



an agency of the
Department of Arts & Culture

Annual Report 2015-16





South African Women's Arts Festival: Gala Concert

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Part A: General Information

1. PUBLIC ENTITY'S GENERAL INFORMATION

Registered Name:	The Playhouse Company
Physical Address:	29 Acutt Street, Durban, 4001
Postal Address:	P O Box 5353, Durban, 4000
Telephone Number:	+27 (0)31 369 9555
Fax Number:	+27 (0)31 306 2166
Email Address:	cfo@playhousecompany.com
Website Address:	www.playhousecompany.com
External Auditors:	The Auditor-General of South Africa
Bankers:	First National Bank

2. LIST OF ABBREVIATIONS/ACRONYMS

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

3. STRATEGIC OVERVIEW

3.1. Vision

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

3.2. Mission

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

We advance, promote and preserve the performing arts by:

- Producing, co-producing and presenting productions with artistic, entertainment and educational value for diverse and ever increasing audiences;
- Facilitating social cohesion, diversity and inclusivity through our work;
- Targeting diverse audiences through a proactive marketing and customer focused approach;
- Inculcating an appreciation for the performing arts, developing future audiences and commissioning local content productions;
- Supporting education, training and skills development for artists, arts practitioners and staff;
- Working in partnership with local, national, regional and international partners to maximise the impact of our programmes;

- Enhancing financial viability through a balanced commercial and transformation programme; and
- Ensuring the protection of the historic landmark that is the Durban Playhouse.

3.3. Values

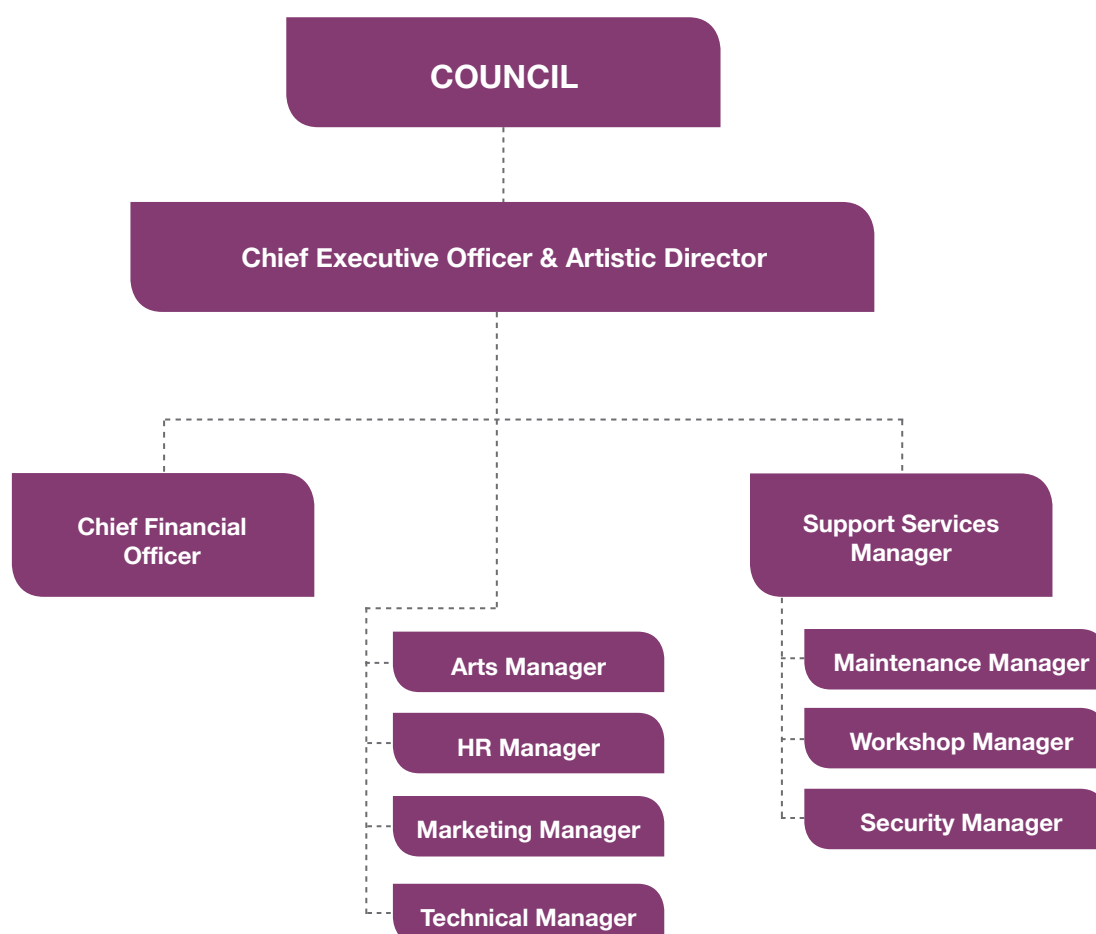
Value	What it means in practice for The Playhouse Company
Integrity	We value and seek openness, honesty, consistency and fairness.
	We seek to do what is right and act in good faith at all times, especially when nobody is watching.
	We are committed to ethical behaviour and have a zero tolerance stance towards corruption of any form.
	We exercise care not to disclose confidential information.
Professionalism	We behave in a professional and competent manner when dealing with our stakeholders.
	We are committed to the advancement of the Playhouse brand.
	We show our stakeholders respect and we will be punctual.
	We capacitate our team to excel in their dealings with our stakeholders.
Diversity	We respect the constitution and are governed by its values.
	We will respect and advance tolerance for differences in culture, belief, heritage, opinion and values in all we do.
	We will advance the rights of marginalised and vulnerable groups and promote access to our programmes and facilities.
	We will seek to promote qualitative equity in all our programmes.
Transparency	We share information and resources willingly to keep each other informed and to develop capacity and knowledge.
	We are open about what we do and how we do things and ensure adequate access to information by stakeholders.
	We respect the guidelines for information security and non-disclosure.
	We communicate in an open and honest manner and endeavour to keep each other informed
Excellence and Accountability	We take responsibility for our actions, deliver what we promise and seek to add value beyond what is expected.
	We are timeline driven and goal orientated in achieving our goals.
	We seek to work efficiently and effectively and to be increasingly productive.
	We aim for excellence and learn from our mistakes.
Care for People (Sinobuntu)	We strive to work with care, empathy, respect and consideration for the wellbeing of our staff, customers and stakeholders.
	We focus on collaboration, working together as a cross-functional team sharing insights and expertise, in order to achieve our goal of creating value.
	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.
	We seek to demonstrate humility through our approach and in service delivery to our stakeholders and audience.
Creativity and innovation	We prioritise listening and understanding the needs and requirements of stakeholders, as the foundation off of which to proactively innovate and create new approaches new products and services.
	We seek to ensure our programmes and experiences are increasingly compelling, a through cutting edge, best in class and “outside the box” approach to our work.
	We understand the constraints of government, particularly the constraint of resources. With this in mind, we proactively focus on ways to optimise and enhance the efficiency of our approach and work.
Sustainability	We seek to keep our eye on the future and consider the ongoing sustainability of the organisation at all times.
	We proactively seek to be at the forefront of the “live” experience as a driver of our future sustainability, and desire to “own” the live communication channel.

4. LEGISLATIVE AND OTHER MANDATES

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

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

5. ORGANISATIONAL STRUCTURE



6. FOREWORD BY THE CHAIRPERSON

Unity in action coupled with respect of one another are the sources of The Playhouse Company's amazing successes.

The Playhouse Company Council members who are all, with the exception of one, in their second year at the helm of the company, are proud of the achievements that have been made in spite of the risks of load-shedding and its consequences to the performing arts industry.

The Playhouse Company's Council and senior management together shaped the Company's strategy and assessed risk in a year that is a great year in the history of South Africa. In 2016, we commemorate 40 years since the 16 June 1976 Soweto Uprising, as well as 60 years since the Women's March to Parliament in 1956 in protest of apartheid pass laws and all their incumbent evils. It is also 60 years since the adoption of the Freedom Charter, and 22 years since the country's first, hard-won democratic elections. All of these important milestones have influenced Council and management about the nature of the productions to be staged at the Playhouse.

This financial year, The Playhouse Company signed a shareholder compact agreement with the Department of Arts and Culture to further ensure that the Company is in line with the Department's goals for delivery to the people of South Africa.

We once again extend our sincere thanks to all Playhouse stakeholders, including our patrons, the media, and the community of KZN, of South Africa and the world who, in their various ways, have shown the Company the support and respect it deserves. Long may it last!

