



The  
Playhouse  
Company

an agency of the  
Department of Sport, Arts & Culture



ANNUAL REPORT  
2021-2022



*The Awakening - Rebirth*

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# Part A: General Information

## 1. PUBLIC ENTITY'S GENERAL INFORMATION

<b>REGISTERED NAME:</b>	The Playhouse Company
<b>PHYSICAL ADDRESS:</b>	29 Acutt Street Durban 4001
<b>POSTAL ADDRESS:</b>	P O Box 5353 Durban 4000
<b>TELEPHONE NUMBER/S:</b>	(031) 369 9555
<b>FAX NUMBER:</b>	(031) 306 2166
<b>EMAIL ADDRESS:</b>	cfo@playhousecompany.com
<b>WEBSITE ADDRESS:</b>	www.playhousecompany.com
<b>EXTERNAL AUDITORS:</b>	The Auditor-General of South Africa
<b>BANKERS:</b>	First National Bank

## 2. LIST OF ABBREVIATIONS/ACRONYMS

<b>AFS</b>	Annual Financial Statements
<b>AGSA</b>	Auditor General of South Africa
<b>MEC</b>	Member of Executive Council
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>DSAC</b>	Department of Sport, Arts and Culture
<b>PFMA</b>	Public Finance Management Act, Act 1 of 1999
<b>MTEF</b>	Medium – Term Expenditure Framework
<b>SAWAF</b>	South African Women's Arts Festival
<b>SCM</b>	Supply Chain Management

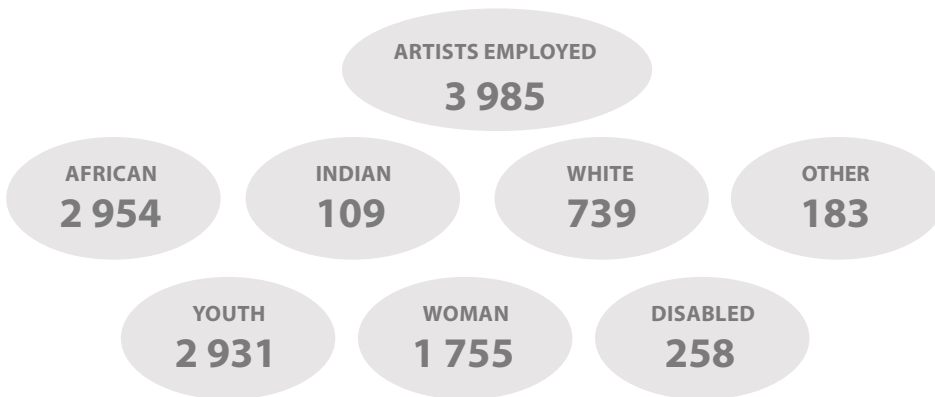


### 3. FOREWORD BY THE CHAIRPERSON

<b>Name</b>	<b>Khwezi Kunene</b>
<b>Title</b>	<b>Chairperson of Council</b>



It's an honor and pleasure to present the 2021/2022 Annual Report. Difficult economic climate has seen many companies and people face unprecedented challenges. In KZN specifically, we have been marked with Political unrest and the devastating floods which will remain the legacy of year 2021. Many people lost their lives and the rate of unemployment rose to suffocate a recovering economy rising from the effects of Covid-19. The Playhouse Company took a concerted effort to be part of the solution by ensuring that there is a steady and consistent flow of productions on our stages. This was supported by the gradual lifting of the Covid-19 restrictions thus opening more opportunities for the Playhouse to operate efficiently. This ensured that a total of 3 985 Artist received work in this financial year at the Playhouse with demographics depicted below.



It's always encouraging to see a racial and generational mix in our audience numbers as this affirms our concerted efforts to promote social cohesion. Our balanced Artistic programming supports our vision and we have seen flagship productions on stage.

I am pleased to report that the Playhouse Company has for 12 consecutive years achieved another Clean Audit outcome from the Auditor General. I applaud and am very proud of the hard work that goes into ensuring that we adhere to good corporate governance.

I would like to congratulate and thank the Management Team of the Playhouse Company for their dedication and positive attitude which is felt and seen from the time you are welcomed by our Security to the Bar staff and every staff member working behind the scenes, to ensure quality productions are consistently staged for our entertainment and education.

My gratitude goes to the Council/Board of the Playhouse company for their support and much appreciated oversight role. Our funders the Department of Sport, Arts and Culture under the leadership of Honorable Minister Nathi Mthethwa for the funding and constant support to ensure that our vision is met and to the KZN MEC for Sport, Arts and Culture.

I am reminded of the Swan analogy which is seen gracefully moving in the water but when taking a view under water you see the fast pace its legs are paddling to keep it afloat. This is the Characteristics of our Entity as everyone plays their part in ensuring that the experience of every patron entering our doors is memorable.

**Khwezi Kunene**  
**The Playhouse Company**

## 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Name	Precious Lynda Bukhosini
Title	Chief Executive Officer and Artistic Director

As the year under review promised the gradual easing of restrictions imposed by the COVID-19 pandemic, we applied ourselves with renewed vigour to carrying out our mandate of serving the artistic needs of all the communities of our City and Province, as well as the thousands of visitors who cross the threshold of The Playhouse Company.

One of the milestones was the commissioning by The Department of Sport, Arts and Culture to produce Days of Culture Without Borders. This was performed and recorded for broadcast in Russia as part of the BRICS initiative. The benchmark production featured a stellar bill of artists, headed by Thandiswa Mazwai, with the KwaZulu-Natal Philharmonic Orchestra, Thee Legacy, Mbuso Khoza and Afrikan Heritage Ensemble, and many more, each bringing their own flavour of their "South African-ness" to the experience.

Also, the Themba Mkhize Jazz Experience proved an evening to remember, as Mr Mkhize and his son, Africa, mesmerized Jazz-lovers with their evocative programme, staged in salute of one of our country's iconic stars, the late Sibongile Khumalo.

The Playhouse Company stepped up the mark, to bolster the mental health of artists suffering from the ravages of stress and financial instability caused by the COVID-19 pandemic. A series of Awareness Community Conversations were held, which aimed to deal with the devastating effects of Gender Based Violence (GBV). Artists engaged with GBV victims, and this initiative resulted in a production that toured High Schools in township and rural areas within KwaZulu-Natal (KZN) promoting good lifestyle habits.

The Playhouse Company working closely with the Cultural and Creative Industries Federation of South Africa (CCIFSA) staged the Okwethu Community Arts Festival in 11 Districts of KZN seeing more than 580 artists performing their works.

The year under review has seen 132 productions, 689 performances, 3985 artists employed and 361 607 audiences participate in our programmes. This is no mean achievement during the challenges of COVID-19. In addition to this The Playhouse Company continued in its trajectory and worked hard in achieving its 12th successive, clean audit report. I humbly acknowledge the unstinting loyalty and hard work of our Council and Staff members. You have my profound gratitude. As indeed do the Department of Sport, Arts and Culture; KwaZulu-Natal Department of Sport, Arts and Culture; the Cultural and Creative Industries Federation of South Africa, media and audiences.

Thank you, one and all!



“ Despite the challenges of COVID, we achieved a well-presented artistic programme. And we pulled off our 12th successive clean audit report. ”

### ANNUAL REPORT INFORMATION

PRODUCTIONS  
**132**

PERFORMANCES  
**689**

ARTISTS  
**3985**

AUDIENCE  
**361 607**



*Seven Ways to Say Goodbye*

## IN HOUSE PRODUCTIONS

SEASON	ARTISTS
Sundowner Concerts & Poetry	304
Test Driving the Arts	669
Community Conversation Platforms	38
South African Women's Arts Festival	231
Indigenous Arts Performance	260
Okwethu Community Arts Festival	580
Community Arts Mentorship Programme	27
School Season	19
Festive Season	229
<b>Total</b>	<b>2357</b>



Nongogo





*Heritage Month Celebrations*

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## TEST DRIVING THE ARTS

---

- South African Jinge
- Usiko Lwesizwe Cultural Dancers
- Kho Khwela
- Future Kingz
- Lebstar
- Amajalimane
- Grateful Singers
- Abafana Bembube
- Izigi Zomdabu
- Abakhethwa Gospel Singers
- Amansinyane
- Amaqola Amhlophe
- Ma-celebrate
- Kangaroo Zulu Dancers
- Uthando Acapella
- Amabhubhesi
- Ofezela
- Matshitshinolwazi Ngema
- Gadlabethithiza Nxumalo
- Umkhumbane
- Amanqe Cultural Group
- Aim of God
- Durban Movers and Shakers
- South African Jinge
- Sfiso Mnumzane Magayela
- Umlazi Gospel Choir
- Izinyoni zeZulu
- Ubuhle Bomlazi
- Amagidangoma
- Zulu Warriors
- Asakhe
- Mavubela

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## SUNDOWNER CONCERT AND POETRY

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### Featuring:

- Zoe the Seed
- Bongani Nkwanyana
- Joocy
- Mthobisi Mthlane
- Victor Sithole
- Sweetie Rhythms
- Mdu Mahlobo
- Bheki Ngoko
- Royal Zulu Messengers
- Linda Gwensa
- Mazwi Fortune

### Poets:

- Shiwe Mthwazi
- Thando Fuze
- Nkululeko "Page" Ngwenya
- Khwezi Becker
- Zamo Cofi Gwala
- Jabulani Mkhize
- Nkosiyethu Gumede
- Kwazi Ndlangisa
- Athingahangwi Ramabulana

*Community Conversation:  
Entertainment under the  
New Normal*



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## COMMUNITY CONVERSATIONS

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### Innovation & Creativity in Times of the Pandemic

- Sthandiwe Kgoroge
- Ayanda Borotho
- Thabo Mnguni
- Zakes Bantwini

### Entertainment Under the New Normal

- Mdu Ngcobo
- DJ Tira
- Dr Sipho Sithole
- Zanele Mbokazi

### Woman to Woman

- Zanele Mbokazi
- Jacinta Ngobese
- Thobekile Mtshali-Ndlovu
- Esay Reddy

### Social Cohesion Workshop

- Dr Raj Govender
- Sizakele Zuma
- Vusumuzi Zondi

### Ingxoxo kaMaskandi

- Dr Sazi Dlamini
- Samkelisiwe Ngema
- Dr Sipho Sithole
- Busi Ngcobo

### Gender Based Violence

- Hlengiwe Mgabadelo
- Gil Harper
- Rumbi Chidzonga
- Nana Ngobese
- Bosa Ledwaba





## Mbuso Khoza - Ijadu le Afrika

- Mbuso Khoza
- Afrikan Heritage Ensemble

## The Themba Mkhize Jazz Experience

- Themba Mkhize
- Africa Mkhize
- Nokukhanya Dlamini

## 10 Days in a Shebeen

**Director:** Musawenkosi Shabalala

- Buhle Nkomo
- Lindokuhle Ndlovu
- Mduduzi Nombela
- Mthobisi Khanyile
- Kwenza Ngcobo
- Sifiso Magaye
- Nomvuselelo Myeza
- Celester Ntuli
- Mbali Nkala
- Nomusa Mzobe





## Imbokodo Maskandi Festival

**Director:** Siza Mthembu

- Vumile Mngoma
- Ama Yellow bone
- Dr Buselaphi
- Onobuhle

## Kamphoer: Die Verhaal van Susan Nell

**Director:** Rudi Sadler

- Sandra Prinsloo

## The Awakening: Rebirth

**Choreographer:** Sunnyboy Motau

- KZN Dance Production
- Moving Into Dance

## Refugees

**Director:** Jerry Poee



*The Nutcracker*



## Seven Ways to Say Goodbye

**Choreographer:** Lliane Loots

- Sifiso Khumalo
- Jabu Siphika
- Kristi-Leigh Gresse
- Yaseen Manuel
- Mthoko Mkhwanazi
- Siseko Dube
- Ndumiso 'Digga' Dube
- Sbonga Ndlovu

## Nongogo

**Director:** Bheki Mkhwane

- Daisy Spencer
- Zenzo Ngqobe
- Thandanani Qwabe
- Bongani Gumede
- Molefe Monaisa

## Resilience The Journey

**Director:** Ralph Lawson

- Nozuko Teto
- Wayne Mkhize
- Khumbuzile Dhlamini-Ndaba
- Khulekani Miya





## Izingqalabutho Maskandi Concert

- Madala Kunene
- Phuzekhemisi
- Thwalofu
- Mfokamqguzula
- NkunzeMdaka
- Vanessa Marawa

## Days of Culture Without Borders

**Director:** Aubrey Sekhabi

- Thandiswa Mazwai
- Thee Legacy
- Sivuyile Nonzame Xhosa Traditional Dancers
- Lonaka Lo Kae Cultural Group
- Mbuso Khoza & Afrikan Heritage Ensemble
- KZN Philharmonic Orchestra
- Leanne Manas
- Tony Kgoroge

## Bollywood Song & Dance

**Director:** Rakesh Maharaj

- Nateshwar Dance Company
- Smeetha Maharaj
- Varshan Sookhun



*Imbokodo Maskandi Concert*



Bigly Yuge

## Bigly Yuge

**Director:** Tony Kgoroge

- Baby Cele
- Bongani Mbatha
- Xolani XD Dlamini
- Bhékani Shabalala
- Mduduzi Nombela

## The Nutcracker

**Artistic Director:** Iain MacDonald

**Conductor:** Lykele Temmingh

- Joburg Ballet Dancers
- KwaZulu-Natal Philharmonic Orchestra

## Snow White and Seven Dwarfs

**Director:** Steven Stead

- Georgina Kelly
- Blessing Xaba
- Mthokozisi Zulu
- Belinda Henwood
- Brian Hiles
- Kirsty Ndawu
- Simone Mann
- Sihle Manonyane
- Cara Roberts
- Andrew Burgess



