Committee reports that it has complied with its responsibilities arising from Section 38 (1)(a) of the Public Finance Management Act No. 1 of 1999 and Treasury Regulations 3.1. The Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Governance Committee charter, has regulated its affairs in compliance with this charter, and has discharged its responsibilities as contained therein. The charter is reviewed annually and adopted by the Committee on approval by the Accounting Authority.

Internal audit

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

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

The Committee is satisfied with the effectiveness of the Internal Audit function.

Effectiveness of internal controls

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

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

The Committee reviewed the Internal Audit reports, where there were weaknesses identified within the Company, and considered the adequacy of management responses to ensure the risk exposure is reduced and there is continuous improvement within the control environment.

The Committee is satisfied that the Company is continually focused on maintaining effective levels of internal controls.

The Committee concurs with auditors that internal controls were reasonably effective and reliable and any matters reported by internal auditors during the year did not indicate any significant or material deficiencies.

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

In-year management and Monthly/Quarterly Report

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

Evaluation of financial statements

The Committee has:

- Reviewed the quarterly reports including financial statements to ensure consistency and accuracy of information;
- Considered the appropriateness, adoption and consistent application of the South African Statement of Generally Recognised Accounting Practices adopted by the Accounting Authority;
- Considering the quality and timeliness of the financial information available to the Committee for oversight purposes during the year;
- Reviewed the financial statements of the Company for the year ended 31 March 2019 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 Auditor-General's Management Report and Management's response; and
- Reviewed the Auditor-General's Audit Report and noted that there were no findings in the financial statements and performance information.

Auditor's Report

The Committee is pleased to report that the Company has received an unqualified clean audit report.

The Committee concurs and accepts the conclusion of the Auditor-General on the annual financial statements and hence the Committee is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

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



Judge Leona Valerie Theron

Chairperson: Audit and Governance Committee

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)
-	104 010	37 915	36%	84	451

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	2 168	6%	1	2 168
Senior management	1 490	4%	1	1 490
Professional qualified	7 286	21%	11	662
Skilled	12 097	35%	34	356
Semi-skilled	11 651	34%	37	315
Unskilled			0	
TOTAL	34 692	100%	84	412

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
	37 915	307	1	76	4

Employment and vacancies

Programme	2017/2018 no. of employees	2018/2019 approved posts	2018/2019 no. of employees	2018/2019 vacancies	% of vacancies
-	85	93	84	9	9.6%

Programme	2017/2018 No. of employees	2018/2019 Approved posts	2018/2019 No. of employees	2018/2019 Vacancies	% of vacancies
Top management	1	1	1	0	0
Senior management	1	1	1	0	0
Professional qualified	9	12	11	1	8.3%
Skilled	33	37	34	3	8.1%
Semi-skilled	41	42	37	5	11.9%
Unskilled	0	0	0	0	0
TOTAL	85	93	84	9	9.6%

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top management	1	0	0	1
Senior management	1	0	0	1
Professional qualified	9	2	0	11
Skilled	33	2	1	34
Semi-skilled	41	1	5	37
Unskilled	0	0	0	0
Total	85	5	6	84

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	2	33.33%
Dismissal	0	0
Retirement	4	66.66%
Ill health	0	0
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	2
Final written warning	1
Dismissal	0

Equity target and employment equity status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	1	1	0	0
Professional qualified	3	3	0	1	2	1	1	1
Skilled	19	20	1	1	2	2	2	3
Semi-skilled	18	22	0	0	4	4	1	1
Unskilled	0	0	0	0	0	0	0	0
TOTAL	40	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	3	2	0	0	1	1	1	1
Skilled	8	9	1	1	0	0	1	1
Semi-skilled	8	10	2	1	4	4	0	2
Unskilled	0	0	0	0	0	0	0	0
TOTAL	20	22	3	2	5	5	2	4

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top management	0	0	0	0
Senior management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	0	0	0	0

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 2019.

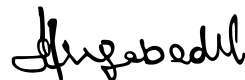
The Auditor-General is engaged to express an independent opinion on the annual financial statements of The Playhouse Company.

The Playhouse Company's annual financial statements for the year ended 31 March 2019 have been audited by the Auditor-General and their report is presented on page 42.

The annual financial statements of The Playhouse Company set out on pages 45 to 68 have been approved.



Ms Linda Bukhosini
Chief Executive Officer and Artistic Director



Ms Hlengiwe Christophina Mgabadel
Council Chairperson

2. REPORT OF THE CHIEF EXECUTIVE OFFICER AND ARTISTIC DIRECTOR

Financial performance

Revenue

Total revenue increased by 29% from R79m to R102m.

- The increase was mainly attributable to an increase in the capital income recognised in terms of GRAP 23 – Revenue from Non-Exchange Transactions Taxes and Transfers.

Operating expenses

Operating expenses increased by 14% from R91m to R104m.