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



A handwritten signature in black ink, reading 'Hlengiwe', followed by a horizontal line.

Ms Hlengiwe Christophina Mgabadeli
Council Chairperson



Ms Linda Bukhosini
Chief Executive Officer
& Artistic Director

7. CHIEF EXECUTIVE OFFICER'S OVERVIEW

2015/16 marks the 10th consecutive year when The Playhouse Company is able to proudly present an unqualified audit report.

Alongside this achievement is a remarkably diverse arts programme that bears testimony to a truly diverse and artistically remarkable body of stage work, comprising over 400 performances featuring 14 055 artists playing to almost 180 000 diverse audience members.

The Playhouse Company's primary theatre-making objectives remain focused on the creation and staging of theatre works that are aligned to with the following principles:

- Quality productions that nourish the soulful artistic palette for both arts practitioners and audiences alike;
- Relevance to building a nation that celebrates its diverse cultural heritage, [and is] prosperous and at peace with itself;
- Creating meaningful job opportunities for arts practitioners;
- Using the performing arts as a major contributor to positive lifestyle patterns; and
- Up-skilling younger arts-makers and traditional artists.

The Company's programming always endeavours to further contribute to a collective redress of historical imbalances of racial and gender discrimination. Productions that contribute to meaningful dialogue and artistic genius are our mainstay. We remain conscious of the undeniable fact that South Africa is an important part of the African continent. To this end, our arts programming also prominently features artists from other African countries, thus enriching artistic dialogue and enjoyment of our theatre patrons.

We are heartened by the continued support that The Playhouse Company receives from all three spheres of government; indeed, balancing the noble objectives with responsible governance practices, coupled with artistic excellence in a developing society, is no easy task as there is also the reality of competing needs and demands within the parameters of limited funding sources.

We remain resolute about continuing to harness all available resources in order to continue to deliver on the mandate of this noble public institution.

It takes a collective, harmonious approach among all relevant stakeholders from the arts community, government, the private sector, Council, management and staff, audiences and the media working together to make our theatre a great success.

We invite you to take a few moments to page through pages 8-23 reflecting and celebrating with us the achievements of the year 2015/16.

Fellow citizens, we invite you to take a well-deserved bow for these achievements – let the show go on for the good of humanity.

	PERFORMANCES	PRODUCTIONS	AUDIENCE	ARTISTS
IN-HOUSE	158	59	81 537	4 528
MOBILE STAGE	40	8	8 850	1 864
IN-ASSOCIATION	130	16	40 503	1 433
OUTSIDE HIRERS	100	60	43 176	6 230
TOTAL	428	143	174 066	14 055



IN-HOUSE PRODUCTIONS

(Fully funded and produced by The Playhouse Company.)

New Stages

Hayani

Hayani, meaning 'home' in Venda, is an original play by Atandwa Kani, Warren Nebe and Nat Ramabulana, with music by Mathew McFarlane. The play reflects on the story of two young black South African men trying to establish themselves in a country that is redefining itself. Their journeys begin with each taking a trip back "home", as they weave their personal narratives and try to better understand who they are.

Bhakti

Bhakti, an award-winning dance production, is a joyous and seamless intercultural fusion of dance, spoken word, film and music that is truly exhilarating.

Bhakti was first created by choreographer Liane Loots in 2010. This intriguing collaboration saw dancers from the Flatfoot Dance Company and the Playhouse Dance Residency blend in with the sounds of the djembe by Mandla Matsha, the Indian tabla by Vishen Kemraj, maskanda guitar by Madala Kunene, classical Indian dancers with Manesh Maharaj and the spoken word from poet Ian ewok Robinson.

Missing...

Missing... tells a fictional story of an exiled comrade who returns to South Africa with his Swedish wife and engaged daughter. Expecting to take up an illustrious career in the newly democratic government, he finds an unexpected rival in one of his closest former comrades. The play raises several important issues faced by those who went into exile and who hoped to be recalled to join government.

In *Missing...*, writer Dr John Kani teamed up with theatre stalwarts Janice Honeyman (Director) and Mannie Manim (Lighting Designer) to bring to life this intriguing love story and political thriller.

7 Deadly Sins

The *7 Deadly Sins* revolves around the age-old sins of lust, gluttony, greed, sloth, wrath, envy and pride, as Durban's well known duo Aaron McIlroy and Lisa Bobbert took us on a side-splitting journey through life to discover why people, very rarely, if ever, stick to the straight and narrow path of morality and virtue.



Missing...



Santa's Story

Fishers of Hope

South African Women's Arts Festival

South Africa has a wealth of artistic talent in women of varied backgrounds. This Festival provides a platform in the spheres of dance, song, drama, comedy, poetry and dialogue, to create lasting memories.

Fishers of Hope

Fishers of Hope, a relatively new South African play by multi award winning writer/director Lara Foot, explores the meaning of hope in an African context. This is traditional African story-telling at its best, mixed with dance, music and video projections.

Santa's Story

Coming straight from a run in New York, where the play featured in the First International Folksbiene Yiddish Festival, *Santa's Story* is a moving, one woman show depicting Santa Pelham's journey of courage, inspiration and hope. It is a story enacted by her daughter, award-winning opera singer Aviva Pelham.

A Woman In Waiting

The international award-winning *A Woman In Waiting*, is a powerful biographical journey into the dark heart of what life was like for women in apartheid South Africa. In this one-woman 'tour de force', Thembi Mtshali-Jones leads us from her memories of a rural childhood, waiting to see her mother once a year; through the exhilaration of urban chaos and unfolding realisations of the humiliations her mother endures; to Mtshali-Jones's own years as a domestic worker – leaving her baby to tend other's children as her mother once had to leave her. Her transformation into a performer and singer who would bear witness to these years, is a testament to the strength of the human spirit and a celebration of the capacity to 'speak or our hearts will burst'. Through searing narrative, lullabies, chanting, haunting images and powerful song *A Woman In Waiting* speaks for South African matriarchs who have endured life in the shadow of apartheid's brutal grip, and held themselves and their families together against unimaginable odds.



A Women in Waiting

Gala Concert

A special treat was in store for music lovers at the Gala Concert which featured Thandiswa Mazwai, Mahotella Queens, Vumile Mngoma, Xolisa Dlamini, Khanyo Maphumulo, Sally Silver, and an all female Playhouse Chorale, Band and the KZN Philharmonic Orchestra. The concert was filled with a variety of music ranging from classical Opera to traditional Maskandi and everything in between.

If The World Was Listening

Performed by the Playhouse Dance Residency, *If The World Was Listening* presents a story gallery of life journeys and the discovery of links in human connections. Based on the personal stories of the company, choreographer Sandile Mkhize wove beautiful, subtle links between each visualised narration and movement.

I Am

Performed by The Playhouse Dance Residency, and choreographed by Sandile Mkhize, the production explores humankind's relationship with the environment, natural elements, and the need for each and every person, no matter how young, to help save our planet. Its emphasis on water conservation is highly relevant to South Africa in light of the current drought and consequent water restrictions. This production performed to a largely schools audience.

High Tea Networking Session

Featuring Michelle Constant, this networking session focussed on sharing and creating valuable opportunities and partnerships among women in the arts industry.

Children's Theatre Fun Day

The young ones were thoroughly enthralled in theatre-making activities such as drumming, mask-making, face painting, dancing and culminating in a special performance of the interactive production *Penelope Pixie's Birthday Adventure*.

Intergenerational Dialogue

This dialogue platform featured Leeanda Reddy, Lianne Loots, Estelle Sinkins, Sbongile Nzimande and Lebo Mashile who deliberated on the responsibility that artists have versus the celebrity fad, why sexual violence and violence against women and girls is so prevalent on stage, television and movies.

Arts and Craft

An exhibition of craft work celebrating talents and resilience of rural women.

Open Day

The Playhouse Company in partnership with the Department of Health, offered a mobile clinic to patrons, especially the elderly, with free counselling and testing services for various ailments.

Men Standing Against Women Abuse Workshop

In an effort to curb the high rates of violence against women, thereby promoting gender equality, this year's Festival included a panel discussion involving key main figures within the gender-based violence sector. With a largely male audience, the purpose was to have them ultimately committing to take action against violence on women as a whole. Keynote speakers included Honourable Prince Mangosuthu Buthelezi; Prince Nhlanguiso Zulu; Mfanozelwe Shoji; Khethani Njoko; Patrick Shai and Frances Chisholm. The workshop was facilitated by DramAide using the Brothers for Life campaign under the theme 'Men Standing Against Violence on Women.'