### Silencing The Screams

**Director:** Musawenkosi Shabalala

- Delly Gumbi
- Thobeka Ndwandwe
- Samkelisiwe Hlophe
- Mhlophe Mbokazi
- Sthembiso Zungu
- Sifiso Magaye
- Lungelo Ndlovu
- Sxaxa Henema
- Lindokuhle Ndlovu

### My Teacher My Friend

**Director:** Thabo Mnguni

- Zoleka Dlamini
- Thandiswa Nxumalo
- Nosipho Mkhize
- Melusi Mdlalose
- Zwelakhe Mnguni
- Menzi Ngidi
- Khanyisile Fakazi
- Sanelisiwe Radebe



*Snow White and the Seven Dwarfs*

## Sizwe Banzi is Dead

**Director:** Matjamela Motloung

### Mentors

- Xolisa Dlamini
- Natalie Rungan
- Sandile Mkhize
- Nkanyiso Kunene
- Menzi Mkhwane
- Madoda Ncayiyana
- Leagan Peffer

## Women in Concert Series

- Platform Jazz
- Izintombi zetheku
- Kerry Cherry
- Lu Dlamini and poets
- Afro Divas
- Futhi Mahlasela
- Neo Dube
- Xolisa Dlamini
- Sheila Da Bluenote
- Skye Wanda
- Angel Zondo
- Debbi Mari
- Sussan Barry
- Simthandile Mtolo
- Nosihe, N'Den
- 5th Season Jazz Band
- Pretty Olifant
- Ms Classic
- Jerry Kunene
- Natalie Rungan
- Melvin Peters
- Lungani Gumede's Band
- Elias Sdumo Ngidi
- Malini
- Afrosoul
- Martin Sigamoney



*Bollywood Song and Dance*





*Okwethu Community Arts Festival*

## OKWETHU COMMUNITY ARTS FESTIVAL

District, Venue	Key Role-players/Mentors
UMgungundlovu District Jumbo Arts Centre	Jerry Pooe, Noma Khumalo and Justice Kubheka
Ugu District Ntelezi Msane Heritage Centre	Thando Nyameni, Naima K, Khulekani Shongwe
King Cetshwayo Ngingindlovu Hall	Siyakudumisa Sotsu, Qhosa, Danger and local artists
Ethekwini District KCAP	Nosipho Sithole, Phuzekhemisi, Vumile and local artists
ILembe District Albert Luthuli Museum	Xolisa Dlamini, DJ Merlon, Dr Buselathi Gxowa, and local artists
Amajuba District Osizweni Arts Centre	Joy Mbewana, Dj Sox, Lvovo and local artists
Harry Gwala District Bulwer Arts Centre	Edmund Mhlongo, Mondli Mzizi, Bhotsotso Mahlaba and local artists
UMkhanyakude District Mbazwane Arts Centre	Mapule Mchunu, Malini, Tzozo and local artists
UMzinyathi District	Howard Msomi, Dlungelwa, Episode and local artists
UThukela District Ladysmith Town Hall	Romeo Qetshemane, Mondli Ngcobo, Fey and local artists
Zululand District Ndonsa Arts Centre	Mbuso Mkhize (DJ Dullas), Bhekisizwe Mahlawe, Andile kaMajola and local artists

### **Kucheza Afrika Festival: Sullied**

**Director:** Matjamela Motloung

**Choreographer:** Kristie-Leigh Gresse

### **High School Isicathamiya Competition**

**Producer:** Chris Ntuli

- 10 High Schools from KZN

### **Durban Dance Festival**

**Choreographer:** Jarryd Watson

- Dancers of all races from around Durban

### **Music in the Air**

**Musical Director:** Joel Zuma

- Mncedisi Shabangu
- Thabile Mtshali
- Mbali Ngidi
- Zodumo Shandu
- Sibusiso Shozi
- Lucky Cele

### **Poetry Africa Live Event**

- Khwezi Becker
- Dr Gcina Mhlophe
- Lebo Mashile
- Mbali Malimela
- Siphokazi Jonas
- Thando Fuze
- Toni Giselle Stuart



*The Awakening - Rebirth*





## **We are Still Marching**

**Choreographer:** Sunnyboy Motau

- Moving Into Dance Dancers

## **Freefall**

**Director:** Ralph Lawson

- Ashwin Singh
- Menzi Mkhwane
- Cara Roberts
- Mayuri Naidu
- Sandile Mthembu

## **Nandi the Musical**

**Director:** Edmund Mhlongo

- Anele Mkhize
- Angel Zuma
- Aristides Manhique
- Bongumusa Xuba
- Celumusa Dladla
- Jabulisile Mzizi
- Khubisa Bongumusa
- Lindokuhle Mbambo
- Lindokuhle Msomi
- Lindokuhle Ziqubu
- Luyolo Nakasa
- Mandisa Ngudle
- Mazwi Khoza
- Menzi Ngidi
- Zinhle Mkhize
- MM Ndabandaba
- Mxolisi Khoza
- Mzamo Makhaye
- Nkosingiphile Mpanza

## **Xova**

**Director:** Joseph Komani

**Choreographer:** Buti Maifadi

- Siyasanga Papu
- Aphiwe Dumeko
- Nonhlanhla Dube
- Georgina Mabasa
- Nontsikelelo Mfene
- Khanyisile Ngwabe
- Busisiwe Mazibuko
- Khutso Nkwana

## **Thandiswa Mazwai - A Letter to Azania**

- Thandiswa Mazwai
- Nomhle Nngogo
- Silindile Ntini
- Tendayi Shoko
- Sonnyboy Mthimunye
- Lungile Maduna

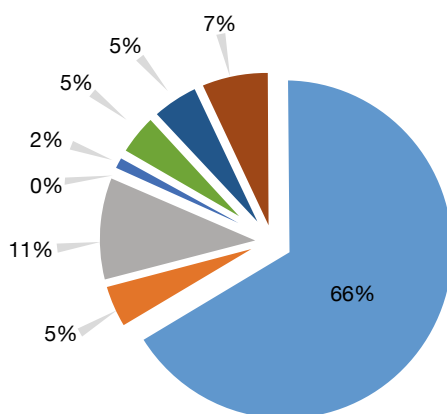
## Financial Performance

### Revenue

Total revenue increased by 22% from R66m to R81m.

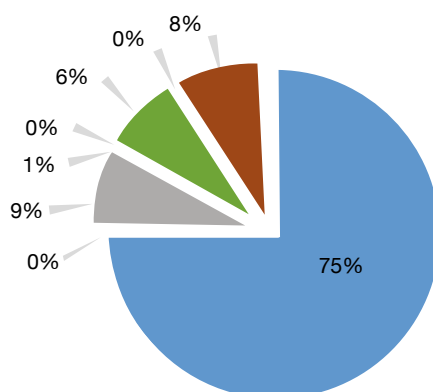
- The increase was mainly attributable to an increase in the capital income recognised in terms of GRAP 23 - Revenue from Non-Exchange Transactions Taxes and Transfers, sponsorship income and box office income

2022 Revenue Sources



- |   |   |
|---|---|
| ■ National Department of Sport, Arts and Culture (DSAC) (66%) | ■ Services facilities and equipment (2%)        |
| ■ Special Capital Expenditure Grant - (DSAC) (5%)             | ■ Interest received (5%)                        |
| ■ KZN Department of Sport, Arts and Culture (KZND SAC) (11%)  | ■ Donations and sponsorships (productions) (5%) |
| ■ eThekwini Municipality (0%)                                 | ■ Services in kind (7%)                         |

2021 Revenue Sources

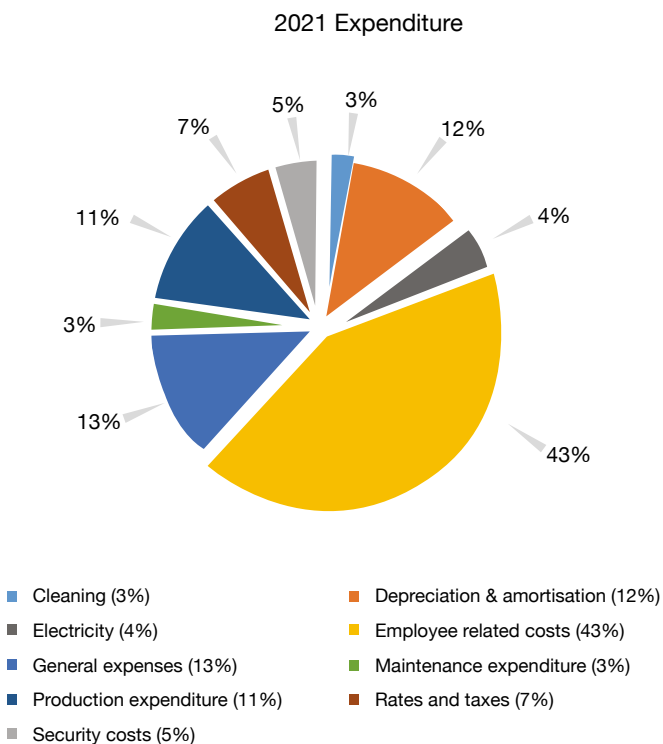
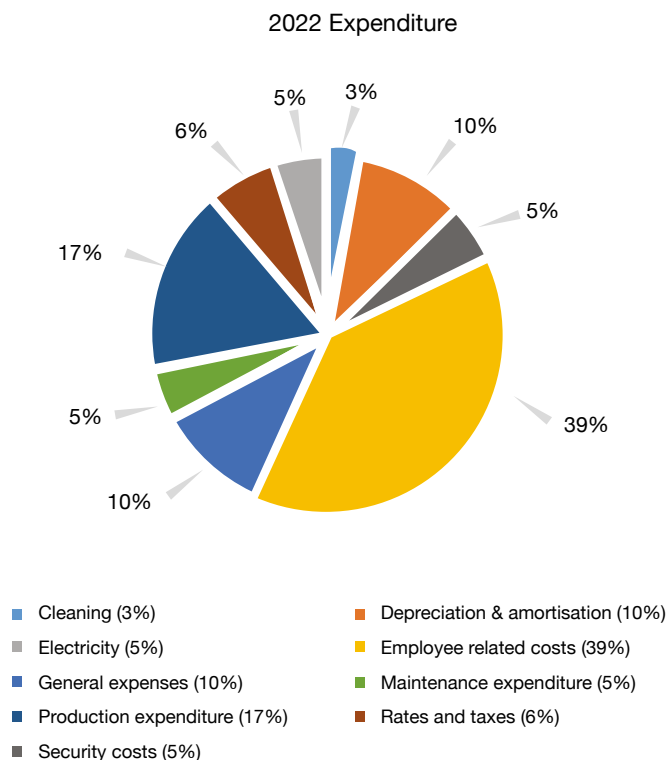


- |   |   |
|---|---|
| ■ National Department of Sport, Arts and Culture (DSAC) (75%) | ■ Services facilities and equipment (0%)        |
| ■ Special Capital Expenditure Grant - (DSAC) (0%)             | ■ Interest received (6%)                        |
| ■ KZN Department of Sport, Arts and Culture (KZND SAC) (9%)   | ■ Donations and sponsorships (productions) (0%) |
| ■ eThekwini Municipality (1%)                                 | ■ Services in kind (8%)                         |

## Operating expenses

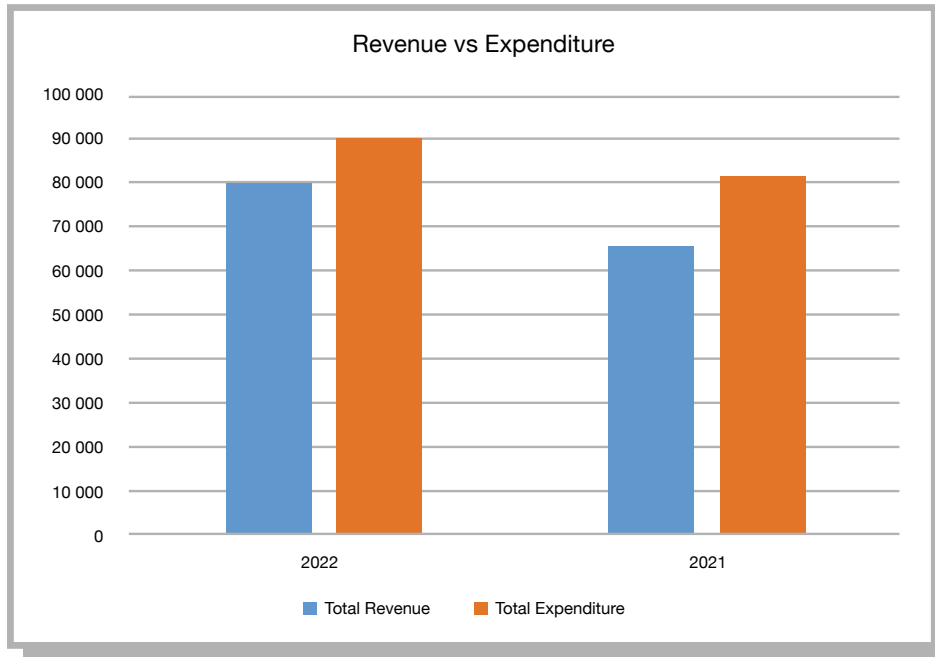
Operating expenses increased by 10% from R83m to R91m.