- The increase was mainly attributable to an increase in depreciation and amortisation, employee related costs and production expenditure

Surplus for the year

The surplus of R4.9m for the 2019 year takes into account the increase was mainly attributable to an increase in the capital income recognised in terms of GRAP 23 - Revenue from Non-Exchange Transactions Taxes and Transfers.

Financial position

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

- The increase in non-current assets by R10m is primarily due to the acquisition of the new opera stage lifts.
- Current assets decreased by R1.6m and this were primarily as a result of a decrease in cash and cash equivalents.
- Non-Current liabilities increased by R4.4m. This was primarily due an increase in deferred income
- Current liabilities decreased by R0.4m. This was primarily due a reduction in trade and other receivables.

Cash flows

Cash and cash equivalents decreased by R1.8m from R89.8m to R88m. Cash inflows from operating activities of R27m was offset by cash outflows from investing activities of R28.8m.

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 45 to 68, which comprise the statement of financial position as at 31 March 2019, statement of financial performance, statement of changes in net assets and statement of cash flows 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 2019, and 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 this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) 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 audit opinion.

Responsibilities of council, which constitutes the accounting authority for the financial statements

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

7. 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 the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

8. 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 the 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.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the Audit of the Annual Performance Report

Introduction and scope

10. 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.
11. 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

3. Report of The Auditor-General to Parliament on The Playhouse Company (Continued)

of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. 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 2019:

Programmes	Pages in the annual performance report
Programme 2 – Business development	26-28
Programme 3 – Revenue consolidation	28-29

13. 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.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 21 to 30 for information on the achievement of planned targets for the year and explanations provided for the over achievement of a significant number of targets.

Report on the Audit of Compliance with Legislation

Introduction and scope

17. 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.

18. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other Information

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
20. 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.
21. 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.
22. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact, I have nothing to report in this regard.

Internal Control Deficiencies

23. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
24. I did not identify any significant deficiencies in internal control.

Auditor-General

Pietermaritzburg
31 July 2019



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 this 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 The Playhouse Company'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 this auditor's report. However, future events or conditions may cause an entity to cease continuing 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, where applicable, related safeguards.

4. ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position

	Notes	March 2019	March 2018
		R	R
ASSETS			
Non-current assets			
Heritage assets	2.1	88 330 000	88 330 000
Property, plant and equipment	2.2	111 217 147	100 931 342
Intangible assets	2.3	600 991	407 588
Current assets		90 697 202	92 306 758
Inventories	3	515 063	605 240
Trade and other receivables	4	2 122 803	1 882 179
Cash and cash equivalents	5	88 059 336	89 819 339
Total Assets		290 845 340	281 975 688
LIABILITIES			
Non-current liabilities			
Deferred income	6	15 255 246	10 885 416
Current liabilities			
Trade and other payables	7	8 704 267	9 071 175
TOTAL LIABILITIES		23 959 513	19 956 591
Net assets			
Accumulated surplus		266 885 827	262 019 097
TOTAL NET ASSETS AND LIABILITIES		290 845 340	281 975 688

Statement of Financial Performance

	Notes	March 2019	March 2018
		R	R
Revenue			
Revenue from exchange transactions		14 191 854	13 613 831
Services facilities and equipment	8	7 155 627	6 231 997
Interest received		7 036 227	7 381 834
Revenue from non-exchange transactions		94 684 402	72 910 276
Grants	9	85 771 171	64 060 384
Donations and sponsorships (productions)		3 561 851	1 936 000
Services in kind	25	5 351 380	6 913 892
Total Revenue		108 876 255	86 524 107
Less: Expenditure		104 009 525	91 274 181
Cleaning		2 375 475	2 026 624
Depreciation & amortisation	10	18 119 343	16 209 570
Electricity		4 015 728	4 019 483
Employee related costs	11	37 251 177	33 428 138
General Expenses	12	11 111 731	8 836 728
Maintenance expenditure	13	2 119 733	2 359 785
Production expenditure	14	19 964 144	14 223 989
Rates and Taxes		5 351 380	6 913 892
Security costs		3 700 814	3 255 972
Surplus(Deficit) for the year	15	4 866 730	(4 750 074)

Statement of Changes in Net Assets

	Notes	March 2019	March 2018
		R	R
Opening accumulated surplus as previously reported		262 019 097	266 769 171
Surplus (Deficit) for the year		4 866 730	(4 750 074)
Closing accumulated surpluses	16	266 885 827	262 019 097

Statement of Cash Flows

	Notes	March 2019	March 2018
		R	R
Cash flows from operating activities			
Cash receipts from grantors and clients		111 503 271	89 209 808
Cash paid to suppliers and employees		(91 516 877)	(89 738 360)
Cash (utilised) generated from operations	17	19 986 394	(528 552)
Interest received		7 036 227	7 381 834
Net cash from operating activities		27 022 621	6 853 282
Cash flows used in investing activities			
Additions to property, plant and equipment		(28 676 534)	(14 012 232)
Additions to intangibles		(106 090)	(62 077)
Proceeds on sale of property, plant and equipment		-	303 000
Net cash used in investing activities		(28 782 624)	(13 771 309)
Cash flows from financing activities			
Decrease in long term borrowings		-	-
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(1 760 003)	(6 918 027)
Cash and cash equivalents at beginning of year		89 819 339	96 737 366
Cash and cash equivalents at end of year	5	88 059 336	89 819 339

Accounting Policies

1. Accounting Policies

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

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

These accounting policies are consistent with the previous year.