Child Headed Households Workshop

The Playhouse hosted a Parenting Workshop facilitated by Linda Zama focusing on the dynamics of Child Headed Households. Amongst the speakers were Zama Mabaso, Director of Family and Marriage South Africa (FAMSA), Paddy Kearney, Hlengiwe Mgabadelu and Cookie Edwards.

Open Mic/Slam Poetry

An Open Mic and Slam poetry session with Thuli Zuma and Bongani Mavuso where poets were given an opportunity to share their stories through the art of poetry, covering a wide range of contemporary issues. This event included a Sundowner Concert with Khanyo Maphumulo.



Festive Season

For Your Ears Only

Taking the form of a live radio play on stage, *For Your Ears Only* starred Paul Slabolepszy himself, as well as the enormously popular Michael Richard, Michael Gritten, Louise Saint-Claire, Sibusiso Radebe, Bheki Mqadi and Bronwyn van Graan. The show was directed by another giant of the South African theatre, Ralph Lawson.

Taking us behind the scenes of a radio studio, *For Your Ears Only* saw a group of actors, a producer and a writer assemble in a radio studio to record a weekly 'soapie'.

Glitter Girls

The show hinges around the 25th anniversary reunion of Skolliesville High School's Class of 1989. Three of Durban's most loved and versatile performers, Lisa Bobbert, Liesl Coppin and Marion Loudon, make up the formidable femme de force known as The Glitter Girls.



A Christmas Celebration

A Christmas Celebration 2

Back by popular demand, The Playhouse Company wrapped up the festive season with *A Christmas Celebration*, a star-studded Christmas extravaganza for the whole family.

Choreographed by Sean Bovim, *A Christmas Celebration* starred multi-award winning Judith Sephuma. Featuring the KwaZulu-Natal Philharmonic Orchestra, the Playhouse Chorale and the dancers from the Playhouse Dance Residency, this Christmas variety spectacular starred over

150 of the cream of South Africa's musicians and dancers, including Bongani Tembe, Andile KaMajola, Neville D, Raphael Vilakazi, Filipa van Eck, Christopher Duigan and Nozuko Teto. The show was directed by South African theatre giant, Ralph Lawson.



Community Arts Mentorship Programme

This intensive eight-week programme offers comprehensive up-skilling of artists in various aspects of the performing arts. Mentorship classes included voice production, music, directing and arts administration, budgeting, artistic contracts, business administration, archiving, fundraising, dance/movement, acting, stage and technical skills such as sound, lighting and production/ stage management. The programme culminates in the staging of the productions developed featuring the mentees.

Arts Network Forums

Designed for artists to network and discuss various issues in the industry.



Ingoma Competition

Indigenous Arts

Iscathamiya Competition

The Playhouse Company's *National Iscathamiya competition* forms part of heritage month. This indigenous music genre features more than 2 000 artists from all over South Africa.

Ingoma

This Zulu traditional dance competition includes various styles such as Isgekle, Ushameni, Ingoma yezintombi and Ingomasikhuze. 2016 is the year of the 5th Ingoma competition, and to celebrate this, it adopts the themes of unity in diversity and social cohesion. This thrilling event sees the participation of dance groups from different cultural origins such as Indian dance group, Nateshwar Dance Company, the Congo Kwasa-kwasa Dancers, Namaqualand's Keeper of the Kumm, the Burundian drummers and other popular art-forms from the African continent.

Test Driving The Arts

Monthly, free lunch hour concerts run throughout the year and feature local artists.

Sundowners

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

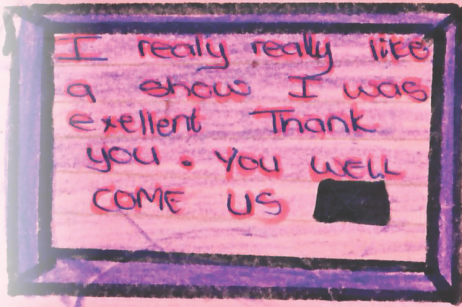


Schools Productions

I Am

Choreographed by Sandile Mkhize and performed by The Playhouse Dance Residency, *I Am* played to schools around KZN and in the Playhouse Loft Theatre. The production explores humankind's relationship with the environment.





I enjoyed my trip to come in playhouse. It was nice I wish to come again I like dances and I like Nkanyiso a most

THANK YOU

FROM: Apniwe
Buthelezi
Green Wood park primary
Grade: 5B.



Children attending the performance of I Am

Just Don't

A thought provoking production which looks at the life of prisoners and ex-juvenile offenders through intense physicality with a strong message for the youth. The production toured throughout KZN on the mobile stage and reached in excess of 33 000 learners.



Schools Tour: Just Don't





IN-HOUSE PRODUCTIONS

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

PRODUCTION	PERFORMANCES	AUDIENCE	ARTISTS
Händel's Messiah	1	1 141	121
New Stages: Hayani, Missing, Bhakti, 7 Deadly Sins	22	5 992	32
Community Arts Mentorship Programme	1	80	22
The South African Women's Arts Festival	36	6 466	242
Arts Network Forums	2	74	26
Iscahamiya Competition	1	1 064	1 572
For Your Ears Only	11	2 640	7
A Christmas Celebration	6	5 635	180
I Am	41	14 198	7
Easter Concert	1	435	94
Ingoma Competition	1	3 504	1 633
Sundowner Concerts with Poetry	21	37 378	119
Test Driving the Arts	14	2 930	473
PRODUCTIONS: 59	157	81 537	4 528

MOBILE STAGE

PERFORMANCES	PRODUCTIONS	AUDIENCE	ARTISTS
40	8	8 850	1 864

IN ASSOCIATION

(Productions presented with other producers)

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

PERFORMANCES	PRODUCTIONS	AUDIENCE	ARTISTS
16	130	40 503	1 433

OUTSIDE HIRERS

(Independent productions and events)

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

PERFORMANCES	PRODUCTIONS	AUDIENCE	ARTISTS
60	100	43 176	6 230





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

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

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General.

The Annual Report is complete, accurate and is free from any omissions.

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

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity. The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal controls that have been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2016.



Ms Linda Bukhosini

Chief Executive Officer & Artistic Director

Date: 31 July 2016



Ms Hlengiwe Christophina Mgabadi

Council Chairperson

Date: 31 July 2016



South African Women's Arts Festival: Gala Concert



A Christmas Celebration

Part B: Performance Information

1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2016

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	49		
Annual performance targets achieved	48 (98%)		
Annual performance targets not achieved	1 (2%)	Some positions were filled by adhoc staff to save on employment costs. The 0.5% variance is manageable by management.	None envisaged.

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 2016.

The Playhouse Company performance information for the year ended 31 March 2016 has been examined by the external auditors and their report is presented on pages 53-54.

The performance information of The Playhouse Company set out on pages 28 to 37 were approved by the Board.



Ms Linda Bukhosini

Chief Executive Officer & Artistic Director

2. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to pages 53-54 for the Auditor's Report, published as Part E: Financial Information.

3. PERFORMANCE INFORMATION BY PROGRAMME

3.1 Programme 1: Administration

3.1.1. Sub-Programme 1.1: Corporate Governance and Finance

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

B. Description:

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

B.2 Department responsible Finance Department

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2015-2016	Measurable and evidence based performance indicators 2016-2017	Measurable and evidence based performance indicators 2017-2018	Measurable and evidence based performance indicators 2018-2019	Measurable and evidence based performance indicators 2019-2020
To provide effective and efficient financial administration and corporate governance	Full compliance with the legislation as per the legislative mandate and ensure that controls implemented are aligned to the resources available	Unqualified audit received for March 2015	Unqualified Audit Report at 31 March.	Unqualified Audit Report at 31 March.	Unqualified Audit Report at 31 March.	Unqualified Audit Report at 31 March.	Unqualified Audit Report at 31 March.
		Action items for March 2015 resolved within 3 months	Action audit findings within three months after the report.	Action audit findings within three months after the report.	Action audit findings within three months after the report.	Action audit findings within three months after the report.	Action audit findings within three months after the report.
		Quarterly Compliance checklists for March 2015 submitted timeously	PFMA/National Treasury compliance checklist completed quarterly.	PFMA/National Treasury compliance checklist completed quarterly.	PFMA/National Treasury compliance checklist completed quarterly.	PFMA/National Treasury compliance checklist completed quarterly.	PFMA/National Treasury compliance checklist completed quarterly.
		Quarterly annual performance plans for March 2015 submitted timeously	Produce quarterly annual performance plan reports	Produce quarterly annual performance plan reports	Produce quarterly annual performance plan reports	Produce quarterly annual performance plan reports	Produce quarterly annual performance plan reports