- The increase was mainly attributable to an increase in production expenditure, security costs and maintenance expenditure



## Deficit for the year

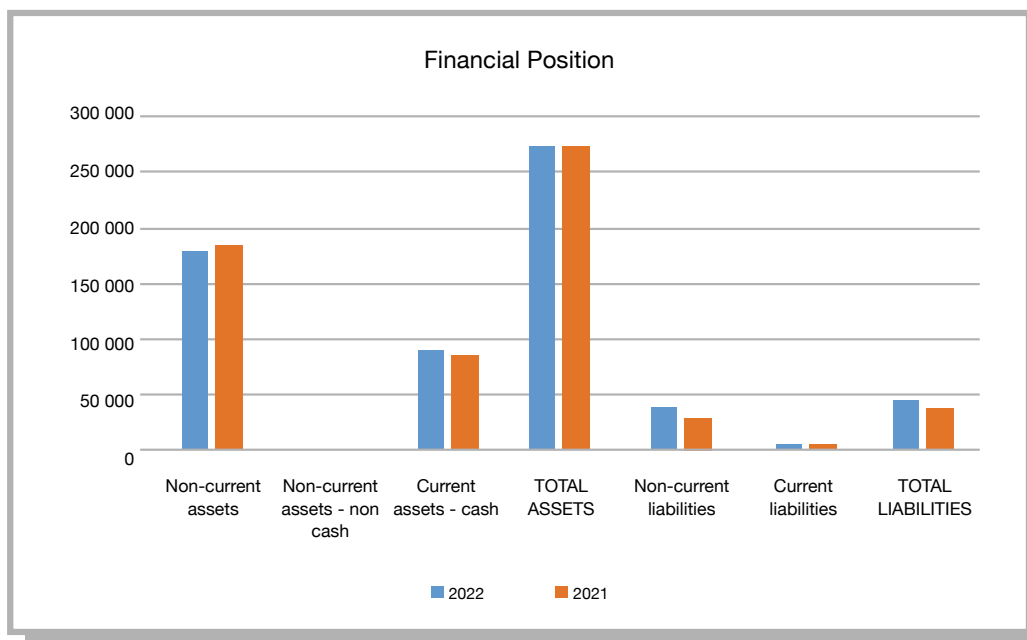
The deficit of R10m for the year was mainly attributable to depreciation and amortisation costs and increased production expenditure.



## Financial Position

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

- The decrease in non-current assets by R6m is primarily due to the depreciation and amortisations charges.
- Current assets increased by R4.5m and this were primarily as a result of an increase in cash and cash equivalents.
- Non-Current liabilities increased by R9m. This was primarily due an increase in deferred income
- Current liabilities decreased by R0.5m. This was primarily due a reduction in trade and other receivables.





	2022	2021
Non-current assets	180,033	186,085
Current assets - non cash	1,749	1,611
Current assets - cash	91,896	87,565
<b>TOTAL ASSETS</b>	<b>273,677</b>	<b>275,261</b>
Non-current liabilities	39,691	30,666
Current liabilities	7,037	7,550
<b>TOTAL LIABILITIES</b>	<b>46,728</b>	<b>38,216</b>

## Cash Flows

Cash and cash equivalents increased by R4.3m from R87.6m to R91.9m. Cash inflows from operating activities of R7.5m was used to offset the cash outflows from investing activities of R3.2m.

## 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.



**Precious Lynda Bukhosini**

Chief Executive Officer and Artistic Director

The Playhouse Company

Date: 29 July 2022

## 5. 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 2022.

Yours faithfully



**Chief Executive Officer**  
**Precious Lynda Bukhosini**  
**Date: 29 July 2022**



**Chairperson of the Board**  
**Khwezi Kunene**  
**Date: 29 July 2022**

## 6. STRATEGIC OVERVIEW

### 6.1. Vision

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

### 6.2. Mission

In achieving the above vision, The Playhouse Company describes its mission as: We advance, promote and preserve the performing arts by:

- Balancing the transformation agenda and commercial programming, in a manner that facilitates social cohesion and nation building
- Balancing the transformation agenda and commercial programming, in a manner that facilitates social cohesion and nation building;
- Producing and presenting productions with artistic, entertainment and educational value;
- Supporting life skills education and arts appreciation through artistic programming, and skills development for arts practitioners and training for staff;
- Ensuring quality experiences for our audiences, and providing opportunities to interact across culture, race and class; and
- The preservation of the historic landmark that is The Playhouse

### 6.3. Values

#### 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 behavior 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 Organization at all times.
- We proactively seek to be at the forefront of live theatre

#### Sinobuntu

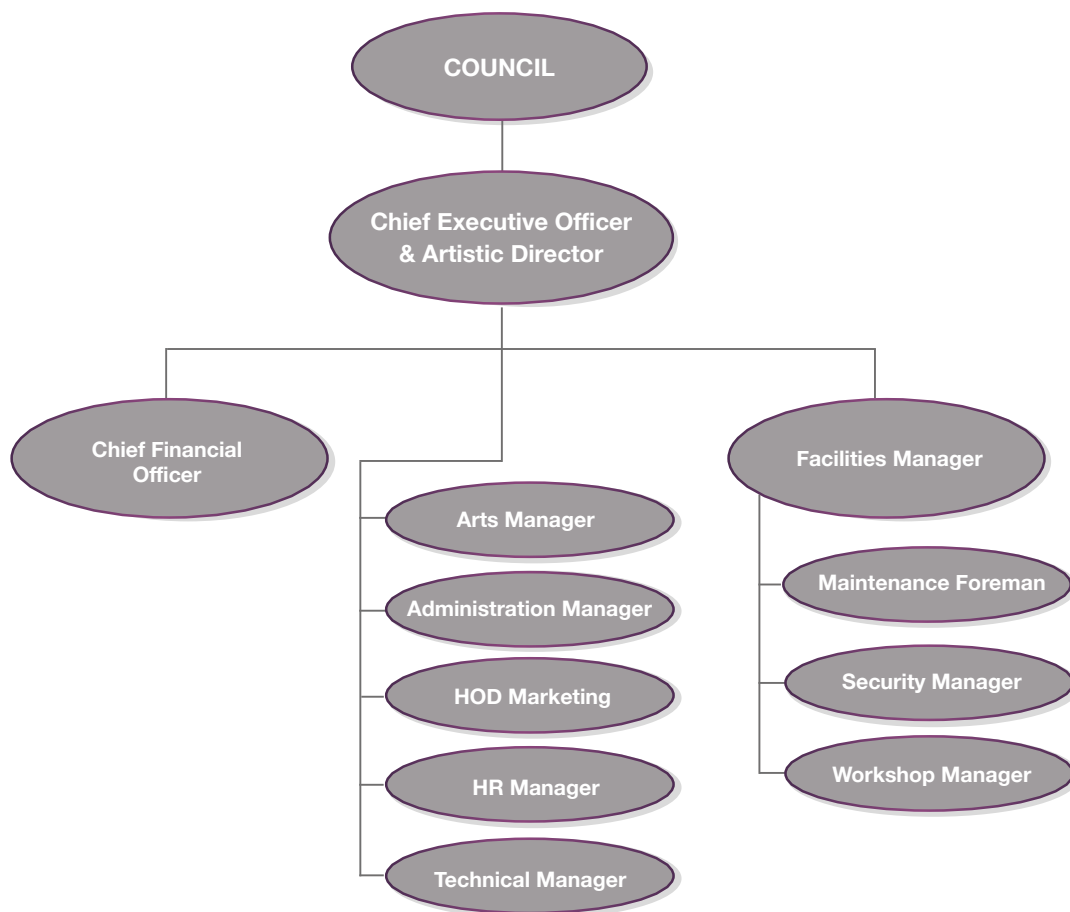
- We strive to work with care, empathy, respect and consideration for the well-being of our staff, customers and stakeholders.
- We work hard at maintaining a safe and healthy work environment, protecting our assets and scarce resources, developing our people and promoting a healthy work/life balance.

## 7. 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.

## 8. ORGANISATIONAL STRUCTURE







*Themba Mkhize Jazz Experience*

# Part B: Performance Information

## 1. Statement of Responsibility for Performance Information for the year ended 31 March 2022

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	24		
Annual performance targets achieved	21 (88%) 😊		
Annual performance targets not achieved/ partially achieved	3 (12%) 😞	<ul style="list-style-type: none"> <li>i. Due to the lockdown regulations, the theatres were not being used to maximum capacity. Because of this, certain positions were not filled by permanent appointees. Adhoc employees were used when required to ensure service delivery took place.</li> <li>ii. Due to Lockdown restrictions we were obliged to comply with the prescribed number of artists on our stages. The planned Iscathamiya and Ingoma festivals involves hundreds of artists to perform side by side on stage. This is a huge health risk that needed to be managed carefully. These festivals have been postponed to a later stage once restrictions are relaxed</li> <li>iii. Due to Covid-19 restrictions the mobile stage was not utilised</li> </ul>	<ul style="list-style-type: none"> <li>i. Recruitment process has been initiated to fill some positions as the Covid regulations are being relaxed.</li> <li>ii. Pending the relaxing of lockdown restrictions, it is intended to present the two postponed productions in the next financial year.</li> <li>iii. As a result of the restriction on gatherings in the current Covid 19 regulations, the mobile stage target has been removed from the APP target for the new financial year.</li> </ul>

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 2022.

The Playhouse Company performance information for the year ended 31 March 2022 has been examined by the external auditors and their report is presented on pages 55 to 56.

The performance information of The Playhouse Company set out on pages 31 to 41 were approved by the Board.



**Precious Lynda 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 55 for the Auditor's Report, published as Part E: Financial Information.

## 3. Overview of Performance

### 3.1 Service delivery environment

The Covid-19 regulations were relaxed during the third and fourth quarter of the financial year and this enable the Playhouse Company to produce and present more productions on the stages. There was an increase in the number of patrons attending these productions and this resulted in increased box office takings.

The Playhouse Company has managed to achieve 88% of the annual performance targets despite budget cuts experienced during the year and the various levels of Covid 19 regulations implemented during the year. Covid-19 regulations were then relaxed allowing The Playhouse to contribute to socio-economic transformation by providing opportunities to historically disadvantaged groups and entrepreneurs to participate, grow and develop within the sector. Management reports on this to Council on a quarterly basis. The Playhouse Company creates employment directly by procuring goods and services from small and micro enterprises owned and operated by previously disadvantaged peoples. The Playhouse Company has interactive community conversations with artists, arts companies and the public at large where conversational topics are discussed and matters relating to financial literacy and broad based black economic empowerment matters are addressed. Artists and arts companies are given the necessary guidance to apply for the BBBEE certificates so that they can register on the National Treasury Central Supplier Database and be eligible to do work with government entities.

### 3.2 Organisational environment

The Playhouse Company was imposed budget cuts in operation and capital grant allocations from the National Department of Sport, Arts and Culture. The Playhouse Company managed to create work for artists who were hardest affected by the lock down regulations. 3 985 artists received gainful employment whilst 2 931 of these artists were youth who benefited from productions presented by The Playhouse Company. In line with the Ministers of Sport, Arts and Culture's directive to make the theatre venues available free of charge to artists, 19 partnerships were entered into with independent producers whilst 22 other independent producers were able to present their productions on stage, record the productions and present the recorded productions on their various social media platforms.

Despite the increasingly challenging operating and fiscal environment created by the Covid 19 pandemic, The Playhouse Company has remained financially viable, and currently finds itself in a sound financial position.

### 3.3 Key Policy developments and legislative changes

There are no updates to the policy mandates that affected The Playhouse Company's operations during the year.

### 3.4. Progress towards Achievement of Institutional Impacts and Outcomes

In the context of the abovementioned strategic focus statements, the IMPACT statement of The Playhouse Company for the period 2020-2025 is as follows:

<b>Impact Statement</b>	Enhanced quality of life through the performing arts.
<b>Progress made</b>	The Covid 19 pandemic affected the performing arts industry severely. Despite this major setback, The Playhouse Company was able to create gainful employment for 3 985 artist.