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 4 The effects of changes in foreign exchange rates

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 23 Revenue from Non-Exchange Transactions Taxes and Transfers

GRAP 24 Presentation of Budget Information

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash-generating Assets

GRAP 31 Intangible Assets

GRAP 103 Heritage Assets

GRAP 104 Financial Instruments

IPSAS 20 Related Party Disclosures

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

GRAP 5 Borrowings

GRAP 6 Consolidated financial statements and accounting for controlled entities

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 21 Impairment of Non-cash-generating Assets

GRAP 27 Agriculture

GRAP 100 Discontinued Operations

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 4 Determining whether an Arrangement contains a Lease

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 – Disclosures

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

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:

	Effective Date
GRAP 20 Related Party Disclosure	01 April 2019
GRAP 32 Service Concession Arrangements: Grantor	01 April 2019
GRAP 108 Statutory Receivables	01 April 2019
GRAP 109 Accounting by Principals and Agents	01 April 2019
IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset.	01 April 2019
IGRAP 18 Recognition and Derecognition of Land	01 April 2019
IGRAP 19 Liabilities to Pay Levies	01 April 2019
Guideline Accounting for Arrangements Undertaken in terms of the National Housing Programme	01 April 2019

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 judgements

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 on going 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 1.13 Provisions

1.3. Property, plant and equipment

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. 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 to 29 Years
Office furniture and other equipment	: 5 to 39 Years
Computer Equipment	: 3 to 26 Years
Stage	: 4 to 49 Years
Workshop equipment	: 5 to 32 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

An item of intangible that qualifies for recognition as an asset is initially measured at its cost. 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 to 19 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 (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 realizable 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.

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.

Accounting Policies (continued)

1.11. Revenue (continued)

Grants (continued)

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 recognized 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 capital 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 the value of the capital good/services that have been approved and /or contracted and the balance outstanding at year end 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 3 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.

1.20. Budgetary Information

The approved budget is prepared on a cash basis and presented by functional classification linked to performance outcome objectives, where possible. The approved budget covers the fiscal period from 1 April to 31 March. The financial statements and the budget are not on the same basis of accounting. The actual financial statement information is presented on a comparable basis to the budget information. The comparison and reconciliation between the statement of financial performance and the budget for the reporting period have been included in Statement of Comparison of Budget and Actual Amounts.

The net surplus per the statement of financial performance is reconciled to the budget surplus and the material differences, as determined by the materiality and significance framework, are explained in Statement of Comparison of Budget and Actual Amounts.

1.21. Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise. Gains and losses arising on translation are credited to or charged against income in the statement of financial performance.

Notes to the Annual Financial Statements

	March 2019	March 2018
	R	R
2. ASSETS		
2.1. 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	88 330 000	88 330 000

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

Heritage assets were recognised for the first time in March 2011 in terms of Grap 23 - Revenue from non exchanges transactions, taxes and transfers.

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.

No heritage assets are pledged as security.

Notes to the Annual Financial Statements (continued)