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Actual achievement 2014-2015	Planned target 2015-2016	Actual achievement 2015-2016	Deviation from planned target to actual achievement for 2015-2016	Comment on deviations
To provide effective and efficient financial administration and corporate governance	Achieved. Unqualified clean audit report received for the year ended 31 March 2015	Unqualified Audit Report at 31 March	Achieved. Unqualified clean audit report received for the year ended 31 March 2015	None	N/A
	Achieved. There were no audit findings reported	Action audit findings within three months after the report	Achieved. There were no audit findings reported	None	N/A
	Achieved. The quarterly compliance checklists were completed timeously	PFMA/National Treasury compliance checklist completed quarterly	Achieved. The quarterly compliance checklists were completed timeously	None	N/A
	Achieved. Quarterly annual performance plans for March 2015 submitted timeously	Produce quarterly annual performance plan reports	Achieved. The quarterly annual performance plan reports were produced timeously	None	N/A

Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2015-2016	Actual achievement 2014- 2015	Planned Target 2015- 2016	Actual achievement 2015- 2016	Deviation: planned/ actual 2015- 2016	Comment on deviations
2.1 To provide effective and efficient financial administration and corporate governance.	Ensure good governance practices and applicable legislative requirements are adhered to in the organisation	Unqualified audit report yearly	1	1	1	0	N/A
		Zero report points on Financial Statements and Performance Information	0	0	0	0	N/A
	Review and update all the Policies and Procedures in the organisation on an annual basis	An annual communication detailing the changes to all policies within the organisation by 1 April	1	1	1	0	N/A
2.2 Implementing controls, processes and systems of the above.	Ensuring Internal Audits are completed on a quarterly basis	4 Internal audits to be conducted annually	4	4	5	1	Internal auditors requested to do a follow up audit
	Ensuring good governance and controls are in place	Maximum of 10% critical findings to be raised per internal audit report	0%	10%	0%	10%	No critical findings reported
	Risk assessment completed on an annual basis	1 Risk assessment report prepared on an annual basis by 30 April	1	1	1	0	N/A
	Review the IT plan. Improve IT infrastructure. Supply efficient IT resources to all departments	Less than 10% downtime in operations reflected in monthly report	0%	10%	0%	10%	No downtime experienced
2.3 Fixed Assets: Increase efficiency in the management of fixed assets.	Bi-annual verification of fixed assets. Monthly update of the fixed asset register and bar coding of new assets	Completed fixed asset register in compliance with Fixed Asset Policy by 31 March	2	1	1	0	N/A
2.4 Supply Chain Management (SCM): To enforce compliance with SCM policies and procedures.	Implement all treasury practice notes within the stipulated timelines	Ensure practice notes are discussed with staff within 30 days on receipt from Treasury. Minutes of meeting or email confirmation available to support this.	100% compliance	100% compliance	100% compliance	0	N/A
2.5 Budgeting and Reporting: To improve financial management and control of The Playhouse Company funds.	Monitoring of budgets and explanation for variances on a monthly and quarterly basis	5% variance of actual against budget must have an explanation on a monthly basis.	12	12	12	0	N/A
	Annual Budgets to be submitted to DAC by 31 August, 30 November and final by the 15th of January each year	Monthly management accounts to be distributed to Management, FINCO and Audit & Governance Committee members by 30th of every month	12	12	12	0	N/A
		Quarterly management accounts to be distributed to key stakeholders 30 days after each quarter	4	4	4	0	N/A
2.6 Bad Debt: develop a system to guide the process of incurring debt.	Implement a debt management system.	Minimum of 90% debt recovery excluding legal matters by 31 March.	100%	90%	100%	10%	All debtors excluding legal matters is recoverable

Linking performance with budgets

	2015/2016			2014/2015		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Governance and Finance	12 550	11 353	1 197	11 921	11 379	542
Total	12 550	11 353	1 197	11 921	11 379	542

3.1.2. Sub-Programme 1.2: Human Resources

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

B. Description:

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

B.2 Departments responsible Human Resources Department

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2015/2016	Measurable and evidence based performance indicators 2016/2017	Measurable and evidence based performance indicators 2017/2018	Measurable and evidence based performance indicators 2018/2019	Measurable and evidence based performance indicators 2019/2020
3. To effectively support and service the human resources requirements of the organisation	To provide skills training that will ensure a highly skilled workforce	99% of training plan implemented by 31 March 2015	90% of the training plan is implemented by 31 March annually	90% of the training plan is implemented by 31 March annually	90% of the training plan is implemented by 31 March annually	90% of the training plan is implemented by 31 March annually	90% of the training plan is implemented by 31 March annually
	To assist line management in the implementation of the performance management system	Interim and final performance assessment performed timeously for March 2015	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Actual achievement 2014-2015	Planned target 2015-2016	Actual achievement 2015-2016	Deviation from planned target to actual achievement for 2015-2016	Comment on deviations
3. To effectively support and service the human resources requirements of the organisation	Achieved. 99% of the training plan was completed by the end of March 2015	90% of the training plan is implemented by 31 March annually	Achieved. 100% of the training plan was completed by the end of March 2015	None	N/A
	Achieved. The 1st half yearly reviews were completed in October 2014, whilst the 2nd reviews were completed in April 2015.	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments.	Achieved. The 1st half yearly reviews were completed in October 2015, whilst the 2nd reviews were completed in April 2016.	None	N/A

Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2015-2016	Actual achievement 2014-2015	Planned Target 2015-2016	Actual achievement 2015-2016	Deviation: planned/ actual 2015-2016	Comment on deviations
3.1 To ensure a constant resource of skilled, talented and motivated employees to meet the institutions needs.	Implementation of effective recruitment, training and development, and performance management systems.	Following plans and system in place by 1 March of each year, i.e. the recruitment system, the training and development plan and the performance management plan	1	1	1	0	N/A
3.2 Effectively manage, monitor and evaluate staff turnover.	Review annual labour turnover.	Report on the annual labour turnover on a monthly basis	12	12	12	0	N/A
		Annual vacancy rate below 10%	New	10%	10.50%	0.50%	The 0.5% variance is manageable by management.
		Review of actual positions filled against those budgeted and report thereon at the monthly management meetings	12	12	12	0	N/A
3.3 Compliance to Employment Equity legislation	1. Review the Employment Equity Plan	Report on the employment equity progress versus plan on a quarterly basis	4	4	4	0	N/A
3.4 Training and development	Provide skills training that will capacitate employees to perform at their peak	Develop a training plan/ budget annually and ensure implementation by end of March annually.	1	1	1	0	N/A
		90% of Training plan and budget accomplished by 31 March of each year.	99%	90%	100%	10%	Proper management of the plan ensured almost 100% implementation
	Bi-annual Performance Reviews for all employees.	Performance Reviews completed for employees on a bi-annual basis.	2	2	2	0	N/A
3.5 Ensure a stable IR operating environment	Building and maintenance of sound collaborative employee relations within the organisation	Report on disciplinary hearings on a quarterly basis	New	4	4	0	N/A
		Negotiate wage agreement annually with the Collective Bargaining Forum.	1	1	1	0	N/A

Linking performance with budgets

	2015/2016			2014/2015		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Human Resources	2 362	2 324	37	2 344	2 417	(73)
Total	2 362	2 324	37	2 344	2 417	(73)

3.1.3. Sub-Programme 1.3: Support Services

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

B. Description:

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

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

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2015/2016	Measurable and evidence based performance indicators 2016/2017	Measurable and evidence based performance indicators 2017/2018	Measurable and evidence based performance indicators 2018/2019	Measurable and evidence based performance indicators 2019/2020
To provide functional, efficient and safe asset management.	Compile a comprehensive infrastructural support and safety plan.	Support and safety plan was in place at 31 March 2015. Monthly progress was reported on at the management meetings.	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting.	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting.	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting.	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting.	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting.