Outcome	Outcome Indicator	Achievements in 2022
Outcome 1: Produce and present a balanced artistic programme	Cumulative number of productions staged	132 productions staged
	Cumulative number of performances held	689 performances held
	Cumulative number of artists involved in staged productions (all categories)	3 985 artists involved in productions
	Cumulative audience attendance figures (paying and non-paying audience)	361 607 Audience attendance
Outcome 2: Offer support for development of future theatre productions and arts practitioners	Cumulative number of in-house theatre for development and growing the body of South African theatre productions	91 artistic programmes
	Cumulative number of arts practitioners benefiting from upskilling programmes	602 arts practitioners benefiting from upskilling programmes
	High impact productions that support social cohesion	26 high impact productions that support social cohesion
	Cumulative number of artists provided work opportunities through in-house Playhouse productions	3 985 artists provided work opportunities
Outcome 3: Enhanced customer experience through accessible, high-quality and well-managed production and event venues and technical services	Condition assessment rating on Playhouse Company facilities	Conditional rating of the building was performed
Outcome 4: A well-governed, productive and high-performing organisation	External audit outcome	Clean external audit outcome achieved
	Percentage overall organisational performance rating (AGSA standard >80%)	100%



## 4. Institutional Programme Performance Information

### 4.1. Programme 1: Administration

A. Programme purpose: The purpose of this programme is to provide The Playhouse Company with core support services, including administrative, financial, human resources and monitoring and evaluation services.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Annual Target	Actual Achievement for the year	Deviation from planned target to actual achievement	Achievement	Reasons for deviations
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
Enhanced customer experience through accessible, high-quality and well-managed production and event venues and technical services	Maintain and upgrade infrastructure and align operational assets with requirements and technological advancements	Rand value spend on repairs and maintenance	New indicator	2 494 768	90%	131%	41%	😊	<ul style="list-style-type: none"> <li>Scheduled planned maintenance and repairs were done throughout the year and completed.</li> <li>From the third quarter unplanned maintenance and repairs were funded by the allocated budget under facilities management.</li> </ul>
		Annual fixed asset register completed in compliance with Fixed Asset Policy	1	1	1	1	0	😊	n/a
A well governed, productive and high performing organisation	Sound governance and internal controls	Number of repeat external audit findings	New indicator	0%	5%	0%	5%	😊	No repeat external audit findings were raised as all prior year audit findings were resolved.
		Percentage critical findings raised per internal audit quarterly report addressed	New indicator	0%	5%	0%	5%	😊	No critical audit findings raised in the internal audit reports

Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Annual Target	Actual Achievement for the year	Deviation from planned target to actual achievement	Achievement	Reasons for deviations
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
	An enabling organisation environment	Percentage ICT downtime	0%	0%	5%	0%	5%	😊	There was no extensive downtime during the year except for a few minor manageable disruptions as a result of the proactive remote monitoring performed by the external IT service provider
A well governed, productive and high performing organisation	A competent, skilled and productive workforce	Percentage vacancy rate in funded positions	16%	8.32%	10%	21%	(11.00%)	😞	There were 18 vacancies at the end of the financial year. Due to the lockdown regulations, the theatres were not being used to maximum capacity. Because of this, certain positions were not filled by permanent appointees. Adhoc employees were used when required to ensure service delivery took place.
		Percentage of annual training plan implemented	91%	90%	90%	94%	4%	😊	Additional staff members were added to the Corporate Governance training which was not originally planned for and this resulted in the annual training target being exceeded.
		Number of interns/trainees enrolled	9	19	7	7	0	😊	N/a

## Linking Performance with Budgets

Programme	2021/2022			2020/2021		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	43 597	44 571	(974)	48 467	40 354	8 113
<b>Total</b>	<b>43 597</b>	<b>44 571</b>	<b>(974)</b>	<b>48 467</b>	<b>40 354</b>	<b>8 113</b>

### 4.2. Programme 2: Business Development

A. Programme purpose	This programme is responsible for mainstreaming the role of arts and culture in social and economic development.
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, Performance Indicators, Planned Targets and Actual Achievements

Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Annual Target	Actual Achievement for the year	Deviation from planned target to actual achievement	Achievement	Reasons for deviations
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
1. A balanced artistic programme that provides opportunities for interaction across culture, race and class	Present an annual arts programme that bears testimony to a diverse and artistically remarkable body of stage works	Number of own productions produced and presented	80	52	40	91	51	😊	At the time of planning (December/January 2021), production targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the financial year 2021-2022 the country was operating at different levels. This enabled the entity to increase the number of once-off productions on stage.  Due to COVID-19, more platforms were created to enable job creation for artists to earn a living under the circumstances.
		Number of productions presented in partnership with independent producers	30	22	6	19	13	😊	At the time of planning (December/January 2021), production targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the financial year 2021-2022 the country was operating at different levels. This enabled the entity to increase the number of once off productions on stage.  Due to COVID-19 more platforms were created to enable job creation for artists to earn a living under the circumstances.

Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Annual Target	Actual Achievement for the year	Deviation from planned target to actual achievement	Achievement	Reasons for deviations
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
		Number of productions/events presented by independent producers using Playhouse Company facilities	60	70	9	22	13	😊	<p>At the time of planning (December/January 2021), production targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the financial year 2021-2022 the country was operating at different levels. This enabled the entity to increase the number of once off productions on stage.</p> <p>Due to COVID-19 more platforms were created to enable job creation for artists to earn a living under the circumstances</p>
		Number of significant flagship productions presented	New indicator	1	2	0	(2)	😞	<p>Due to Lockdown restrictions we were obliged to comply with the prescribed number of artists on our stages. The planned Iscathamiya and Ingoma festivals involves hundreds of artists to perform side by side on stage. This is a huge health risk that needed to be managed carefully. These festivals have been postponed to a later stage once restrictions are relaxed</p>

Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Annual Target	Actual Achievement for the year	Deviation from planned target to actual achievement	Achievement	Reasons for deviations
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
		Number of festivals/ seasons presented	12	9	4	7	3	😊	<p>At the time of planning (December/January 2021), production targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the financial year 2021-2022 the country was operating at different levels. This enabled the entity to increase the number of once-off productions on stage.</p> <p>Due to COVID-19, more platforms were created to enable job creation for artists to earn a living under the circumstances.</p>
		Number of community conversation platforms facilitated	New indicator	7	2	9	7	😊	<p>At the time of planning (December/January 2021), production targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the financial year 2021-2022 the country was operating at different levels. This enabled the entity to increase the number of once-off productions on stage.</p> <p>Due to COVID-19, more platforms were created to enable job creation for artists to earn a living under the circumstances.</p>



Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Annual Target	Actual Achievement for the year	Deviation from planned target to actual achievement	Achievement	Reasons for deviations
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
		Number of opportunities for indigenous art performance	1	3	2	4	2	😊	<p>At the time of planning (December/January 2021), production targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the financial year 2021-2022 the country was operating at different levels. This enabled the entity to increase the number of once off productions on stage.</p> <p>Due to COVID-19, more platforms were created to enable job creation for artists to earn a living under the circumstances</p>
	Broaden reach through growth in the number of artists involved, and the audiences attending, performances	Number of artists involved in staged productions	12 704	2 564	875	3,985	3,110	😊	<p>At the time of planning (December/January 2021), production targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the financial year 2021-2022 the country was operating at different levels. This enabled the entity to increase the number of once off productions on stage.</p> <p>Due to COVID-19 more platforms were created to enable job creation for artists to earn a living under the circumstances.</p>

Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Annual Target	Actual Achievement for the year	Deviation from planned target to actual achievement	Achievement	Reasons for deviations
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
		Audience attendance figure (paying and non-paying audience)	183 151	178 625	45,000	361,607	316,607	😊	Limited number of audiences were allowed in theatres due to lockdown restrictions. A strategy to broadcast productions online was implemented, hence increasing audiences.
	Strengthen The Playhouse Company brand and market in-house productions	Number of unique social media platforms utilised	New indicator	4	3	4	1	😊	Usage of social platforms (Twitter, Facebook and LinkedIn) to increase audiences.  Usage of additional social platforms such as Instagram was used to reach audiences who utilises that specific platform.
		Number of media feature pieces profiling The Playhouse Company - print and electronic	New indicator	29	3	299	296	😊	At the time of planning (December/ January 2021), media feature piece profiling The Playhouse targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the period (January to March 2022) the country was operating at Lockdown Level 1. This enabled the entity to increase the number of once-off productions thereby positively impacting on the media features profiling The Playhouse Company.

Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Annual Target	Actual Achievement for the year	Deviation from planned target to actual achievement	Achievement	Reasons for deviations
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
2. Offer support for development of future theatre productions and arts practitioners	Actively support targeted group development, including the development of future arts practitioners and entrepreneurs	Number of youth attending arts development programmes per annum	9 254	1 799	533	2,931	2,398	😊	<p>At the time of planning (December/January 2021), production targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the financial year 2021-2022 the country was operating at different levels. This enabled the entity to increase the number of once off productions on stage.</p> <p>Due to COVID-19 more platforms were created to enable job creation for artists to earn a living under the circumstances</p>
2. Offer support for development of future theatre productions and arts practitioners	Actively support targeted group development, including the development of future arts practitioners and entrepreneurs	Number of Community Arts mentorship programmes facilitated	1	1	1	3	2	😊	<p>At the time of planning (December/January 2021), production targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the financial year 2021-2022 the country was operating at different levels. This enabled the entity to increase the number of once off productions on stage.</p> <p>Due to COVID-19, more platforms were created to enable job creation for artists to earn a living under the circumstances.</p>



Outcome	Outputs	Output Indicators	Audited Actual Performance	Audited Actual Performance	Annual Target	Actual Achievement for the year	Deviation from planned target to actual achievement	Achievement	Reasons for deviations
			2019/20	2020/21	2021/22	2021/22	2021/22	2021/22	2021/22
		Number of Test Driving the Arts programmes facilitated	13	9	5	19	14	😊	At the time of planning (December/January 2021), production targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the financial year 2021-2022 the country was operating at different levels. This enabled the entity to increase the number of once off productions on stage.  Due to COVID-19, more platforms were created to enable job creation for artists to earn a living under the circumstances
	Targeted interventions to develop future audiences and build performing arts appreciation	Number of schools programmes presented	3	4	1	2	1	😊	At the time of planning (December/January 2021), production targets for 2021/22 were conservatively projected. This was due to the uncertainties of lockdown restrictions. During the financial year 2021-2022 the country was operating at different levels. This enabled the entity to increase the number of once off productions on stage.  Due to COVID-19, more platforms were created to enable job creation for artists to earn a living under the circumstances.
		Number of Mobile Stage productions presented	72	0	5	0	(5)	😞	Due to Covid-19 restrictions the mobile stage was not utilised

## Linking performance with budgets

Programme	2021/2022			2020/2021		
	Budget R'000	Actual R'000	(Over)/Under R'000	Budget R'000	Actual R'000	(Over)/Under R'000
Business Development	33 187	31 807	1 380	27 763	24 988	2 776
<b>Total</b>	<b>33 187</b>	<b>31 807</b>	<b>1 380</b>	<b>27 763</b>	<b>24 988</b>	<b>2 776</b>

## 5. Summary of Financial Information

### 5.1 Revenue Collection

	2021/2022			2020/2021		
	Budget R'000	Actual R'000	(Over)/Under R'000	Budget R'000	Actual R'000	(Over)/Under R'000
Grants – Operational	53 866	53 866	0	50 862	49 634	1 228
Grants – Production	8 574	8 574	0	5 944	6 444	(500)
Grants – Capital	12 695	3 670	9 025	10 512	329	10 183
Finance income	3 600	3 727	(127)	4 000	4 116	(116)
Production income	0	1 123	(1 123)	0	14	(14)
Rentals	21	45	(25)	80	25	55
Costume, décor & props hire	0	0	0	0	1	(1)
Sundry income	8	192	(184)	0	80	(80)
Recording Studio	55	71	(16)	0	14	(14)
Sponsorship income	1 300	4 100	(2 800)	0	150	(150)
<b>Total</b>	<b>80 119</b>	<b>75 368</b>	<b>4 751</b>	<b>71 398</b>	<b>60 807</b>	<b>10 591</b>

### 5.2 Programme Expenditure

Programme	2021/2022			2020/2021		
	Budget R'000	Actual R'000	(Over)/Under R'000	Budget R'000	Actual R'000	(Over)/Under R'000
Administration	43 597	44 571	(974)	48 467	40 354	8 113
Business Development	33 187	31 807	1 380	27 763	24 988	2 775
<b>Total</b>	<b>76 784</b>	<b>76 378</b>	<b>406</b>	<b>76 230</b>	<b>65 342</b>	<b>10 888</b>

## 6. Capital Investment

	2021/2022			2020/2021		
	Budget R'000	Actual R'000	(Over)/Under R'000	Budget R'000	Actual R'000	(Over)/Under R'000
Office equipment	300	299	1	750	760	(10)
Computer equipment	755	506	249	1 025	1 488	(463)
Buildings	50 099	1855	48 244	51 550	6 434	45 116
Stage and other equipment	295	520	(225)	3 039	7	3 031
<b>Total</b>	<b>51 499</b>	<b>3 180</b>	<b>48 269</b>	<b>56 364</b>	<b>8 690</b>	<b>47 674</b>



*My Teacher, My Friend*



*Community Art Mentorship Programme*

# Part C: Governance

## 1. Introduction

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

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

## 2. Portfolio Committees

The Parliamentary Portfolio Committee on Arts and Culture is responsible for oversight on the work of the Department of Sports Arts and Culture (DSAC) and all other public entities reporting to the DSAC.

The Playhouse Company did not appear before the Portfolio Committee on Arts and Culture.

## 3. Executive Authority

During the current year, the following reports were submitted to the Department of Sport, Arts & Culture:

- Annual Performance Plan 2022/2023
- Shareholders Compact 2022/23
- Quarterly Reports for the quarters ending June 2021, September 2021, December 2021 and March 2022

## 4. The Accounting Authority (Council)

For the year under review, The Playhouse Company had a Council appointed by the Minister of Sport, Arts and Culture. According to the Cultural Institutions Act, the affairs of the institution are under the control, management and direction of the Council.