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

	Motor vehicles	Maintenance spares	Office furniture and other equipment	Computer equipment	Stage equipment	Workshop equipment	Art-works	Capitalised leased assets (office equip, land and buildings)	Total
	R	R	R	R	R	R	R	R	R
Carrying amount 1 April 2017	1 549 792	27 058	2 424 897	985 305	26 844 683	63 839	450 974	70 401 232	102 747 780
Gross carrying amount	4 685 455	27 058	12 474 364	2 729 437	52 579 084	521 537	450 974	122 827 900	196 295 809
Accumulated depreciation	(3 135 663)	-	(10 049 467)	(1 744 132)	(26 158 708)	(457 698)	-	(54 483 306)	(96 028 974)
WIP	-	-	-	-	424 307	-	-	2 056 638	2 480 945
Additions	466 887	-	760 103	590 251	1 031 978	37 514	-	13 606 445	16 493 178
Fair value adjustment	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
WIP	-	-	-	-	(424 307)	-	-	(2 056 638)	(2 480 945)
Depreciation	(610 211)	-	(1 417 562)	(493 831)	(9 675 417)	(48 475)	-	(11 393 822)	(23 639 318)
Depreciation write-back	30 826	-	836 658	271 465	1 281 234	137 310	-	5 325 819	7 883 312
Disposals	(25 773)	-	(34 521)	(9 360)	(3 011)	-	-	-	(72 665)
Cost	(562 785)	-	(369 333)	(101 431)	(36 482)	-	-	-	(1 070 031)
Accumulated depreciation	537 012	-	334 812	92 071	33 471	-	-	-	997 366
Carrying amount 31 March 2018	1 411 521	27 058	2 569 575	1 343 830	19 055 160	190 188	450 974	75 883 036	100 931 342
Gross carrying amount	4 589 557	27 058	12 865 134	3 218 257	53 574 580	559 051	450 974	136 434 345	211 718 956
Accumulated depreciation	(3 178 036)	-	(10 295 559)	(1 874 427)	(34 519 420)	(368 863)	-	(60 551 309)	(110 787 614)
WIP	-	-	-	-	-	-	-	-	-
Additions	-	-	641 678	327 211	314 121	29 786	-	447 385	1 760 181
Fair value adjustment	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
WIP	-	-	-	-	-	-	-	26 916 353	26 916 353
Depreciation	(660 223)	-	(925 274)	(621 091)	(8 921 113)	(65 640)	-	(13 577 829)	(24 771 170)
Depreciation write-back	435 205	-	267 363	197 456	4 655 731	7 026	-	1 001 733	6 564 514
Disposals	(11 149)	-	(3)	(4 497)	(168 424)	-	-	-	(184 073)
Cost	(149 537)	-	(52 831)	(25 424)	(2 448 778)	-	-	-	(2 676 570)
Accumulated depreciation	138 388	-	52 828	20 927	2 280 354	-	-	-	2 492 497
Carrying amount 31 March 2019	1 175 354	27 058	2 553 339	1 242 909	14 935 475	161 360	450 974	90 670 678	111 217 147
Gross carrying amount	4 440 020	27 058	13 453 981	3 520 044	51 439 923	588 837	450 974	136 881 730	210 802 567
Accumulated depreciation	(3 264 666)	-	(10 900 642)	(2 277 135)	(36 504 448)	(427 477)	-	(73 127 405)	(126 501 773)
WIP	-	-	-	-	-	-	-	26 916 353	26 916 353

Land and buildings comprise of:

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

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

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

Maintenance expenditure amounted to R2,119,733 (2018 : R2,359,785) for external service providers.

Salaries for In-house maintenance staff amounted to R4,858,781 (2018 : R4,394,096).

No property, plant and equipment are pledged as security.

Notes to the Annual Financial Statements (continued)

	Software	Total
	R	R
2.3. Intangible assets		
Carrying amount 1 April 2017	799 076	799 076
Gross carrying amount	1 392 290	1 392 290
Accumulated amortisation	(593 214)	(593 214)
Additions	62 077	62 077
Amortisation	(463 818)	(463 818)
Amortisation write-back	10 253	10 253
Disposals	-	-
Cost	-	-
Accumulated amortisation	-	-
Carrying amount 31 March 2018	407 588	407 588
Gross carrying amount	1 454 367	1 454 367
Accumulated amortisation	(1 046 779)	(1 046 779)
Additions	106 090	106 090
Amortisation	(356 498)	(356 498)
Amortisation write-back	443 811	443 811
Disposals	-	-
Cost	-	-
Accumulated amortisation	-	-
Carrying amount 31 March 2019	600 991	600 991
Gross carrying amount	1 560 457	1 560 457
Accumulated amortisation	(959 466)	(959 466)
Amortisation is included with depreciation.		

	March 2019	March 2018
	R	R
3. Inventories		
Catering	113 371	135 507
Workshop	183 902	254 305
Wardrobe	94 436	96 138
General stores	123 354	119 290
Total	515 063	605 240
4. Trade and other receivables		
Trade receivables	704 275	505 132
Staff debtors	5 434	7 833
Other receivables	1 827 558	1 546 584
	2 537 267	2 059 549
Less: Debtors impairment	(414 464)	(177 370)
Total	2 122 803	1 882 179
4.1. Movement in the provision for impairment of trade receivables		
Balance at 1 April	177 370	122 522
Provision for receivables impairment	218 659	54 848
Receivables written off during the year as uncollectible	18 435	-
Unused amounts reversed	-	-
Unwinding of discount	-	-
Balance at 31 March	414 464	177 370

Notes to the Annual Financial Statements (continued)