Strategic objectives, performance indicators planned, targets and actual achievements

Strategic objectives	Actual achievement 2014-2015	Planned target 2015-2016	Actual achievement 2015-2016	Deviation from planned target to actual achievement for 2015-2016	Comment on deviations
To provide functional, efficient and safe asset management	Achieved. Support and safety plans were approved by 1 February. Progress was reported on at the monthly management meetings	Comprehensive infrastructural support and safety plan in place by 1 February of each year and monthly progress reporting	Achieved. Support and safety plans were approved by 1 February. Progress was reported on at the monthly management meetings	None	N/A

Key performance indicators, planned targets and actual achievements

Outcomes: key Objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2015-2016	Actual achievement 2014- 2015	Planned Target 2015- 2016	Actual achievement 2015- 2016	Deviation: planned/ actual 2015- 2016	Comment on deviations
4.1 To provide effective, efficient and safe infrastructural support.	Devise and implement an effective, efficient and timeous master maintenance plan for the vehicles, equipment and buildings by 1 February of each year.	Written monthly maintenance reports and feedback to relevant departments.	12	12	12	0	N/A
4.2 Pursue funding of capital expenditure in collaboration with marketing and corporate sections and in consultation with the CEO.	Develop and implement an Annual Capital Funding Expenditure Plan to source funding for capital expenditure projects.	Annual Capital Funding Expenditure Plan by 28 February of each year.	1	1	1	0	N/A
4.3 Maintain a healthy and safe environment	Devise and implement a health and safety plan in accordance with Health and Safety legislation.	Review Health and Safety Plan and submit report by 1 May.	1	1	1	0	N/A
		Quarterly Health and Safety meetings with recorded minutes.	4	4	4	0	N/A
4.4 Ensure optimal maintenance of Playhouse vehicles.	Review, update and implement the fleet maintenance plan.	Fleet maintenance plan in place by 1 April of each year and implementation on a regular basis.	1	1	1	0	N/A

Linking performance with budgets

	2015/2016			2014/2015		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Support Services	23 416	20 327	3 089	22 592	19 571	3 021
Total	23 416	20 327	3 089	22 592	19 571	3 021

3.2 Programme 2: Business Development

3.2.1 Sub-Programme 2.1: Arts, Marketing and Technical Services

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

B. Description:

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

B.2. Departments responsible The Arts, Marketing and Technical Departments.

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2015/2016	Measurable and evidence based performance indicators 2016/2017	Measurable and evidence based performance indicators 2017/2018	Measurable and evidence based performance indicators 2018/2019	Measurable and evidence based performance indicators 2019/2020
To produce and present diverse shows that have artistic, entertainment and educational value.	Develop an Annual Arts Plan that includes both professional and developmental productions.	Arts plan for year ended 31 March 2015 finalised by 28 February 2014.	Finalised Annual Arts Plan in place by 28 February.	Finalised Annual Arts Plan in place by 28 February.	Finalised Annual Arts Plan in place by 28 February.	Finalised Annual Arts Plan in place by 28 February.	Finalised Annual Arts Plan in place by 28 February.

Strategic objectives, performance indicators, planned targets and actual achievements

Strategic objectives	Actual achievement 2014-2015	Planned target 2015-2016	Actual achievement 2015-2016	Deviation from planned target to actual achievement for 2015-2016	Comment on deviations
To produce and present professional and developmental productions.	Achieved. The Annual Arts Plan was finalised by 28 February.	Finalised Annual Arts Plan in place by 28 February.	Achieved. The Annual Arts Plan was finalised by 28 February.	None	N/A

Key performance indicators, planned targets and actual achievements

Outcomes: Key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2015-2016	Actual achievement 2014-2015	Planned Target 2015-2016	Actual achievement 2015-2016	Deviation: planned/actual 2015-2016	Comment on deviations
1.1 To produce and present shows that have artistic, entertainment and educational value (subject to available funding)	Develop an Annual Arts Programme (AAP)	Finalised AAP by 28 February, it will include the following:					
	Implement the Annual Arts Programme by 31 March annually	a) Indigenous performing arts	2	2	2	0	N/A
		b) New Stages	3	3	4	1	Additional productions presented due to high demand from audiences and artists
		c) SA Women's Arts Festival	12	4	14	10	Additional productions presented due to high demand from audiences and artists.
		d) Schools Programmes	6	2	4	2	Additional productions presented in line with the need to educate and stimulate learners on the social ills they are faced with. Eg. Sugar daddies, the plight of the endangered rhino.
	Implement the Annual Arts Programme by 31 March annually	e) Test Driving the Arts	13	11	14	3	3 additional unplanned concerts presented in December
		f) Festive Season	4	3	3	0	N/A
		g) In-Association Productions & Events	18	10	16	6	Opportunities arose to assist additional arts practitioner/ producers at no additional expense.
		h) Community Arts Mentorship Programme	5	3	8	5	5 additional productions presented within the original budget. The participants of the programme were able to play multiple roles which enabled them to be exposed to different/ varied characters.
		i) Outside Hire Production and Events	52	20	60	40	Demand for the venues exceeded expectation
		j) Mobile Stage	68	40	40	0	N/A
		k) Sundowners	15	12	17	5	Additional performances presented during the women's arts festival month in order to hype the existing programmes.
1.2 Ensure equity in our artistic programming	AAP to ensure that at least 80% of previously marginalised groups participate annually.	Artistic panel and peer review process to ensure that minimum of 80% of previously marginalised groups participate annually.	85%	80%	91%	11%	The additional productions presented enabled us to increase the reach to previously marginalised groups.
1.3 To position and strengthen The Playhouse Company brand, market in-house productions and develop production sponsorship partnerships	Secure partnerships with media houses.	Secured publicity and media partnerships to a value >R2 000 000 per annum.	R 22 537 443	R 2 000 000	R 35 841 076	R 33 841 076	Publicity is never a guarantee. The in-kind value exceeded original expectation.
	Develop market campaigns for in-house productions in order to develop production sponsorship partnerships	Marketing plan in place by the 28th of February annually.	1	1	1	0	N/A
	To strengthen relationships with the arts community	Marketing plan in place by the 28th of February annually.		1	1	0	N/A

Outcomes: Key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2015-2016	Actual achievement 2014-2015	Planned Target 2015-2016	Actual achievement 2015-2016	Deviation: planned/actual 2015-2016	Comment on deviations
1.4 Stage Technical Services: to ensure that all theatre venues and resources, Sound, Lighting, Wardrobe and Recording Studio, are running optimally	Review and implement the maintenance plans for all venues and resources: Sound, Lighting, Wardrobe and Recording Studio.	A monthly maintenance report with evidence-based improvement is in place for all venues and resources, Sound, Lighting, Wardrobe and Recording Studio.	12	12	12	0	N/A
1.5 To deliver high quality customer service at Front of House	Conduct on-going customer surveys.	Report on Annual Satisfaction Survey monthly.	12	12	12	0	N/A

Linking performance with budgets

	2015/2016			2014/2015		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
1. Arts and Technical Services	29 500	26 940	2 561	26 362	24 824	1 538
Total	29 500	26 940	2 561	26 362	24 824	1 538

3.3. Programme 3: Revenue

A. Programme purpose Generate secondary revenue.

B. Description:

B.1 Structure

The finance department is responsible for investment income, the arts department for production related income and the support services department for rental, costume, sets and props income.

B.2 Departments responsible Finance, Arts and Support Services Departments

Strategic objectives/outcomes	Actions to support strategic objectives	Baseline information	Measurable and evidence based performance indicators 2015/2016	Measurable and evidence based performance indicators 2016/2017	Measurable and evidence based performance indicators 2017/2018	Measurable and evidence based performance indicators 2018/2019	Measurable and evidence based performance indicators 2019/2020
To optimise the institution's revenue streams.	Collate and align infrastructural funding resources and institutional needs from various streams into the annual budget.	The finalised budget incorporating the funding streams was approved by Council by 15 January 2015.	Finalised budget incorporating funding streams by 28 February.	Finalised budget incorporating funding streams by 28 February.	Finalised budget incorporating funding streams by 28 February.	Finalised budget incorporating funding streams by 28 February.	Finalised budget incorporating funding streams by 28 February.