The functions of the Council are:

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

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

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



## Composition of the Council

Name	Date Appointed	Qualifications	Area of expertise	No. of meetings attended	Remuneration
Ms Khwezi BL Kunene Chairperson of Council	9 December 2020	BSc Property Development Post Graduate Diploma - Leadership Development Corporate Project Management Certificate	Analytical & Strategic Thinker; Strategic Risk Analysis & Management; Excellent Communication Skills & negotiation skills; Design Thinking Facilitator; Knowledge & experience in Corporate Governance; Knowledge of PFMA Act, PPPFA Regulations, Cultural Institutions Act; Financial planning & Feasibility studies; Quantity surveying & Cost Engineering; Infrastructure Project Management & Contracts management	8	124 419
Mr Dumisani Ngema Deputy Chairperson of Council	9 December 2020	Bachelor of Arts	Excellent communication (both written and verbal); Report writing, logical thinking; problem solving and decision making; Effective Stakeholder engagement and management; People management and development (including mentoring and coaching); Ability to build collaborative relationships and interact at a high level	8	82 219
Ms Thandeka Mngadi	9 December 2020	BA Humanities MA Humanities	Administration; Human Resource Management; Organisational Development; Performance Management; Project Management; Facilities & Property Management	8	76 907
Dr Rajendran Govender	9 December 2020	PhD (Human Sciences) (isiZulu/Social Anthropology) M.A (Cum Laude) (Human Sciences) (isiZulu/Social Anthropology) B.A (Honours) Developmental Studies B.A.	Strategic planning, team building/ leadership; knowledge of PFMA and Budgeting & Financial management; Human Resource management; Programmes and project management; Operational management, facilities management, stakeholder management; communication and report writing	8	50 518
Adv Motlatjo Ralefatane	9 December 2020	B. Proc Bachelor of Laws (LLB)	Expertise and knowledge are in application of corporate governance, strategy development; ethics; education and training; The Public Finance Management Act; Problem solving and Compliance; Experience and skills in the Legal and Human Resources fields	8	73 892
Mr Siculo Dlamini	9 December 2020	Public Management (current) Information Technology- (current)	Strategy Leadership & Management; Finance Management; Human Resource; Project Management; Leadership and Governance; Recruitment and Selection	6	55 744
Ms Tholakele Dlamini	9 December 2020	Degree in Information Science (Mass Media and Communication)	Business Development; Client Liaison and Relations Management; Large scale recruitment Development and Training; Electoral Material supplies and Logistics; Human Resources Policies Development; Media Relations and Promotions; Cultural and Heritage Tourism; Community Tourism Development	8	50 518

## Committees of the Board

Members	Finance & Procurement Committee	Audit & Governance Committee	Human Resources Committee	Arts & Fund raising Committee
Ms Khwezi BL Kunene Chairperson of Council				✓
Mr Dumisani Ngema Deputy Chairperson of Council	✓			✓
Ms Thandeka Mngadi			✓	✓
Dr Rajendran Govender	✓			✓
Adv Motlatjo Ralefatane	✓		✓	
Mr Sicelo Dlamini	✓		✓	
Ms Tholakele Dlamini		✓		

## 5. 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.

## 6. 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.

## 7. 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. Review of Covid Expenditure
2. Review of Asset Management
3. Review of Financial Discipline
4. Review of Effectiveness of Business Plan
5. Review of PAYE Compliance
6. Review of Pre-Determined Objectives
7. Governance-Review of Council Committee Charters
8. Review of IT General Controls over Pastel
9. Follow-up of previously raised internal audit findings

## 8. 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.

## 9. 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.

## 10. 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.

## 11. 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.

## 12. 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.

### **13. 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.

### **14. 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.



## 15. Audit Committee Report

The Audit and Governance Committee (the Committee), presents its report for the financial year end 31 March 2022.

### 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.

### Composition of the Audit and Governance Committee

The Committees term commenced on 12 March 2021 and ended on 31 March 2022

Name	Qualifications	Internal or External	Date Appointed
Ms Charmaine Jugnarayan <i>Chairperson of Audit and Governance Committee</i>	CA (SA), RA	External	12 March 2021
Ms Nosipho Mchunu	CA (SA), RA	External	12 March 2021
Mr Jesiah Abia Litheko		External	12 March 2021
Ms Tholakele Dlamini	Degree in Information Science (Mass Media and Communication)	Internal	12 March 2021

The new audit and governance committee members were appointed on a 3 year terms which starts on 1 April 2022 and ends on 31 March 2025 and the members details are as follows:

Mr Bhekabantu W Ngubane: Chairperson of Audit and Governance Committee, Mr Zanoxolo Koyana & Dr Joy Ndlobvu

### 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 Sport, Arts and Culture as is required by the PFMA.

## **Evaluation of Financial Statements**

The Committee has:

- Reviewed the quarterly reports including financial statements to ensure consistency and accuracy of information;
- Considered the appropriateness, adoption and consistent application of the South African Statement of Generally Recognised Accounting Practices adopted by the Accounting Authority;
- Considered the quality and timeliness of the financial information available to the Committee for oversight purposes during the year;
- Reviewed the financial statements of the Company for the year ended 31 March 2022 and is satisfied that they comply with relevant provisions of the Public Finance Management Act and the South African Statement of Generally Recognised Accounting Practices;
- Reviewed the Auditors-General's Management Report and Management's response; and
- Reviewed the Auditor-General's Audit Report and noted that there were no findings in the financial statements and performance information.

## **Auditor's Report**

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

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

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



**Mr B Ngubane**

Chairperson: Audit and Governance Committee

## 16. B-BBEE Compliance Performance Information

in Terms of Section 13(G)(1) of the Broad-Based Black Economic Empowerment Act 53 of 2003 as Amended by Act 46 of 2013

Name of Sphere of Government/Public Entity/Organ of State:	The Playhouse Company
Registration Number (If Applicable):	n/a
Physical Address:	29 Acutt Street, Durban, 4001
Type of Sphere of Government/Public Entity/Organ of State:	Schedule 3A Public Entity reporting
Organisation Industry / Sector	Performing Arts

Has the Sphere of Government/Public Entity/Organ of State applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes/No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	No	This is not applicable to The Playhouse Company
Developing and implementing a preferential procurement policy	Yes	The Preferential Procurement requirements are included in the Procurement for Goods and Services Policy The Playhouse Company has in place
Determining qualification criteria for the sale of state-owned enterprises	No	This is not applicable to The Playhouse Company
Developing criteria for entering into partnerships with the private sector	No	This is not applicable to The Playhouse Company
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	No	This is not applicable to The Playhouse Company

# Part D: Human Resource Management

The Company's Human Resources Strategy aims to support and service the HR requirements of the organization through consistent and professional interventions. These include Recruitment and Selection, Skills Development, Employee Relations, Performance Management and Organizational Design and Development.

The Annual Performance Plan identifies a competent, skilled and productive workforce as important to the attainment of the Company's overall strategic objectives. Happily, our HR Staff is fully competent, and well geared to achieve Departmental objectives.

The Department focussed on the following priority areas of Human Resources Management:

- percentage vacancy rate in funded position
- percentage of the annual training plan that is implemented
- number of trainees enrolled

In the year under review the organization had an approved budget for eighty-four positions, of which sixty-six were filled by full-time employees. This financial year differed from other years due to COVID-19. Across all other levels of employment, reasons for turnover were outside the control of the Company. As part of Cost Containment, only critical vacancies were filled by full-time employees. Otherwise, the Company deployed temporary employees without incurring adverse results.

The Company made further strides in improving female staff representivity in the organization, achieving an increase across the board from 41% in the last reported period, to 50% in the year currently under review.

The Company remains steadfastly compliant with regulatory reporting on employment equity, implementing affirmative action among employees from different race and gender groups.

The Company pays 1 % (one percent) of our annual salaries budget on skills development, through which targeted training opportunities are provided for employees. Training in Health & Safety, Governance, and Compliance, Computer literacy, Tax, Marketing and Press Release Writing, were planned and implemented.

Workforce planning means having the right people with the right skills in the right jobs at the correct cost. Attraction of skills in a skills constrained environment is a challenge. The attraction and recruitment of a skilled and capable workforce is guided by the Company's Recruitment and Selection Policy and Employment Equity Plan.

We recently enhanced our recruitment processes by utilising online channels, giving access to both passive and active people in the job market across regions. An online job portal was developed to complement the standard recruitment processes used by the Company. The Job portal now on the Company's website alerts visitors to the site of employment vacancies. This facility has already seen a fair degree of success.

As part of the Company's contribution to alleviating unemployment and developing skills amongst the youth, seven young people received 'on-the-job' training. This initiative also augments our talent pool of potential future employees.

Linking organizational and individual wellness to productivity and improved service delivery outcomes, the Company provided confidential assistance to employees adversely affected by the COVID pandemic in the year under review.

The Human Resources Department ensures that HR Policies are up to date by continuously reviewing them to align with relevant legislation. While certain policies were reviewed, no new policies were developed nor were policy amendments approved.

The Company has a stable labour relations environment. The Company has a recognition agreement with SACCAWU, and negotiations on substantive conditions of employment were finalised during August, with all employees receiving a market related salary increase against the backdrop of a difficult financial situation.

There were no Labour Court cases. One case was referred to the CCMA for adjudication. Two employees were issued with corrective sanctions out of the two misconduct cases that were held.

## 1. Human Resources Achievements

Despite the work challenges of COVID, the following has been achieved:

- A Health and Safety Programme was adapted to accommodate COVID-19 in the organization
- Employees were empowered to work from home
- Online recruitment was introduced
- Maintenance of a positive culture and workplace experience



- Attainment of the objectives of the training plan
- Individualized wellness interventions
- Industrial peace

**Some HR challenges faced by the Entity include:**

- An ageing workforce with low literacy levels which is largely untrainable, and thus incapable of dealing with increased use of technology and automation in the workplace
- Managing employee expectations of the organization's stepping in to fill the void created by government inability to meet their expectations relating to social needs and financial gain, where grant income is reducing
- Attraction and retention of critical skills in the context of advancing technology within a "niche" industry where formal training is limited
- How to automate routine work and retrain employees without threatening job security
- Escalating employee costs

The Company will look to continue implementing initiatives that contribute to overall employee well-being and promote a healthy working environment through wellness management and other interventions.

In order to countering the ongoing scourge of Gender Based Violence, the Company will strengthen its policy on Harassment in line with the principles contained in the Code of Good Practice that deals with Harassment and Violence in the Workplace. All employees will be trained in the new policy.

It is important that the organization continues to build and maintain sound employer/employee relations in the workplace. Regular meetings with Trade Union representatives and staff will continue.

An effective performance management system is vital to any well-performing organization. The Company will look to further develop our performance management system to embrace all our employees.

The HR department continues looking to enhance existing policies, procedures and systems, so as to reinforce our initiatives with regard to recruitment, and to develop and retain staff in a fair and supportive environment.

## 2. Human Resource Oversight Statistics

### Personnel related expenditure

#### Personnel Cost by programme/ activity/ objective

Programme/ activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
	91 192	35 529	0	66	538

#### Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	2 377	7%	1	2 377
Senior Management	1 464	4%	1	1 464
Professional qualified	7 586	21%	8	948
Skilled	12 362	35%	29	426
Semi-skilled	11 740	33%	27	435
Unskilled	-	-	-	-

### Training Costs

Programme// activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
	35 528	311	1	48	6

### Employment and vacancies

Programme/ activity/objective	2020/2021 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
	77	84	66	18	21.4%

Programme/ activity/objective	2020/2021 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Top Management	1	1	1	0	0%
Senior Management	1	1	1	0	0%
Professional qualified	9	9	8	1	11%
Skilled	32	38	29	9	24%
Semi-skilled	34	35	27	8	23%
Unskilled	0	0	0	0	0%
<b>TOTAL</b>	<b>77</b>	<b>84</b>	<b>66</b>	<b>18</b>	<b>21.4%</b>

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	1	0	0	1
Professional qualified	9	0	1	8
Skilled	32	2	5	29
Semi-skilled	34	1	8	27
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>77</b>	<b>3</b>	<b>14</b>	<b>66</b>

### Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	7.1%
Resignation	2	14.2%
Dismissal	1	7.1%
Retirement	4	28.6%
Ill health	1	7.1%
Expiry of contract	4	28.6%
Other	1	7.1%
<b>TOTAL</b>	<b>14</b>	<b>100%</b>

### Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	2
Dismissal	1

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	1	1	0	0	2	2	1	2
Skilled	15	20	0	1	2	2	2	1
Semi-skilled	12	18	0	0	3	4	0	1
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>28</b>	<b>39</b>	<b>0</b>	<b>1</b>	<b>8</b>	<b>9</b>	<b>3</b>	<b>4</b>

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professional qualified	1	2	0	0	1	1	2	2
Skilled	9	11	1	1	0	0	0	1
Semi-skilled	8	7	1	2	3	3	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>19</b>	<b>21</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>3</b>

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	1
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

# Part E: Financial Information

## 1. 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 58 to 82, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as 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 entity as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

#### Basis for opinion

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

### Responsibilities of 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 entity'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 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.