	March 2019	March 2018
	R	R
5. Cash and cash equivalents at end of year		
Cash available immediately	28 917 875	17 747 955
Investments – fixed deposits	59 141 461	72 071 384
Cash available in 30 days	4 328 500	26 389 787
Cash available in 60 days	22 489 210	3 000 000
Cash available in 90 days	32 323 751	42 681 597
Total	88 059 336	89 819 339
R274 966 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.		
6. Deferred Income		
Grant received in advance		
National Department of Arts and Culture	15 255 246	10 885 416
Total	15 255 246	10 885 416
7. Payables from exchange transactions		
Trade payables	1 477 710	3 212 370
Other payables and accruals	3 468 812	2 883 303
Leave pay accrual	2 749 454	2 068 960
Bonus accrual	1 008 291	906 542
Total	8 704 267	9 071 175
8. Services, facilities and equipment		
Hire of performance venues, costumes, sets, and mobile stage	2 980 474	3 260 527
Box office income	1 773 447	803 868
Rent received	553 085	476 475
Bar & other sales	441 701	483 106
Functions	472 918	307 503
Box office commission – external productions	475 689	236 542
Gains on sale of motor vehicles	-	301 968
Sundry revenue - admin, computicket commission	458 313	362 008
Total	7 155 627	6 231 997
9. Grants		
National Department of Arts and Culture (DAC)	49 274 000	49 838 000
Special Capital Expenditure Grant – (DAC)	27 840 171	5 298 384
KZN Department of Arts and Culture	8 657 000	8 174 000
eThekweni Municipality	-	750 000
Total	85 771 171	64 060 384

Notes to the Annual Financial Statements (continued)

	Notes	March 2019	March 2018
		R	R
10. Depreciation & amortisation			
Depreciation of property, plant and equipment:		18 206 656	15 756 006
Motor vehicles		660 223	610 211
Office furniture and other equipment		925 274	1 417 562
Computer equipment		621 091	493 831
Stage equipment		8 921 113	9 675 417
Workshop equipment		65 640	48 475
Leased assets		13 577 829	11 393 822
		24 771 170	23 639 318
Depreciation write back		(6 564 514)	(7 883 312)
Amortisation		(87 313)	453 565
Intangible assets		356 498	463 818
Amortisation write back		(443 811)	(10 253)
Total		18 119 343	16 209 571
11. Employee related costs			
Salaries		26 052 781	24 301 591
Adhocs		2 338 372	1 900 062
Provident fund		3 730 428	3 451 944
Medical aid		835 749	814 591
Uif		167 795	167 625
Bonus (13th Cheque)		2 164 341	1 972 348
Overtime		229 537	147 313
Leave		813 714	(479 786)
Housing subsidies		892 000	873 000
Long service awards		26 460	36 180
Total		37 251 177	33 428 138

Notes to the Annual Financial Statements (continued)

	Notes	March 2019	March 2018
		R	R
12. General Expenses			
Audit fees		1 352 542	1 443 072
Bank charges		159 641	143 767
Conferences and delegations		107 979	64 185
Consulting fees		25 300	7 638
Consumables		905 114	1 066 850
Council - attendance		113 013	62 355
Council - travel		551 703	180 915
Fuel and oil		169 344	30 910
Foreign exchange loss (opera stage lifts)		754 473	-
Insurance		438 353	265 002
Legal expenses		181 988	23 881
Licence fees - vehicles		264 444	280 909
Loss on sale of assets		184 073	71 632
Marketing and advertising		1 196 792	1 440 296
Other		1 322 302	928 085
Printing and stationery		368 484	326 382
Professional fees		623 624	534 713
Subscription & publication		59 370	72 494
Telephone cost		252 132	478 988
Training		306 661	293 412
Travel and subsistence - Foreign		521 184	200 646
Travel and subsistence - Local		537 224	635 413
Uniforms & overalls		182 878	214 449
Water		533 113	314 004
Total		11 111 731	9 079 997
13. Maintenance expenditure			
Buildings		1 516 877	1 704 261
Fire Fighting Equipment		97 113	62 609
Motor Vehicles		270 449	319 518
Plant, Machinery & Equipment		227 232	251 356
General		8 062	22 041
Total		2 119 733	2 359 785

Notes to the Annual Financial Statements (continued)

	Notes	March 2019	March 2018
		R	R
14. Production expenditure			
Productions and festivals		19 784 076	14 142 382
Administrative		175 655	65 196
Airfares and Accommodation		865 173	1 010 800
Artist fees		13 611 394	9 234 798
Marketing and publicity		2 205 366	1 088 422
Materials		593 015	548 484
Equipment and Venue hire		645 572	297 256
Royalty commission and licences		164 831	111 273
Subsistence and travel		1 523 070	1 786 153
Outside hirers		173 045	56 389
Mobile stage		7 023	25 218
Total		19 964 144	14 223 989
15. Surplus(Deficit) for the year			
The Surplus (Deficit) for the 2019 & 2018 year takes into account the recognition of the capital income in terms of GRAP 23 - Revenue from Non-Exchange Transactions Taxes and Transfers.			
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.			
The Playhouse Company has received the approval from National Treasury to retain the accumulated surplus.			
16. Reconciliation of statement of changes in net assets			
Balance at 31 March		266 885 827	262 019 097
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		125 815 001	120 119 097
17. Reconciliation of cash generated			
Surplus (Deficit) for the year		4 866 730	(4 750 074)
Adjusted for:			
Depreciation, amortisation and impairment		18 119 343	16 209 570
Gain on disposal of property, plant and equipment		184 073	(230 336)
Interest received		(7 036 227)	(7 381 834)
Operating cash flows before working capital changes		16 133 920	3 847 326
Working capital changes		3 852 474	(4 375 878)
Decrease (Increase) in inventories		90 177	(68 363)
Increase in accounts receivable		(240 624)	(515 913)
(Decrease) Increase in accounts payable		(366 908)	486 780
Increase (Decrease) in deferred income		4 369 829	(4 278 382)
Cash Generated(Utilised) from operations		19 986 394	(528 552)