Strategic objectives, performance indicators planned, targets and actual achievements

Strategic objectives	Actual achievement 2014-2015	Planned target 2015-2016	Actual achievement 2015-2016	Deviation from planned target to actual achievement for 2015-2016	Comment on deviations
To optimise the institution's revenue streams	Achieved. Finalised budget incorporating funding streams were included in the budget which was approved by Council in January	Finalised budget incorporating funding streams by 28 February	Achieved. Finalised budget incorporating funding streams were included in the budget which was approved by Council in January	None	N/A

Key performance indicators, planned targets and actual achievements

Outcomes: key Objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2015-2016	Actual achievement 2014- 2015	Planned Target 2015-2016	Actual achievement 2015-2016	Deviation: planned/ actual 2015-2016	Comment on deviations
5.1 Optimise secondary sources of revenue	Consolidate and implement comprehensive plans for generating secondary income.	CFO to consolidate plans for secondary income for inclusion in budget, in place by 28 February of each year.	2	2	2	0	N/A
5.2 Investments: optimal return on investment of funds ensuring compliance with the Investment Policy	Invest with major banks in the country with a preferable interest rate of prime less 5%.	Secure investments with major banks at rates greater than prime less 5%.	Yes	Yes	Yes	0	N/A
5.3 Revenue generated through the outside hires: in-association and mobile stage	Develop and implement a plan to achieve the targeted budget established for the outside hire of the theatres.	Outside theatre hires to achieve 90% of budgeted revenue annually.	385%	90%	420%	330%	Demand for the venues exceeded expectation.
5.4 Costumes, sets and props	Ensure the proactive drive in the hire of office space, costumes, sets and props meets the budgeted targets established.	Tenants, costumes, sets and props hire to achieve 75% of budgeted revenue annually.	132%	75%	97%	22%	Demand for office space, costumes, sets and props exceeded demand when compared to prior years

Linking performance with budgets

	2015/2016			2014/2015		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue consolidation	10 676	13 498	(2 822)	9 071	11 866	(2 795)
Total	10 676	13 498	(2 822)	9 071	11 866	(2 795)

4. SUMMARY OF FINANCIAL INFORMATION

4.1. Revenue collection

	2015/2016			2014/2015		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Grants – Operational	50 543	52 713	(2 170)	54 332	52 780	1 552
Grants – Capital	6 000	23 015	(17 015)	19 400	6 443	12 957
Finance income	6 000	7 257	(1 257)	4 508	5 138	(630)
Production income	2 499	3 116	(617)	2 380	3 274	(894)
Rentals	407	413	(6)	370	325	45
Sundry income	1 770	1 831	(61)	1 813	2 003	(190)
Sponsorship income	0	882	(882)	0	1 126	(1 126)
Total	67 219	89 226	(22 007)	82 803	71 089	11 714

4.2. Programme expenditure

Programme name	2015/2016			2014/2015		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Arts and technical services	29 500	26 940	2 561	26 362	24 824	1 538
Corporate governance and finance	12 550	11 353	1 197	11 921	11 379	542
Human resources	2 362	2 324	37	2 344	2 417	(73)
Support services	23 416	20 327	3 089	22 592	19 571	3 021
Total	67 828	60 943	6 884	63 218	58 191	5 027

Infrastructure projects	2015/2016			2014/2015		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Office equipment	711	155	556	795	126	669
Computer equipment	225	158	67	315	286	29
Buildings	16 277	5 220	11 057	6 619	6 304	315
Stage & other equipment	33 204	651	32 552	38 235	130	38 105
Motor Vehicles	355	391	(36)	1 400	1 045	355
Total	50 772	6 574	44 197	47 364	7 891	39 473



Part C: Governance

1. INTRODUCTION

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

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

The Playhouse Company had one meeting with the Portfolio Committee on Arts And Culture in April 2015 to present the 2015/16 Annual Performance Plan and Strategic Plan. No key issues were raised by the portfolio committee.

2. THE COUNCIL

2.1. Functions of the Council

The functions of the Council are:

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

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

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

Composition of the Board

Name	Date Appointed	Qualifications	Area of Expertise	Other Committees (e.g: Audit Committee)	No. of Meetings Attended	Remuneration
Ms Hlengiwe Christophina Mgabadel <i>Chairperson of Council</i>	1-12-2014	BA Social Work, Honours in Sociology	Public Service and Administration		9	R108 044
Ms Thembi Mtshali-Jones	1-12-2014		Artists, singer, actress, producer and playwright	Arts and Fund Raising Committee	3	R19 872
Mr Sathie Gounden	1-12-2014	CA (SA)	Finance, risk management corporate governance and audit	Finance and Procurement Committee/ Human Resources Committee	4	R20 664
Mr Malcolm Purkey	1-12-2014	Ba(Wits), BA(Hons), MA Theatre Studies, Graduate- National film and television school	Directing and Playwriting, Publications, Arts industry	Audit and Governance Committee	2	R6 888
Ms Fikile Eunice Khumalo	1-12-2014	Labour relations, social security	Labour, Trade and Industry, Social Development	Arts and Fund Raising Committee/ Human Resources Committee	8	R23 080
Ms Lynette Ntuli	1-12-2014	Bachelor's Degree	Property and infrastructure development, retail and strategy development and implementation	Audit and Governance Committee	2	R6 528
Ms Khwezi BL Kunene	1-12-2014	BSC Property Development	Quantity surveying, contracts management	Finance and Procurement Committee/ Human Resources Committee	8	R0
Mr Nathi Mbele	1-12-2014		Social and economic development, Textile and Information Communication Technology expert	Arts and Fund Raising Committee/ Finance & Procurement Committee	5	R16 192
Ms Siphesihle Ndlela	1-12-2014	BA Communications (UNISA) Hotel Management (ND) Durban Hotel School	Client and media liaising, promotions and marketing	Arts and Fund Raising Committee/ Finance & Procurement Committee	7	R25 256

Committees - Appointed on 23 February 2015

Committee	No. of Meetings Held	No. of Members	Name of Members
Finance and Procurement Committee	8	4	Mr Sathie Gounden, Ms Khwezi BL Kunene, Mr Nathi Mbele, Ms Siphesihle Ndlela
Audit and Governance Committee	7	5	Ms Lynette Ntuli, Mr Malcolm Purkey, Judge Leona Valerie Theron, Ms C Jugnarayan, Ms Noluthando Lungile Radebe
Human Resources Remuneration Committee	5	3	Ms Fikile Eunice Khumalo, Mr Sathie Gounden, Ms Khwezi BL Kunene
Arts and Fund Raising Committee	3	4	Ms Thembi Mtshali-Jones, Ms Fikile Eunice Khumalo, Mr Nathi Mbele, Ms Siphesihle Ndlela

3. RISK MANAGEMENT

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

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

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

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

4. INTERNAL CONTROL UNIT

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

5. INTERNAL AUDIT FUNCTION

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

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

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

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

1. ITGC review
2. HR Audit review
3. SCM review
4. Follow up reviews
5. Audit of Predetermined Objectives

6. AUDIT AND GOVERNANCE COMMITTEE

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

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

The Audit and Governance Committee:

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

7. COMPLIANCE WITH LAWS AND REGULATIONS

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

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

8. FRAUD AND CORRUPTION

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

The plan recognises basic fraud prevention initiatives within The Playhouse Company. The primary objectives of the plan are to:

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

9. MINIMISING CONFLICT OF INTEREST

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

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

10. CODE OF CONDUCT

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

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

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

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

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

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

11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

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

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

12. SOCIAL RESPONSIBILITY

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

The Playhouse Company sees its mission as its social responsibility.

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

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

The mobile stage is also used to showcase the schools' set works in the rural areas. In excess of 74 000 school children had the opportunity to see a live performance of the school set work on stage. These children would otherwise not have had the opportunity to see a staged performance.

13. AUDIT COMMITTEE REPORT

The Audit and Governance Committee (the Committee), presents its report for the financial year end 31 March 2016.

Audit and Governance Committee Members and Attendance

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

Committee Members

Name	Qualifications	Internal or External	Date Appointed	No. of Meetings Attended
Mrs L Ntuli	Bachelor's Degree in Accounting	Internal	23 February 2015	1
Mr M Purkey	BA(Wits), BA(Hons), MA Theatre Studies, Graduate - National film and television school	Internal	23 February 2015	2
Judge Leona Valerie Theron	Master of Law, Bachelor of Laws and Bachelor of Arts	External – Chairperson of the Audit and Governance Committee	10 April 2015	3
Ms C Jugnarayan	CA (SA), RA	External	10 April 2015	6
Ms Noluthando 'Thando' Lungile Radebe	CA (SA), RA	External	24 July 2015	3

Audit and Governance Committee Responsibility

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

Internal Audit

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

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

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

Effectiveness of Internal Controls

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

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

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

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

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

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

In-Year Management and Monthly/Quarterly Report

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

Evaluation of Financial Statements

The Committee has

- Reviewed the quarterly reports including financial statements to ensure consistency and accuracy of information;
- Considered the appropriateness, adoption and consistent application of the South African Statement of Generally Recognised Accounting Practices adopted by the Accounting Authority;
- Considering the quality and timeliness of the financial information available to the Committee for oversight purposes during the year;
- Reviewed the financial statements of the Company for the year ended 31 March 2016 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 five consecutive years, and would like to express gratitude for their support and fruitful discussions with the Committee.