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

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 programme 2 – business development presented in the entity's annual performance report for the year ended 31 March 2022:
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 identify any material findings on the usefulness and reliability of the reported performance information of business development

#### Other matters

15. I draw attention to the matters below.

#### Achievement of planned targets

16. The annual performance report on pages 31 to 41 sets out information on the achievement of planned targets for the year and management's explanations provided for the under and over achievement 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 entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not identify any 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, which includes the audit committee's 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 on it.
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 on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
23. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary

#### Internal control deficiencies

24. 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. I did not identify any significant deficiencies in internal control

*Auditor-General*

Pietermaritzburg  
27 July 2022



## 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 relating to events or conditions that may cast significant doubt on the ability of The Playhouse company 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 my 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 entity to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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 provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

## 2. Annual Financial Statements

### Statement of Financial Position as at 31 March 2022

	Notes	March 2022	March 2021
		R	R
<b>ASSETS</b>			
<b>Non-current assets</b>			
		180 033 045	186 085 487
Heritage assets	2.1	92 073 379	88 780 974
Property, plant and equipment	2.2	86 860 232	96 326 163
Intangible assets	2.3	1 099 434	978 350
<b>Current assets</b>			
		93 644 455	89 175 574
Inventories	3	546 992	551 997
Trade and other receivables	4	1 201 644	1 058 848
Cash and cash equivalents	5	91 895 819	87 564 729
<b>Total Assets</b>		<b>273 677 500</b>	<b>275 261 061</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income	6	39 691 266	30 666 213
<b>Current liabilities</b>			
Trade and other payables	7	7 037 231	7 549 697
<b>TOTAL LIABILITIES</b>		<b>46 728 497</b>	<b>38 215 910</b>
<b>Net assets</b>			
Accumulated surplus	16	226 949 003	237 045 151
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>273 677 500</b>	<b>275 261 061</b>

## Statement of Financial Performance for the year ended 31 March 2022

	Notes	March 2022	March 2021
		R	R
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>		<b>5 158 492</b>	<b>4 249 497</b>
Services facilities and equipment	8	1 431 395	133 809
Interest received		3 727 097	4 115 688
<b>Revenue from non-exchange transactions</b>		<b>75 936 878</b>	<b>62 013 023</b>
Grants	9	66 110 107	56 406 693
Donations and sponsorships (productions)		4 100 000	150 000
Services in kind	24	5 726 771	5 456 330
<b>Total Revenue</b>		<b>81 095 370</b>	<b>66 262 520</b>
<b>Less: Expenditure</b>		<b>91 191 518</b>	<b>82 894 966</b>
Cleaning		2 603 858	2 442 664
Depreciation & amortisation	10	9 086 315	9 764 781
Electricity		4 668 411	3 528 368
Employee related costs	11	35 528 904	35 558 166
General Expenses	12	9 303 043	10 376 904
Maintenance expenditure	13	4 276 844	2 494 768
Production expenditure	14	15 572 699	9 214 416
Rates and Taxes		5 726 771	5 456 330
Security costs		4 424 673	4 058 569
<b>Deficit for the year</b>	15	<b>(10 096 148)</b>	<b>(16 632 446)</b>

## Statement of Changes in Net Assets for the year ended 31 March 2022

	Notes	March 2022	March 2021
		R	R
<b>Opening accumulated surplus as previously reported</b>		<b>237 045 151</b>	<b>253 677 597</b>
Deficit for the year		(10 096 148)	(16 632 446)
<b>Closing accumulated surpluses</b>	16	<b>226 949 003</b>	<b>237 045 151</b>

## Statement of Cash Flows for the year ended 31 March 2022

	Notes	March 2022	March 2021
		R	R
<b>Cash flows from operating activities</b>			
Cash receipts from grantors and clients		111 189 972	87 739 741
Cash paid to suppliers and employees		(107 416 748)	(85 016 933)
<b>Cash generated from operations</b>	17	3 773 224	2 722 808
Interest received		3 727 098	4 115 688
<b>Net cash from operating activities</b>		<b>7 500 322</b>	<b>6 838 496</b>
<b>Cash flows used in investing activities</b>			
Additions to property, plant and equipment		(2 751 626)	(8 085 564)
Additions to intangibles		(429 106)	(605 244)
Proceeds on sale of property, plant and equipment		11 500	-
<b>Net cash used in investing activities</b>		<b>(3 169 232)</b>	<b>(8 690 808)</b>
<b>Cash flows from financing activities</b>			
Decrease in long term borrowings		-	-
<b>Net cash from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>4 331 090</b>	<b>(1 852 312)</b>
Cash and cash equivalents at beginning of year		87 564 729	89 417 041
<b>Cash and cash equivalents at end of year</b>	5	<b>91 895 819</b>	<b>87 564 729</b>



## Accounting Policies for the year ended 31 March 2022

### 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 20 Related Party Disclosure

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

GRAP 108 Statutory Receivables

IFRIC 22 Foreign Currency Valuations and advance consideration

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 32 Service Concession Arrangements: Grantor

GRAP 34 Separate Financial Statements

GRAP 35 Consolidated Financial Statements

GRAP 36 Investments in Associates and Joint Ventures

## Accounting Policies (continued)

GRAP 37 Joint Arrangements  
 GRAP 38 Disclosure of Interest in Other Entities  
 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  
 GRAP 109 Accounting by Principals and Agents  
 GRAP 110 Living and Non-living Resources  
 IFRS 4 Insurance Contracts  
 IFRS 6 Exploration for and Evaluation of Mineral Resources  
 IAS 12 Income Taxes  
 IFRIC 4 Determining whether an Arrangement contains a Lease  
 IFRIC 12 Service Concession Arrangements  
 IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine  
 IFRIC 23 Uncertainty over income tax treatments  
 SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders  
 SIC 29 Service Concession Arrangements – Disclosures  
 IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset.  
 IGRAP 18 Recognition and Derecognition of Land  
 IGRAP 19 Liabilities to Pay Levies  
 IGRAP 20 Accounting for Adjustments to Revenue  
 Guideline Accounting for Arrangements Undertaken in terms of the National Housing Programme

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:

	<b>Effective Date</b>
Guideline Accounting for Landfill Sites	TBC

The recognition and measurement principles in the above GRAP statements does not result in material differences in items presented and disclosed in the financial statements.

### 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

## Accounting Policies (continued)

### 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 16 Years
Office furniture and other equipment	: 5 to 39 Years
Computer Equipment	: 3 to 18 Years
Stage	: 4 to 49 Years
Workshop equipment	: 5 to 34 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 18 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.

## Accounting Policies (continued)

### 1.11 Revenue

#### *Grants*

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

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

#### *Interest income*

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

#### *Box office and related income*

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

#### *Other income*

Other income is 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.



## Accounting Policies (continued)

### 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 Sport, 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 Sport, 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.

## Notes to the Annual Financial Statements

## 2. ASSETS

2.1 <i>Heritage assets</i>	Land and Buildings	Artworks	Total
	R	R	R
Carrying amount 1 April 2020	88 330 000	450 974	88 780 974
Gross carrying amount	88 330 000	450 974	88 780 974
Accumulated Impairment loss	-	-	-
Additions	-	-	-
Carrying amount 31 March 2021	88 330 000	450 974	88 780 974
Gross carrying amount	88 330 000	450 974	88 780 974
Accumulated Impairment loss	-	-	-
Additions	3 292 405	-	3 292 405
Carrying amount 31 March 2022	91 622 405	450 974	92 073 379
Gross carrying amount	91 622 405	450 974	92 073 379
Accumulated Impairment loss	-	-	-

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: land and buildings 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.

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	Capitalised leased assets (land and buildings)	Capitalised leased assets (office equip and other fixtures)	Total
	R	R	R	R	R	R	R	R	R
<b>Carrying amount 1 April 2020</b>	<b>1 144 507</b>	<b>27 058</b>	<b>2 267 943</b>	<b>3 481 390</b>	<b>35 103 877</b>	<b>106 235</b>	<b>33 463 508</b>	<b>24 343 433</b>	<b>99 937 952</b>
Gross carrying amount	4 440 020	27 058	13 862 103	6 535 449	79 179 030	588 837	66 807 979	70 680 235	242 120 710
Accumulated depreciation	(3 295 513)	-	(11 594 160)	(3 054 059)	(44 075 153)	(482 602)	(33 641 360)	(46 617 637)	(142 760 483)
WIP	-	-	-	-	-	-	296 889	280 835	577 724
Additions	-	-	760 551	883 459	7 454	-	4 216 288	160 731	6 028 483
Transfers	-	(303)	69 782	-	-	-	296 889	(69 782)	296 586
WIP	-	-	-	-	-	-	(296 889)	2 057 384	1 760 495
Depreciation	(471 083)	-	(1 054 442)	(1 338 437)	(6 750 032)	(67 450)	(3 955 935)	(7 890 114)	(21 527 492)
Depreciation write-back	166 767	-	947 086	429 786	9 270 269	105 031	-	1 242 815	12 161 754
<b>Disposals</b>	-	-	(12)	-	(179)	-	(2 322 944)	(8 479)	(2 331 614)
Cost	-	-	(68 075)	-	(722 705)	-	(4 513 177)	(20 349)	(5 324 307)
Accumulated depreciation	-	-	68 063	-	722 526	-	2 190 233	11 870	2 992 693
<b>Carrying amount 31 March 2021</b>	<b>840 191</b>	<b>26 755</b>	<b>2 990 908</b>	<b>3 456 199</b>	<b>37 631 389</b>	<b>143 816</b>	<b>31 400 918</b>	<b>19 835 987</b>	<b>96 326 163</b>
Gross carrying amount	4 440 020	26 755	14 624 361	7 418 908	78 463 779	588 837	66 807 979	70 750 834	243 121 473
Accumulated depreciation	(3 599 829)	-	(11 633 453)	(3 962 709)	(40 832 390)	(445 021)	(35 407 061)	(53 253 066)	(149 133 529)
WIP	-	-	-	-	-	-	-	2 338 219	2 338 219
Additions	-	-	298 524	76 955	520 856	-	-	154 797	1 051 132
Transfers	-	-	-	-	-	-	-	-	-
WIP	-	-	-	-	-	-	-	(1 591 912)	(1 591 912)
Depreciation	(464 809)	-	(1 098 007)	(1 386 773)	(6 534 695)	(55 515)	(3 280 466)	(6 439 874)	(19 260 140)
Depreciation write-back	342 357	-	285 698	298 472	3 780 865	5 451	-	5 767 381	10 480 224
<b>Disposals</b>	(2 166)	-	(54 932)	(22 671)	(30 206)	(1)	-	(35 259)	(145 235)
Cost	(44 155)	-	(939 342)	(429 073)	(1 221 200)	(868)	-	(290 169)	(2 924 807)
Accumulated depreciation	41 989	-	884 410	406 402	1 190 994	867	-	254 910	2 779 572
<b>Carrying amount 31 March 2022</b>	<b>715 573</b>	<b>26 755</b>	<b>2 422 191</b>	<b>2 422 182</b>	<b>35 368 209</b>	<b>93 751</b>	<b>28 120 451</b>	<b>17 691 120</b>	<b>86 860 232</b>
Gross carrying amount	4 395 865	26 755	13 983 543	7 066 790	77 763 435	587 969	66 807 979	70 615 462	241 247 798
Accumulated depreciation	(3 680 292)	-	(11 561 352)	(4 644 608)	(42 395 226)	(494 218)	(38 687 528)	(53 670 649)	(155 133 873)
WIP	-	-	-	-	-	-	-	746 307	746 307

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 R4 276 844 (2021 : R2,494,768) for external service providers.

Salaries for In-house maintenance staff amounted to R4,844,505 (2021 : R4,988,126).

No property, plant and equipment are pledged as security.

## Notes to the Annual Financial Statements (continued)

	Software	Total
<b>2.3 Intangible assets</b>	<b>R</b>	<b>R</b>
<b>Carrying amount 1 April 2020</b>	<b>772 149</b>	<b>772 149</b>
Gross carrying amount	2 073 583	2 073 583
Accumulated amortisation	(1 301 435)	(1 301 435)
Additions	605 244	605 244
Amortisation	(465 078)	(465 078)
Amortisation write-back	66 036	66 036
<b>Disposals</b>	<b>-</b>	<b>-</b>
Cost	-	-
Accumulated amortisation	-	-
<b>Carrying amount 31 March 2021</b>	<b>978 350</b>	<b>978 350</b>
Gross carrying amount	2 678 827	2 678 827
Accumulated amortisation	(1 700 477)	(1 700 477)
Additions	429 106	429 106
Amortisation	(670 496)	(670 496)
Amortisation write-back	364 097	364 097
<b>Disposals</b>	<b>(1 622)</b>	<b>(1 622)</b>
Cost	(282 094)	(282 094)
Accumulated amortisation	280 471	280 471
<b>Carrying amount 31 March 2022</b>	<b>1 099 434</b>	<b>1 099 434</b>
Gross carrying amount	2 825 839	2 825 839
Accumulated amortisation	(1 726 405)	(1 726 405)
Amortisation is included with depreciation.		
	<b>March 2022</b>	<b>March 2021</b>
	<b>R</b>	<b>R</b>
<b>2.4 Change in estimate</b>	<b>10 844 321</b>	<b>12 227 790</b>
Depreciation and amortisation write back		
The Playhouse Company assesses the useful life of assets at the end of each reporting date. Where assets are fully depreciated since the preceding reporting date, the useful life of the assets is deemed to be extended by 3 years. The change in estimate results in a reduction in depreciation charge in the year of the write back. The change affects the future years resulting in an increase in depreciation over the next 3 years when the assets are in use.		
<b>3. INVENTORIES</b>		
Catering	36 184	48 744
Workshop	254 803	258 749
Wardrobe	94 022	94 085
General stores	161 983	150 419
<b>Total</b>	<b>546 992</b>	<b>551 997</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	494 805	519 583
Staff debtors	2 380	1 533
Other receivables	1 186 553	1 058 848
	1 683 738	1 579 964
Less: Debtors impairment	(482 094)	(521 116)
<b>Total</b>	<b>1 201 644</b>	<b>1 058 848</b>
Analysis of trade and other receivables for reporting purposes:		
90 days and over	-	-
60 days	-	-
30 days	11 627	-
Current	1 190 017	1 058 848
	<b>1 201 644</b>	<b>1 058 848</b>
<b>4.1 Movement in the provision for impairment of trade receivables</b>		
<b>Balance at 1 April</b>	<b>521 116</b>	<b>445 079</b>
Provision for debtors impairment	500	292 593
Receivables written off during the year as uncollectible	(18 067)	(47 444)
Unused amounts reversed	(21 455)	(169 112)
Unwinding of discount	-	-
<b>Balance at 31 March</b>	<b>482 094</b>	<b>521 116</b>