Notes to the Annual Financial Statements (continued)

	March 2019	March 2018
	R	R

18. 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 4)	2 122 803	1 882 179
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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 2019	March 2018
	R	R

18. 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	486 766	217 195
60 days	25 553	16 571
30 days	40 440	94 644
Current	1 570 044	1 553 769
	<u>2 122 803</u>	<u>1 882 179</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 2019 were as follows:

eThekwini municipality for services - R274 966

The Postmaster for services - R30 360

The guarantees will expire on 31 December 2025 and will not be renewed.

Liquidity risk

Liquidity risk is the risk that The Playhouse Company will not be able to meet its financial obligations as they fall due. The Playhouse Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to The Playhouse Company's reputation.

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 2019 was R88 059 336 (2018 - R89 819 339).

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 optimizing 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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Playhouse Company is exposed to foreign exchange risk through its import of capital equipment. The currency in which these transactions are primarily denominated is EUR. The Playhouse Company's risk management policy is not to take out forward exchange contracts.

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)

18. 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	2019		2018	
	Int Rate %	Carrying amount	Int Rate %	Carrying amount
Variable rate instrument				
FNB - 120 days	7,80	4 328 500		2 000 000
Investec - 120 day fixed	7,85	23 211 191	7,85	21 058 022
Nedbank - 120 day fixed	7,95	28 601 770	7,90	21 637 330
Standard Bank - 120 day	7,83	3 000 000	7,94	27 376 032
		59 141 461		72 071 384

At 31 March 2019, 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 R591 414.

At 31 March 2019, 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.

19. Tax exemption

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

20. Key management and council

Key management

L Bukhosini – (Chief Executive and Artistic Director)

	March 2019	March 2018
	R	R
	2 168 640	2 031 462
Salary	1 727 139	1 621 726
Bonus	143 928	135 144
Pension, med-aid contributions	284 978	267 585
Other (s&t, cell phone allowance, etc.)	12 595	7 007

A Mohanparasadh - (Chief Financial Officer)

	1 489 537	1 430 033
Salary	1 299 970	1 219 389
Bonus	108 450	101 616
Other (s&t, cell phone allowance, acting allowance, etc)	81 117	109 028

O Hlangu - (Support Services Manager)

	1 323 640	1 211 707
Salary	936 477	879 321
Bonus	78 040	73 277
Pension, med-aid contributions	172 591	163 160
Other (s&t, cell phone allowance, acting allowance, etc)	136 532	95 949

Total senior managers

	4 981 817	4 673 202
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Notes to the Annual Financial Statements (continued)

	March 2019	March 2018
	R	R
20. Key management and council (continued)		
Members of council and sub-committees	113 013	62 355
HC Mgabadeli – Chairperson of Council	23 398	23 536
L Theron * ^X – Audit Committee Chairperson	-	-
S Gounden	14 228	4 784
C Jugnarayan*	7 981	4 706
N Mbele	8 068	4 656
FE Khumalo	192	5 601
TC Mngadi	14 100	2 456
JA Litheko	14 100	2 456
SP Ndlela	10 598	5 884
J Bernard	4 480	2 456
S Naidoo	320	5 820
R Ashe*	10 340	-
F Wetes ^X	-	-
K Kunene ^X	-	-
L Matlala ^{**X}	5 208	-
Total emoluments	5 094 830	4 735 557
* External independent member of the Audit Committee.		
** Permission obtained to receive fees and allowances.		
^X Employee of the state.		

21. Retirement benefits

Permanent employees participate in pension and provident funds established for the Performing Arts Companies of South Africa or a Provident Fund established by South African Commercial Catering and Allied Workers Union. The Pension and Provident Funds are governed by the Pensions Fund Act. The Provident Funds are defined contribution plans and do not require periodic actuarial valuations.

The contribution to the provident funds R3 730 428 (2018: R3 451 944) and is included in staff cost.

22. Related parties

22.1. National Department of Arts and Culture

Grants received for the financial year amounted to R49 274 000, and for the year ended 2019/20 will amount to R51 749 000 after a reduction of R3 933 000. An amount of R1 500 000 (2018: R1 936 000) was recorded as sponsorship for the incubator projects.

22.2. KZN Department of Arts and Culture

Grant received for the 2018/19 financial year amounted to R8 657 000, and for the year ended 2019/20 will amount to R9 141 000.

22.3. eThekweni Municipality

A total transfer payment of R3 000 000 was received 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 was deferred to the 2017/18 financial year. A total transfer payment of R0 (2018: R750 000) is recorded as income.