Judge Leona Theron

Chairperson: Audit and Governance Committee



Hayani

Part D: Human Resource Management

1. INTRODUCTION

The Company's Human Resources Strategy is to effectively support and service the human resources requirements of the organisation through consistent and professional human resources interventions. The staff complement of the department remained unchanged over the last year and was sufficiently qualified and competent to achieve the departmental objectives.

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

- Implementation and roll out of the Use of Official Languages Act
- Implementation of the Basic Conditions of Employment and Employment Equity Amendment Acts
- Improvement in the management of the Time and Attendance system.
- Salary Benchmarking and Job Grading
- Talent Management and Succession Planning

Use of Official Languages Act

The Language Policy was approved in April 2015. The Company obtained exemption from the establishment of a Languages Unit and currently uses the Translation and Editing Unit from the Provincial Language Services Directorate to assist with translation services. In the year under review numerous documents, including the Annual Report, recruitment adverts, and tender advertisements were translated into the official languages.

Implementation of Labour Legislation

Changes to various pieces of labour legislation took effect in the year under review. Four policies were amended to ensure compliance with the legislation. Management was workshopped on the changes and the Company is compliant with all aspects of the legislative provisions.

Salary Benchmarking and Job Grading

The salient feature of The Employment Equity Amendment Act is the innovation introduced to address disparity in salaries and address the concept of equal pay for equal work to ensure parity of remuneration of workers doing work of equal value. In 2015 the Company and representative Union, SACCWU entered into discussions on job grading and salary benchmarking. An agreement was concluded in January 2016.

Time and Attendance System

The Company uses the Blick Time and Attendance management system to monitor attendance records of all

employees. In order to facilitate control improvement, an easier newly developed technique whereby monthly time and attendance reports are extracted and reviewed was created.

Talent Management and Succession Planning

The Company has identified critical and scarce skills positions. A succession plan matches identified individuals with future potential positions. Together with a workplace skills plan that is developed annually based on individual performance, departmental and organisational needs, readiness of individuals when positions become vacant is ensured. In 2016, sixty eight (68) employees were trained at a cost of R 319 365.

Work Integrated learning enables students to obtain valuable work experience that complements their academic studies and enhance their opportunities for employment. Nine students were hosted with their work experiential learning focussing on technical and arts administration skills. Students receive monthly stipends. An amount of R 507 000 was spent over the last year. Discussions with Durban University of Technology to establish a diploma course that will allow students to attain a Higher Certificate in Technical Production are on-going.

Manning Levels

The Playhouse Company is currently the largest cultural institution within the KZN Province. The institution is a significant contributor toward job creation within the Arts and Culture sector and currently receives funding for 95 permanent posts. At year end 91(Ninety one) of these posts had been filled, with a plan in place to fill the vacant posts.

The Company constantly strives to ensure that staff demographics represent those of the country, with Black Africans making up 68% of the permanent staff complement. The Company remains committed to employment practices that will assist in reaching the employment equity targets as set out in the Employment Equity plan.

To support the HR strategy, the following goals for 2016/2017 have been identified:

- Attain 90% spend of the Training Budget
- Improve the implementation of the Performance Management system
- Maintain an overall vacancy rate of less than 10% per annum
- Maintain adequate controls to ensure improved performance of the payroll function
- Maintain a representative workforce

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by Programme

Programme	Total Expenditure for the Entity (R'000)	Personnel Expenditure (R'000)	Personnel Exp. as a % of Total Exp.	No. of Employees	Average Personnel Cost per Employee (R'000)
	73 427	30 121	41%	85	354

Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of Personnel Exp. to Total Personnel Cost	No. of Employees	Average Personnel Cost per Employee (R'000)
Top Management	1 784	6%	1	1 784
Senior Management	1 227	4%	1	1 227
Professional qualified	5 420	19%	8	677
Skilled	10 195	36%	34	300
Semi-skilled	9 333	33%	41	228
Unskilled	0	0	0	0
TOTAL	27 960	100%	85	329

Training Costs

Directorate/ Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
	30 121	319	1.1%	68	R4 691.17

Employment and Vacancies

Programme	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	% of vacancies
	87	95	85	10	10.5%

Programme	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	% of vacancies
Top Management	1	1	1	0	0
Senior Management	1	1	1	0	0
Professional qualified	8	12	8	4	33.33%
Skilled	34	37	34	3	8.11%
Semi-skilled	43	44	41	3	6.8%
Unskilled	0	0	0	0	0
TOTAL	87	95	85	10	10.5%

Employment Changes

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Top Management	1	0	0	1
Senior Management	1	0	0	1
Professional qualified	8	1	1	8
Skilled	34	2	2	34
Semi-skilled	43	2	4	41
Unskilled	0	0	0	0
Total	87	5	7	85

Reasons for Staff Leaving

Reason	Number	% of Total No. of Staff Leaving
Death	1	14.3%
Resignation	5	71.4%
Dismissal	0	0
Retirement	1	14.3%
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	7	100%

Labour Relations: Misconduct and Disciplinary Action

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

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	1	1	0	0
Professional qualified	3	3	0	0	1	1	1	1
Skilled	20	20	1	1	2	2	3	3
Semi-skilled	21	22	0	0	4	4	1	1
Unskilled	0	0	0	0	0	0	0	0
TOTAL	44	45	1	1	8	8	5	5

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0
Professional qualified	1	2	0	0	1	1	1	1
Skilled	5	8	1	1	0	0	2	1
Semi-skilled	10	10	1	1	4	4	0	2
Unskilled	0	0	0	0	0	0	0	0
TOTAL	17	21	2	2	5	5	3	4

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	2
Senior Management	0	0	0	
Professional Qualified	0	0	1	
Skilled	0	0	0	
Semi-skilled	0	0	0	
Unskilled	0	0	0	
TOTAL	0	0	0	



Part E: Financial Information

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

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

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

In my opinion, the financial statements fairly reflect the operations of The Playhouse Company for the financial year ended 31 March 2016.

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

The Playhouse Company's annual financial statements for the year ended 31 March 2016 have been audited by the Auditor-General and their report is presented on page 53-54.

The annual financial statements of The Playhouse Company set out on pages 55 to 80 have been approved.



Ms Linda Bukhosini

Chief Executive Officer & Artistic Director



Ms Hlengiwe Christophina Mgabadi

Council Chairperson

2. REPORT OF THE CHIEF EXECUTIVE OFFICER & ARTISTIC DIRECTOR

Financial Performance

Revenue

Total revenue increased by 26% from R71m to R89m.

- The increase was mainly attributable to an increase in capital grant recognised in terms of GRAP23 by R17m.

The grant was received from the Department of Arts and Culture to fund capital projects.

Operating expenses

Operating expenses decreased marginally by 1% from R74m to R73m.

Surplus for the year

The Surplus of R 15.8m for the 2016 year takes into account in capital grant recognised in terms of GRAP23 by R17m.

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 depreciation charges exceeding the costs of assets capitalised during the year.
- Current assets increased by R6.4m and this were primarily as a result of cash and cash equivalents increasing by R6m.
- Current liabilities decreased by R15m. This was primarily due a reduction in deferred income.

Cash Flows

Cash and cash equivalents increased by R6m from R105m to R111m. Cash inflows from operating activities of R12m was offset by cash outflows from investing activities of R6m.

Materiality Framework

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

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

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



Ms Linda Bukhosini

Chief Executive Officer & Artistic Director

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

Report on the Financial Statements

Introduction

1. I have audited the financial statements of The Playhouse Company set out on pages 55 to 80, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of The Playhouse Company as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for programme 2 - business development on pages 33 to 35 and programme 3 - revenue on pages 35 to 36, presented in the annual performance report of the entity for the year ended 31 March 2016:

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

9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).
10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
11. I did not identify any material findings on the usefulness and reliability of the reported performance information for programme 2 - business development as well as programme 3 - revenue.

Additional matter

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

Achievement of planned targets

13. The annual performance report on pages 28 to 37 and presents information on the achievement of the planned targets for the year.