## Notes to the Annual Financial Statements (continued)

	March 2022	March 2021
	R	R
<b>5. CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
Cash available immediately	31 266 637	28 926 079
<b>Investments – fixed deposits</b>	60 629 182	58 638 650
Cash available in 30 days	3 000 000	-
Cash available in 60 days	3 000 000	13 661 084
Cash available in 90 days	54 629 182	44 977 566
<b>Total</b>	<b>91 895 819</b>	<b>87 564 729</b>
<p>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.</p>		
<b>6. DEFERRED INCOME</b>		
<p>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.</p>		
<p>Grants - National Department of Sport, Arts and Culture</p>		
Opening balance	30 666 213	20 982 905
Add : Amounts received	12 695 160	10 512 000
Less : Amounts utilised	(3 670 107)	(828 693)
<b>Total</b>	<b>39 691 266</b>	<b>30 666 213</b>
<b>7. TRADE AND OTHER PAYABLES</b>		
Trade payables	964 999	1 961 819
Other payables and accruals	1 829 742	1 447 471
Leave pay accrual	3 290 943	3 209 736
Bonus accrual	951 548	930 671
<b>Total</b>	<b>7 037 231</b>	<b>7 549 697</b>
<b>8. SERVICES, FACILITIES AND EQUIPMENT</b>		
Hire of performance venues, costumes, sets, and mobile stage	495 559	19 634
Box office income	842 550	13 725
Rent received	45 246	24 505
Functions	27 860	17 800
Box office commission – external productions	-	1 235
Gains on sale of assets	11 500	-
Sundry revenue – admin, computicket commission	8 680	56 910
<b>Total</b>	<b>1 431 395</b>	<b>133 809</b>
<b>9. GRANTS</b>		
National Department of Sport, Arts and Culture (DSAC)	53 866 000	49 634 000
Special Capital Expenditure Grant – (DSAC)	3 670 107	328 693
KZN Department of Sport, Arts and Culture	8 574 000	5 944 000
eThekweni Municipality	-	500 000
<b>Total</b>	<b>66 110 107</b>	<b>56 406 693</b>



## Notes to the Annual Financial Statements (continued)

	Notes	March 2022	March 2021
		R	R
<b>10. DEPRECIATION &amp; AMORTISATION</b>			
<b>Depreciation of property, plant and equipment:</b>		8 779 916	9 365 739
Motor vehicles		464 809	471 083
Office furniture and other equipment		1 098 007	1 054 442
Computer equipment		1 386 773	1 338 437
Stage equipment		6 534 695	6 750 032
Workshop equipment		55 515	67 450
Leased assets - land and buildings		3 280 466	3 955 935
Leased assets - equipment and other fixtures		6 439 874	7 890 114
		19 260 140	21 527 493
Depreciation write back		(10 480 224)	(12 161 754)
Amortisation		306 399	399 042
Intangible assets		670 496	465 078
Amortisation write back		(364 097)	(66 036)
<b>Total</b>		<b>9 086 315</b>	<b>9 764 781</b>
<b>11. EMPLOYEE RELATED COSTS</b>			
Salaries		25 908 620	25 652 845
Adhocs		1 664 763	1 259 979
Provident fund		3 595 833	3 610 658
Medical aid		777 269	777 829
Uif		156 337	142 114
Bonus (13th Cheque)		2 149 221	2 069 593
Overtime		113 397	41 212
Leave		273 824	1 083 100
Housing subsidies		845 900	876 000
Long service awards		43 740	44 836
<b>Total</b>		<b>35 528 904</b>	<b>35 558 166</b>
<b>12. GENERAL EXPENSES</b>			
Audit fees		1 870 407	1 096 029
Bank charges		110 224	105 204
Conferences and delegations		160 374	16 328
Consulting fees		75 521	231 353
Consumables		609 232	792 252
Council - attendance		723 052	423 165
Council - travel		268 493	134 087
Fuel and oil		358 618	124 379
Health and Safety		437 914	766 019
Insurance		335 257	398 679
Legal expenses		-	279 411
Licence fees		386 966	407 207
Loss on sale of assets		146 858	2 331 614
Marketing and advertising		673 391	375 405
Other		411 567	367 315
Printing and stationery		297 376	197 183
IT Maintenance and support		972 782	833 487
Subscription & publication		58 138	76 349
Telephone cost		211 690	286 278
Training		311 104	207 153
Travel and subsistence - Local		218 292	67 070
Uniforms & overalls		204 211	223 299
Water		461 576	637 637
<b>Total</b>		<b>9 303 043</b>	<b>10 376 904</b>

## Notes to the Annual Financial Statements (continued)

	Notes	March 2022	March 2021
		R	R
<b>13. MAINTENANCE EXPENDITURE</b>			
Buildings		3 904 734	1 853 646
Fire Fighting Equipment		7 130	64 366
Motor Vehicles		139 965	339 547
Plant, Machinery & Equipment		222 385	234 049
General		2 630	3 160
<b>Total</b>		<b>4 276 844</b>	<b>2 494 768</b>
<b>14. PRODUCTION EXPENDITURE</b>			
Productions and festivals		15 572 699	9 214 034
Administrative		21 553	-
Airfares and Accommodation		642 304	526 000
Artist fees		12 248 916	6 800 688
Marketing and publicity		1 318 338	1 685 636
Materials		464 211	72 530
Equipment and Venue hire		106 176	120 457
Royalty commission and licences		63 320	6 608
Subsistence and travel		707 881	2 115
Outside hirers		-	382
Mobile stage		-	-
<b>Total</b>		<b>15 572 699</b>	<b>9 214 416</b>
<b>15. DEFICIT FOR THE YEAR</b>			
The Deficit for the 2022 & 2021 year takes into account depreciation and 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 for the reporting period 31 March 2021.			
<b>16. RECONCILIATION OF STATEMENT OF CHANGES IN NET ASSETS</b>			
Balance at 31 March		226 949 003	237 045 151
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		85 049 003	95 145 151

## Notes to the Annual Financial Statements (continued)

	Notes	March 2022	March 2021
		R	R
<b>17. RECONCILIATION OF CASH GENERATED</b>			
Deficit for the year		(10 096 148)	(16 632 446)
Adjusted for:			
Depreciation, amortisation and impairment		9 086 315	9 764 781
Loss on disposal of property, plant and equipment		135 358	2 331 614
Interest received		(3 727 097)	(4 115 688)
Operating cash flows before working capital changes		<b>(4 601 572)</b>	<b>(8 651 739)</b>
Working capital changes		8 374 796	11 374 547
Decrease in inventories		5 005	115 285
(Increase) Decrease in accounts receivable		(142 796)	383 027
(Decrease) Increase in accounts payable		(512 466)	1 192 928
Increase in deferred income		9 025 053	9 683 307
<b>Cash Generated from operations</b>		<b>3 773 224</b>	<b>2 722 808</b>

**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
- Currency 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)	1 201 644	1 058 848
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## Notes to the Annual Financial Statements (continued)

	March 2022	March 2021
	R	R

**18. FINANCIAL INSTRUMENTS (CONTINUED)****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 Webticket.

The Playhouse Company policy is to monitor its exposure to credit risk on a monthly basis. At year end, the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The calculation for the fair valuing of trade and other receivables is performed, however, the adjustment is not processed as the adjustment amount is not material.

Analysis of trade and other receivables for reporting purposes:

90 days and over	482 094	520 907
60 days	-	-
30 days	11 627	183
Current	707 924	537 758
	<u>1 201 644</u>	<u>1 058 848</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 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 Sport, Arts and Culture not to borrow monies. There are thus no credit facilities available.

The cash available at 31 March 2022 was R91 895 819 (2021 - R87 564 729).

## Notes to the Annual Financial Statements (continued)

	March 2022	March 2021
	R	R

**18. FINANCIAL INSTRUMENTS (CONTINUED)****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 Sport, 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 Sport, Arts and Culture not to borrow monies. There are thus no credit facilities available. There is thus no risk relating to changes in the interest rate.

The Playhouse Company policy, in line with the National Department of Sport, 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**

	2022		2021	
	Int Rate %	Carrying amount	Int Rate %	Carrying amount
Variable rate instrument				
FNB - 120 days	4,85	16 695 160	4,31	5 000 000
Investec - 120 day fixed	4,38	2 359 900	3,76	6 260 239
Nedbank - 120 day fixed	4,82	24 551 502	4,27	20 878 081
Standard Bank - 120 day	4,99	17 022 620	4,34	26 500 330
		<b>60 629 182</b>		<b>58 638 650</b>

At 31 March 2022, 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 R606 292.

At 31 March 2022, 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.



## Notes to the Annual Financial Statements (continued)

	March 2022	March 2021
	R	R
<b>20. KEY MANAGEMENT AND COUNCIL</b>		
<b>Key management</b>		
<b>L Bukhosini – (Chief Executive and Artistic Director)</b>	<b>2 377 090</b>	<b>2 263 465</b>
Salary	1 889 662	1 799 678
Bonus	157 472	149 973
Pension, med-aid contributions	311 660	296 947
Other (s&t, cell phone allowance, etc.)	18 296	16 867
<b>A Mohanparasadh - (Chief Financial Officer)</b>	<b>1 625 115</b>	<b>1 551 581</b>
Salary	1 463 726	1 394 025
Bonus	121 977	116 169
Pension, med-aid contributions	18 072	18 072
Other (s&t, cell phone allowance)	21 339	23 315
<b>S Bilimonga - (Facilities Manager)</b>	<b>1 414 529</b>	<b>1 069 046</b>
Salary	1 087 973	752 687
Bonus	86 415	62 724
Pension, med-aid contributions	192 350	136 817
Other (s&t, cell phone allowance)	47 791	116 818
<b>O Hlangu - (Support services manager) – Retired on 30/04/2020</b>	<b>-</b>	<b>455 359</b>
Salary	-	80 225
Bonus	-	80 225
Pension, med-aid contributions	-	14 743
Other (s&t, cell phone allowance, leave pay, etc.)	-	280 166
<b>Total senior managers</b>	<b>4 002 205</b>	<b>4 270 405</b>
<b>Members of council and sub-committees</b>	<b>697 552</b>	<b>413 965</b>
K Kunene - Chairperson of council - Jan 2021	124 419	50 196
DL Ngema - Deputy Chair of council - Jan 2021	82 219	18 961
HC Mgabadeli - Chairperson of council - Nov 2020	-	23 199
C Jugnarayan*	104 057	21 421
TC Mngadi	76 907	51 749
JA Lithoko*	45 230	34 459
MJ Ralefatane	73 892	23 718
N Mchunu*	34 047	5 707
R Govender	50 518	23 718
SE Dlamini	55 744	16 179
SPT Dlamini	50 518	20 234
S Gounden	-	34 991
SP Ndlela	-	32 574
R Ashe*	-	15 633
F Wetes	-	14 436
N Mbele	-	26 790
<b>Total emoluments</b>	<b>4 699 757</b>	<b>4 684 371</b>

\* External independent non executive member of the audit and governance committee. Term ended on 31 March 2022

## Notes to the Annual Financial Statements (continued)

	March 2022	March 2021
	R	R

**21. RETIREMENT BENEFITS**

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

The contribution to the provident funds R3 595 833 (2021: R3 610 658) and is included in staff cost.

**22. RELATED PARTIES****22.1 National Department of Sport, Arts and Culture**

The Playhouse Company is an agency of The National Department of Sport, Arts & Culture. DSAC provides The Playhouse Company with an operational grant and funding for capital projects. DSAC provides production funding on an ad hoc basis as and when funding applications are made which is then recognised as sponsorship income.

Operational grants received for the financial year amounted to R53 866 000 (2021: R49 634 000) and for the year ending 2022/23 will amount to R55 193 000.

Capital grants of R12 695 160 (2021: R10 512 000) was received for the financial year, is recorded as deferred income. R6 000 000 will be received for 2022/23.

An amount of R2 500 000 (2021: R150 000) was recorded as sponsorship for the incubator projects. An amount of R1 600 000 was recorded as sponsorship for the production concluded in terms of an interdepartment agreement.

**22.2 KZN Department of Sport, Arts and Culture**

KZNSAC provides production funding to The Playhouse Company on an annual basis. A memorandum of agreement is entered into annually. Grant received for the financial year amounted to R 8 574 000 (2021: R5 944 000) and for the year ended 2022/23 will amount to R 8 499 000.

**22.3 Department of Public Works**

The Department of Public Works is the legal owner of land and buildings occupied by The Playhouse Company through the National Department of Sport, Arts & Culture. The Department of Public Works pays the rates for the buildings occupied by The Playhouse Company. The Playhouse Company leases the property at no charge. The Department paid for rates for the year as follows: R5,726,771 (2021: R5,456,330).

**22.4 Member of the same economic entity: Department of Sport, Arts and Culture**

The Playhouse Company is a Schedule 3A public entity that reports to the Department of Sport, Arts and Culture (DSAC). DSAC has 26 public entities reporting to it and their details appear on the DSAC website ([www.dac.gov.za](http://www.dac.gov.za)).

**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. The KZNPO was one of the artistic companies of the Playhouse Company during this period. One of the ways of reducing the expenditure was by registering the KZNPO as a non-profit independent Section 21 Association Not for Gain Entity. As a result of this transformation, the two organisations agreed to enter into a mutual benefit relationship.

A Memorandum of Agreement exists between The Playhouse Company and KZNPO. This agreement included the following:

- Occupying a portion of The Playhouse Company's administration building.
- 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.

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.

	March 2022	March 2021
Payments by The Playhouse Company to KZNPO for artistic services	1 402 750	1 431 124
Payments by KZNPO to The Playhouse Company	140 000	2 081

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.

## Notes to the Annual Financial Statements (continued)

	March 2022	March 2021
	R	R

**22. RELATED PARTIES (CONTINUED)****22.7 Key personnel**

Chief Executive and Artistic Director - Linda Bukhosini

Chief Financial Officer - Amar Mohanparasadh

Support Services Manager - Oscar Hlangu - retired 30 April 2020. In line with the company's operational requirements the position was removed from the organogram in October 2020.