22.4. 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: R5 351 380 (2018: R6 913 892).

Notes to the Annual Financial Statements (continued)

	March 2019	March 2018
	R	R

22. Related parties (continued)

22.5. 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 & 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 existed between The Playhouse Company and KZNPO. This agreement included the following:

- Occupying a portion of The Playhouse Company's administration building.
- Access to finance and human resources services for which they are invoiced.
- 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.
- The Playhouse Company receives a discounted rate for the artistic services offered by KZNPO to The Playhouse Company.

On 31 March 2019, The Playhouse Company and KZNPO reached a mutual agreement to cancel the memorandum of agreement.

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	1 843 755	1 915 356
Accrual by The Playhouse Company	0	209 587
Payments by KZNPO to The Playhouse Company	397 393	515 546

The KZNPO is the only professional orchestra in Kwa-Zulu 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.

22.6. Council

The Council was appointed by the Minister of Arts and Culture to oversee and ensure good corporate governance. Council has various subcommittees 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 note 20 - compensation.

22.7. National Film and Video Foundation

An amount of R2 061 851 was received from the National Film and Video Foundation for the hosting of the 3rd Brics Film Festival. This also included the staging of the opening night ceremony for the Brics Film Festival 2018 by The Playhouse Company.

22.8. Key personnel

Chief Executive and Artistic Director – Linda Bukhosini
Chief Financial Officer – Amar Mohanparasadh
Support Services Manager – Oscar Hlangu

23. Subsequent events

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

24. 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 2019.

Notes to the Annual Financial Statements (continued)

	March 2019	March 2018
	R	R
25. Services in-kind		
25.1. The Company received services in-kind that were significant to the company's operations and/or service delivery objectives. Services in-kind related to 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	5 351 380	6 913 892
The following in-kind services have not been recognised in the annual financial statements.		
25.2. 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.		
Three Council and committee members were in the employment of the state and did not receive fees for attending council and committee meetings.		
26. Capital commitments		
Stage Lifts - Tender awarded	27 169 051	-
Stage Lifts - capital commitment outstanding at year end	3 217 820	-
27. Reconciliation between budget and statement of financial performance		
Net surplus (deficit) per the statement of financial performance	4 866 730	(4 750 074)
Adjusted for:		
Increase in capital works grant from DAC	3 182 656	(3 528 384)
Increase in grant received	829 173	(750 000)
Increase in sponsorship for the staging of productions	229 596	-
Increase in production income	(521 764)	(405 196)
Increase in liquor bar and sundry income	(476 318)	(722 801)
Increase in finance income	(536 227)	(281 834)
Decrease in production expenditure	(1 647 466)	(5 535 324)
Decrease in compensation to employees as certain positions not filled	(1 043 344)	(2 657 748)
Decrease in consumables, electricity and cleaning	(1 404 050)	(1 110 298)
Decrease in council expenses	82 663	(157 656)
Increase (Decrease) in telephone expenses	(182 426)	101 220
Decrease in repairs and maintenance	(1 607 349)	(638 830)
Decrease in other operating expenses	(1 508 330)	(1 582 055)
Deficit on the sale of assets	184 073	71 632
Depreciation	18 119 343	16 209 570
Capital expenditure budgeted but not processed to statement of financial performance	(47 731 959)	(24 244 256)
Net deficit per approved budget (including capex)	(29 164 998)	(29 982 034)



Notes to the Annual Financial Statements (continued)

28.1. Reconciliation between budget and statement of financial performance - operating expenditure

STATEMENT OF FINANCIAL PERFORMANCE – ACTUAL VERSUS BUDGET

	2019 Actual	2019 Original Budget	2019 Revised Budget	2019 Variance	2019 Variance
	R	sR	R	R	%
REVENUE	101 840 029	80 908 198	99 731 993	2 108 036	
Grants	85 771 171	75 189 000	89 783 000	(4 011 829)	-4%
Production income	1 773 447	2 102 826	2 102 826	(329 379)	-16%
Donations and sponsorships	3 561 851	-	3 791 447	(229 596)	-6%
Rent received	553 085	471 153	471 153	81 931	17%
Hire of performance venues, costumes and sets	2 980 474	2 099 332	2 129 332	851 142	40%
Box office commission - external productions	475 689	173 644	173 644	302 045	174%
Bar and other sales	441 701	441 000	441 000	701	0%
Services in kind	5 351 380	-	-	5 351 380	
Sundry income	931 231	431 243	839 591	91 641	11%
EXPENDITURE	104 009 525	81 565 660	87 665 031	(16 344 494)	
Production expenditure	19 964 144	16 820 163	21 611 610	1 647 466	8%
Employee related costs	37 460 734	39 720 270	38 504 078	1 043 344	3%
Annual report	51 175	82 636	52 636	1 461	3%
Auditors fees external	943 332	1 284 000	1 284 000	340 668	27%
Auditors fees internal	409 209	675 525	849 525	440 316	52%
Council related expenses	644 085	601 422	561 422	(82 663)	-15%
Cleaning and sanitation	1 853 300	1 526 337	2 102 396	249 096	12%
Consumables	881 317	1 471 327	1 573 799	692 482	44%
Electricity	4 015 728	4 727 296	4 727 296	711 568	15%
Security	3 700 814	3 604 689	4 271 017	570 203	13%
Insurance	438 354	345 323	345 323	(93 031)	-27%
Legal expenses	181 988	24 164	80 000	(101 988)	-127%
Marketing	1 020 437	1 259 390	1 259 390	238 953	19%
Rates & taxes	5 351 380	-	-	(5 351 380)	
Repairs & maintenance	1 667 239	2 945 695	3 274 588	1 607 349	49%
Telephone	252 132	403 452	434 558	182 426	42%
Training	306 661	342 400	322 400	15 739	5%
Travel - local and overseas	899 519	577 845	916 333	16 814	2%
Water	533 113	605 286	605 286	72 173	12%
Depreciation	18 119 342	-	0	(18 119 342)	100%
General expenses	5 315 522	4 548 440	4 889 374	(426 148)	-9%
DEFICIT FROM OPERATIONS	(2 169 497)	(657 462)	12 066 962	(14 236 458)	
Interest received	7 036 227	3 500 000	6 500 000	536 227	8%
SURPLUS FOR THE YEAR	4 866 730	2 842 538	18 566 962	(13 700 231)	

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

The new opera stage was being installed from October 2018 to the end of March 2019. No productions could take place during this period and this contributed to the lower production income.

The Playhouse Company received new funding to produce the BRICS 2018 event and the DAC incubator projects. There were some savings in costs and the monies were returned to the sponsoring entity.

New tenants contracts entered into that were not originally budgeted for. The costs of electricity usage charged to tenants is not budgeted for during the year

Outside hirers income exceeded budget. 59 outside hirers production were presented against a budget of 35,

Box office income increased in line with the increased outside hirers productions presented.

Services in kind as disclosed in note 25.

Functions venue hire exceeded budget due to high demand for venues. Sales of scrap metal from the Opera stage was not budgeted for.

Due to receiving mid year approvals from DAC for the major renovation of the Opera theatre stage lifts, the arts programme had to be revised. Some of the savings from the major long run year end production was used to augment other festive season projects, like the Okwethu community arts festival and 3 other medium scale festive season productions. The remaining funds are earmarked for the 2019 festive season production.

Savings in Auditor General's 2018 audit fee due to some audit costs being processed in the prior year. The budget was based on the prior years proposed amount. There have been savings in the hours spent on the audit.

Outstanding internal audit fees in the current year paid in the first quarter of the new year.

Additional unbudgeted fees were paid to Council members in lieu of preparation time.

Savings as a result of cost saving initiatives.

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. The Opera stage was under renovation and purchase of consumables was put on hold until it was ascertained what other special items would be needed to be purchased.

Savings in electricity costs due to the Opera Stage being out of commission from October to March 2019.

No additional guards were used during the period the Opera stage was out of use.

Capital equipment acquired during the year added to insurance schedule. Prior year premium submitted by insurer late in the current year for payment.

Legal guidance was sought for items not originally budgeted for.

The corporate marketing budget was used to bolster the production marketing budget in order to be top of mind with key stakeholders.

Services in Kind as disclosed in note 25.

The budget available was ring fenced for civil works in the Opera Stage.

Savings as a result of the new telephone management system that was installed during the year.

Scheduled/planned training that did not take place due to non-availability of designated staff.

Savings as a result of cost saving initiatives.

Non cash flow item not budgeted for annually.

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)

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

FIXED ASSET ADDITIONS – ACTUAL VERSUS BUDGET

	2019 Actual	2019 Original Budget	2019 Revised Budget	2019 Variance	2019 Variance	Explanation of Significant Variance
	R	R	R	R	%	
Office equipment	641 678	100 000	725 000	83 322	11%	Funds earmarked for acquisition of some office equipment was urgent due to replacement of non-functioning equipment. Acquisition is planned for the new financial year.
Computer equipment	433 301	225 000	552 528	119 227	22%	Funds earmarked for acquisition of a new exchange server required critically for continued optimum functionality. The acquisition is planned for the new financial year.
Stage equipment	343 907	16 770 000	3 326 748	2 982 841	90%	Savings in certain projects are earmarked to be utilised to fund the shortfall in Opera Stage lift replacement.
Buildings	27 363 738	-	43 127 683	15 763 945	37%	Tenders awarded and work in progress at year end.
Total	28 782 624	17 095 000	47 731 959	18 949 335	40%	

Changes from the approved budget to the final budget were due to capital budget roll overs and new capital funding received from DAC. Funding for capital projects were received on 31 March 2018 and the funds had to be rolled over to the year ended 31 March 2019 for project implementation and execution.



▼ South African Women's
Arts Festival: Kiddies Day





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