Facilities Manager - Selemani Bilimonga

Refer note 20 - Compensation

**23. IRREGULAR, FRUITLESS OR WASTEFUL EXPENDITURE**

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

**24. SERVICES IN-KIND**

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	5 726 771	5 456 330
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The following in-kind services have not been recognised in the annual financial statements.

**25. COMMITMENTS**

At the balance sheet date The Playhouse Company had the following outstanding capital/service commitments:

FOH Ablutions - tender awarded	-	3 320 367
FOH Ablutions - capital commitments outstanding at year-end	-	1 568 421

**26. CONTINGENT LIABILITY**

National Treasury Instruction No. 12 of 2020-2021 on Retention of Surpluses states that public entities listed in Schedules 3A and 3C to the PFMA must, through their designated departments, surrender for re-depositing into the relevant Revenue Fund, all surpluses that were realised in a particular financial year:

- (a) which were not approved for retention by the relevant Treasury in terms of section 53(3) of the PFMA; or
- (b) where no application was made to the relevant Treasury to accumulate the surplus in terms of section 53(3) of the PFMA.

The Playhouse Company submitted the applications timeously in the prior years and National Treasury always granted approval to the entity to retain the surplus funds.

The COVID-19 pandemic has posed a great financial constraint to the fiscus and National Treasury may be more stringent in their treatment of applications to retain surplus funds in the current year. Whilst the possibility of an outflow of resources embodying economic benefits or service potential is remote, The Playhouse Company may be affected by the more stringent requirements imposed by National Treasury. However, The Playhouse Company is unable to make a reliable estimate of the possible contingent liability.

## Notes to the Annual Financial Statements (continued)

	March 2022	March 2021
	R	R

**27. IMPACT OF COVID-19 AND GOING CONCERN**

The Playhouse Company resumed operations in middle July 2020 by filming productions presented on the theatre stage and recordings done in the state of the arts recording studio in line with the protocols issued by the Minister of Sports, Arts and Culture on 3 July 2020. The recorded events were streamed using various online platforms to showcase the productions and this increased the number of audiences in attendance.

The Playhouse Company continued to stage productions and accepted patrons in the theatre venues based on the capacity restrictions in the updated COVID-19 regulations.

The Playhouse Company performed a detailed asset verification and assessment of the property, plant and equipment towards the end of the financial year. Property, plant and equipment identified as either broken, impaired or obsolete were written off. The remaining property, plant and equipment were in good condition and not impacted by the lockdown regulations implemented in South Africa. Scheduled repairs and maintenance were done throughout the year and completed as per the plan.

The current assets comprising inventories and trade and other receivables are not material in nature, making up about 1% of the total assets. They were not impacted by the lockdown regulations implemented in South Africa.

The cash and cash equivalents comprised of cash in the bank and cash invested with the major banks. Whilst the interest rate increased marginally during the Covid pandemic period, the cash and cash equivalents were not impacted.

The trade and other payables are not material in nature, making up about 2% of the total net assets and liabilities. They were not impacted by the lockdown regulations implemented in South Africa.

The pandemic required management to exercise significant judgement in the going concern assessment, through the preparation of forecasts, due to the COVID-19 pandemic regulations.

The going concern assumption is evaluated based on information available up to the date on which the AFS are approved by Council. While there is widespread uncertainty regarding the extent of the financial impact of the COVID-19 global pandemic, the National Department of Sport, Arts and Culture issued The Playhouse Company a 3 year funding commitment for operational and capital expenditure.

Management is not aware of any other material event which occurred after the reporting date and up to the date of this report, the knowledge of which would affect the users of these statements to make proper evaluations and decisions.

Management is satisfied that the impact of the COVID-19 pandemic and lock-down restrictions has been adequately considered in preparing the annual financial statements.

**28. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE: FLOODS IN KWAZULU-NATAL**

On 11 April 2022, KwaZulu-Natal (KZN) province received in excess of 300mm of rainfall over a 24-hour period. The KwaZulu-Natal authorities indicated that homes, businesses, roads, bridges as well as electricity and water infrastructure had been damaged or destroyed. On Wednesday 13 April, the KwaZulu-Natal floods were declared a provincial disaster.

The Playhouse Company buildings were assessed and some damage occurred but this did not result in an impairment of any of the buildings or assets. The remedial actions required are to waterproof and seal some of the affected roof areas in the 3 buildings and the estimated cost is R1.15 million. Management will cover this cost from the repairs and maintenance budget.

Management is satisfied that the impact of the floods affecting the conditions of the assets and business continuity has been adequately considered in preparing the annual financial statements.

**29. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE**

Net deficit per the statement of financial performance	(10 096 148)	(16 632 446)
Adjusted for:		
Increase in capital works grant from DSAC	9 025 053	10 183 307
Decrease in grant received	-	728 000
Increase in sponsorship for the staging of productions	(2 800 000)	(150 000)
Increase in production income	(1 282 710)	(33 358)
Increase in liquor bar and sundry income	(64 392)	(20 895)
Increase in finance income	(127 097)	(115 688)
Increase (Decrease) in production expenditure	698 699	(653 361)
Decrease in compensation to employees as certain positions not filled	(2 002 053)	(1 789 165)
Increase (Decrease) Increase in consumables, electricity and cleaning	462 886	(2 638 955)
Increase (Decrease) in council expenses	197 396	(361 103)
(Decrease) Increase in telephone expenses	(25 321)	46 741
Increase (Decrease) in repairs and maintenance	1 056 870	(1 330 647)
Decrease in other operating expenses	(794 793)	(1 830 271)
Depreciation	9 086 314	9 764 781
Capital expenditure budgeted but not processed to statement of financial performance	(51 449 186)	(56 364 000)
<b>Net deficit per approved budget (including capex)</b>	<b>(48 114 482)</b>	<b>(61 197 060)</b>

## Notes to the Annual Financial Statements (continued)

## 30.1 Reconciliation between budget and statement of financial performance - operating expenditure

## STATEMENT OF FINANCIAL PERFORMANCE – ACTUAL VERSUS BUDGET

	2022 Actual	2022 Original Budget	2022 Revised Budget	2022 Variance	2022 Variance
	R	R	R	R	%
<b>REVENUE</b>	<b>77 368 273</b>	<b>73 305 608</b>	<b>76 519 454</b>	<b>848 819</b>	
Grants	66 110 107	72 802 360	75 135 160	(9 025 053)	-12%
Production income	842 550	-	-	842 550	0%
Donations and sponsorships	4 100 000	-	1 300 000	2 800 000	0%
Rent received	45 246	294 821	20 598	24 648	120%
Hire of performance venues, costumes and sets	495 559	-	55 400	440 159	795%
Bar and other sales	-	200 131	-	-	0%
Services in kind	5 726 771	-	-	5 726 771	
Sundry income	48 040	8 296	8 296	39 744	479%
<b>EXPENDITURE</b>	<b>91 191 518</b>	<b>82 771 450</b>	<b>76 784 748</b>	<b>14 406 770</b>	
Production expenditure	15 572 698	10 045 252	14 873 999	698 699	5%
Employee related costs	35 528 905	40 359 771	37 530 958	(2 002 053)	-5%
Annual report	112 165	55 437	55 437	56 728	102%
Auditors fees external	1 005 729	1 172 240	1 172 240	(166 511)	-14%
Auditors fees internal	864 678	658 933	908 933	(44 255)	-5%
Council related expenses	1 030 092	841 196	832 696	197 396	24%
Cleaning and sanitation	2 603 858	2 240 475	2 603 688	170	0%
Consumables	600 156	1 988 561	765 494	(165 338)	-16%
Electricity	4 668 411	5 844 641	4 040 187	628 224	16%
Security	4 424 672	5 232 180	4 498 899	(74 227)	-2%
Insurance	335 257	423 036	423 036	(87 779)	-21%
Legal expenses	-	385 200	85 200	(85 200)	-100%
Marketing	642 242	886 779	586 779	55 463	9%
Rates & taxes	5 726 771	-	-	5 726 771	
Repairs & maintenance	4 276 844	4 853 386	3 219 975	1 056 870	31%
Telephone	211 690	255 410	237 011	(25 321)	-11%
Training	311 104	350 000	331 253	(20 149)	-6%
Travel - local and overseas	122 931	459 976	76 909	46 022	60%
Water	461 574	611 336	541 336	(79 762)	-15%
Depreciation	9 086 314	-	-	9 086 314	100%
General expenses	3 605 426	6 107 643	4 000 718	(395 293)	-10%
<b>DEFICIT FROM OPERATIONS</b>	<b>(13 823 245)</b>	<b>(9 465 842)</b>	<b>(265 294)</b>	<b>(13 557 951)</b>	
Interest received	3 727 097	2 000 000	3 600 000	127 097	4%
<b>DEFICIT FOR THE YEAR</b>	<b>(10 096 148)</b>	<b>(7 465 842)</b>	<b>3 334 705</b>	<b>(13 430 853)</b>	

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 DSAC. 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 conditional capital grant of R 8.6m was received from DSAC in March 2022. The implementation will be rolled out during the 2022/23 year. Some of the capital grant has been recognised in terms of GRAP 23 whilst the unspent amounts are recognised as deferred income.

Due to COVID-19 regulations being relaxed, patrons flocked to the theatres during the festive season and that increased income.

DSAC funded the Incubator Programmes as well as The Days of Culture without Borders Concert

Due to a relaxation in the Covid-19 regulations, some tenants were allowed to return to the premises and thus rental income not originally budgeted for was generated

Due to COVID-19 regulations being relaxed clients resumed with booking venues for events

N/a

Services in kind as disclosed in note 24.

Due to COVID-19 regulations being relaxed clients resumed with booking of functions venues and ticket bookings for productions.

N/a

N/a

The original budget catered for printing costs only. Design fees and typesetting were omitted. This will be corrected going forward.

As a result of the COVID-19 regulations, the auditor general amended their method of performing audits by working remotely, where possible. This resulted in cost savings.

N/a

Previously Council and Committee meetings were conducted on one day. Council resolved mid last year to have two days of Committee meetings and one day and a separate day for Council meetings. This then had an impact on travel and accommodation costs as well as attendance and preparation fees.

N/a

Due to cost saving initiative this resulted in a decline in procurement of consumables.

Due to COVID-19 regulations being relaxed more productions were presented on stage and this contributed to the additional electricity cost.

N/a

Service Provider (FNB) outsource quote from the Insurance Brokers and we chose the lowest with same benefits

No legal services costs were incurred during the period due to the fact that contracts were updated in the previous financial year and the company did not encounter any litigation matters.

The original budget was reduced, however, as the COVID-19 regulations were relaxed, more productions were planned and produced on stage. The corporate marketing budget was then used to bolster the production marketing budget in order to be top of mind with key stakeholders and audiences.

Services in kind as disclosed in note 24.

Part of the Facility Management funds was used on unplanned maintenance and repairs thus resulting in overspend. The budget is sitting in the capex budget for buildings.

Cost saving measures implemented resulted in staff using the telephones economically.

Savings arose due to training activities cancelled for 2 staff members that left before year end.

As a result of the COVID-19 regulations being relaxed local travel increased thus resulting overspend.

Water is budgeted in line with usage of venues during productions on stages and rehearsals venues. The savings is due to the rate of facilities usage

Non cash flow item not budgeted for annually.

Savings in various expense items due to cost saving initiatives.

N/a

## Notes to the Annual Financial Statements (continued)

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

## FIXED ASSET ADDITIONS – ACTUAL VERSUS BUDGET

	2022 Actual	2022 Original Budget	2022 Revised Budget	2022 Variance	2022 Variance	Explanation of Significant Variance
	R	R	R	R	%	
Office equipment	298 524	300 000	300 000	(1 476)	0%	N/a
Computer equipment	506 061	225 000	755 000	(248 939)	-33%	Sever upgrade planned but postponed pending review of new IT systems. This will be implemented in the new financial year.
Stage equipment	520 856	200 000	295 000	225 856	77%	Additional paging system required in the theatre building amounted to R160 000. Outdated microphones and amplifiers had to be replaced, resulting in budget overspend.
Buildings	1 855 291	14 935 160	50 099 186	(48 243 895)	-96%	<ul style="list-style-type: none"> <li>• Facilities Management (FM): The budget for FM is included in the Buildings total budget. Actual expenses of R2.6m pertaining to repairs and maintenance has been included in Maintenance expenditure. Plan to address the underspending which is regarded now as a back log is in place starting from third quarter of financial year 2021/22 to last end March 2023. Work entailing repairs, maintenance and minor upgrade is in progress. Projects are undertaken as planned in line with our control capacity.</li> <li>• Opera &amp; Drama Seats: Recommendations received from National Treasury indicated cancelling the tender for the theatre seats. The tender was subsequently cancelled. The tender is planned to be done in the new financial year 2022/2023.</li> <li>• Buildings Decontamination: the project arising from the Covid 19 pandemic to the value of R 1.89 million will be spent as and when costs are incurred to disinfect the buildings. This is an ongoing item.</li> <li>• Optimizing digital systems and assets tender: SCM process completed in the 3rd Quarter to appoint a specialist consultant to assist with all process leading to the specifications for the tender. The specialist consultant performed proper data collection work to formulate the BOQ for the tender documents in the 4th quarter of 2022. The tender for Optimizing digital systems and assets will be advertised in the next financial year.</li> </ul>
<b>Total</b>	<b>3 180 732</b>	<b>15 660 160</b>	<b>51 449 186</b>	<b>(48 268 454)</b>	<b>-94%</b>	

Changes from the approved budget to the final budget were due to capital budget roll overs and new capital funding received from DSAC.

Funding for capital projects were received by 31 March 2021 and the funds had to be rolled over to the year ended 31 March 2022 for project implementation and execution.



Shaka Zulu









*10 Days in a Shebeen*



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