Compliance with legislation

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

Internal control

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

Auditor - General

Pietermaritzburg
31 July 2016



Auditing to build public confidence

4. ANNUAL FINANCIAL STATEMENTS

Statement of Financial Position

	Notes	March 2016 R	March 2015 R
ASSETS			
Non-current assets			
Heritage assets	2.1	88 330 000	88 330 000
Property, plant and equipment	2.2	84 617 716	90 476 430
Intangible assets	2.3	49 269	100 669
Current assets		113 111 779	106 622 541
Inventories	3	509 710	481 021
Trade and other receivables	4	1 961 922	1 368 301
Cash and cash equivalents	5	110 640 147	104 773 219
Total Assets		286 108 764	285 529 640
NET ASSETS AND LIABILITIES			
Net assets			
Accumulated surplus		254 199 897	238 401 514
Current liabilities		31 908 867	47 128 126
Trade and other payables	6	7 403 527	6 313 703
Deferred income	7	24 505 340	40 814 423
Total Net Assets and Liabilities		286 108 764	285 529 640

Annual Financial Statements

For the year ended 31 March 2016

Statement of Financial Performance

	Notes	March 2016	March 2015
		R	R
Revenue		81 969 677	65 950 826
Grants	8	75 728 084	59 222 819
Other operating income	9	6 241 593	6 728 007
Less: Expenditure		73 427 915	73 841 198
Production expenditure	10	12 671 092	12 031 493
Production and technical services expenditure	11	4 843 169	4 740 690
Workshop expenditure		1 649 894	1 336 389
Maintenance and security expenditure		4 454 809	4 771 504
HR, finance and corporate expenditure		5 767 932	6 091 841
Other operating expenditure	12	1 435 475	1 809 920
Depreciation and amortisation	2	12 484 488	15 648 989
Emoluments	13	30 121 056	27 410 372
Surplus (Deficit) from operations	14	8 541 762	(7 890 372)
Interest received		7 256 621	5 137 968
Surplus (Deficit) for the year	15	15 798 383	(2 752 404)

Statement of Changes in Net Assets

	Notes	March 2016	March 2015
		R	R
Opening accumulated surplus as previously reported		238 401 514	241 153 918
Surplus (Deficit) for the year		15 798 383	(2 752 404)
Closing accumulated surpluses	16	254 199 897	238 401 514

Statement of Cash Flows

	Notes	March 2016	March 2015
		R	R
Cash flows from operating activities			
Cash receipts from grantors and clients		107 276 509	107 305 761
Cash paid to suppliers and employees		(102 091 827)	(81 135 465)
Cash generated from operations	17	5 184 682	26 170 296
Interest received		7 256 621	5 137 968
Net cash from operating activities		12 441 303	31 308 264
Cash flows used in investing activities			
Additions to property, plant and equipment		(6 555 696)	(7 868 208)
Additions to intangibles		(18 679)	(50 598)
Proceeds on sale of property, plant and equipment		-	186 892
Net cash used in investing activities		(6 574 375)	(7 731 914)
Cash flows from financing activities			
Decrease in long term borrowings		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		5 866 928	23 576 350
Cash and cash equivalents at beginning of year		104 773 219	81 196 869
Cash and cash equivalents at end of year	5	110 640 147	104 773 219

Accounting Policies

1 Accounting Policies

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

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

These accounting policies are consistent with the previous year.

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

GRAP 1 Presentation of financial statements

GRAP 2 Cash flow statements

GRAP 3 Accounting policies, changes in accounting estimates and errors

GRAP 6 Consolidated financial statements and accounting for controlled entities

GRAP 9 Revenue from exchange transactions

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events after the reporting date

GRAP 17 Property, plant and equipment

GRAP 19 Provisions, contingent liabilities and contingent asset

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

GRAP 31 Intangible Assets

IPSAS 20 Related Party Disclosures

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

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

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

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash-generating Assets

GRAP 103 Heritage Assets (early adopted)

GRAP 104 Financial Instruments

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

GRAP 4 The effects of changes in foreign exchange rates

GRAP 5 Borrowings

GRAP 7 Accounting for investments in associates

GRAP 8 Financial reporting of interests in joint ventures

GRAP 10 Financial reporting in Hyperinflationary Economies

GRAP 11 Construction Contracts

GRAP 16 Investment Property

GRAP 18 Segment Reporting

GRAP 27 Agriculture

GRAP 105 Transfers of Functions between Entities Under Common Control

GRAP 106 Transfers of Functions between Entities not Under Common Control

GRAP 107 Mergers

IFRS 4 Insurance Contracts

IFRS 6 Exploration for and Evaluation of Mineral Resources

IAS 12 Income Taxes

IFRIC 12 Service Concession Arrangements

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

SIC 29 Service Concession Arrangements

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

GRAP 20 Related Party Disclosure (principles of policy applied)

GRAP 32 Service Concession Arrangements: Grantor

GRAP 108 Statutory Receivables

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

Accounting Policies (continued)

1.2. Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an 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 1.12 Provisions

1.3. Property, plant and equipment

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

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

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

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

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

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

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

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

1.4. Impairment

Non-financial assets

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

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

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

Reversals of impairment

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

1.5. Intangible assets

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

Software	: 2 Years
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Accounting Policies (continued)

1.6. *Heritage assets*

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

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

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

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

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

1.7. *Inventories*

Inventories are carried at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined using the first-in, first-out method. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net 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 goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are thus not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

1.17. Comparative figures

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

1.18. Going concern

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

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

Annual Financial Statements

For the year ended 31 March 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	March 2016	March 2015
	R	R
2. ASSETS		
2.1. Heritage assets		
Carrying amount	88 330 000	88 330 000
Gross carrying amount	88 330 000	88 330 000
Accumulated Impairment loss	-	-
Carrying amount at year end	88 330 000	88 330 000
Heritage assets comprises of land and buildings : Rem of portion 1 of ERF 10636 of Durban. The property was valued by eThekweni Municipality in May 2008.		
Heritage assets were recognised for the first time in March 2011.		
The land and buildings is registered in the name of the Department of Public Works. The Playhouse Company leases the land and buildings from The Department of Public Works for no consideration.		
In terms of section 66 of the PFMA Act, The Playhouse Company may not use the immovable property, including the heritage assets as collateral and the land and buildings are unencumbered.		

Notes to the Annual Financial Statements (continued)

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	Work in progress	Art-works	Capitalised leased assets (office equip, land and buildings)	Total
	R	R	R	R	R	R	R	R	R	R
Carrying amount 1 April 2014	1 083 046	-	4 585 067	644 239	8 694 140	348 855	8 444 545	469 870	74 130 875	98 400 637
Gross carrying amount	3 245 366	-	12 046 909	2 344 192	28 938 899	606 264	8 444 545	469 870	100 403 030	156 499 075
Accumulated depreciation	(2 162 320)	-	(7 461 842)	(1 699 953)	(20 244 759)	(257 409)	-	-	(26 272 155)	(58 098 438)
Additions	1 045 067	-	75 939	240 030	167 795	4 091	6 307 351	-	-	7 840 273
Fair value adjustment	-	-	-	-	-	-	-	-	-	-
Transfers	-	27 935	30 798	-	4 258 506	-	(11 133 023)	-	6 843 719	27 935
Depreciation	(561 256)	-	(1 252 027)	(444 798)	(5 021 411)	(104 256)	-	-	(9 829 444)	(17 213 192)
Depreciation write-back	18 518	-	72 843	273 691	1 260 606	-	-	-	-	1 625 658
Disposals	(1)	-	(40 405)	(13 555)	(121 730)	(11 369)	-	(17 821)	-	(204 881)
Cost	(1)	-	(608 793)	(285 057)	(3 155 181)	(82 899)	-	(17 821)	-	(4 149 752)
Accumulated depreciation	-	-	568 388	271 502	3 033 451	71 530	-	-	-	3 944 871
Carrying amount 31 March 2015	1 585 374	27 935	3 472 215	699 607	9 237 906	237 321	3 618 873	452 049	71 145 150	90 476 430
Gross carrying amount	4 290 432	27 935	11 544 853	2 299 165	30 210 019	527 456	3 618 873	452 049	107 246 749	160 217 531
Accumulated depreciation	(2 705 058)	-	(8 072 638)	(1 599 558)	(20 972 113)	(290 135)	-	-	(36 101 599)	(69 741 101)
Additions	395 023	-	150 910	133 103	650 729	6 430	5 219 501	-	-	6 555 696
Fair value adjustment	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	612 190	-	1 222 590	-	(5 619 623)	-	3 784 843	-
Depreciation	(722 879)	-	(1 237 470)	(331 226)	(4 701 476)	(100 006)	-	-	(10 956 006)	(18 049 063)
Depreciation write-back	660 773	-	136 241	221 627	4 432 555	3 877	-	-	179 580	5 634 653
Disposals	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-
Carrying amount 31 March 2016	1 918 291	27 935	3 134 086	723 111	10 842 304	147 622	3 218 751	452 049	64 153 567	84 617 716
Gross carrying amount	4 685 455	27 935	12 307 953	2 432 268	32 083 338	533 886	3 218 751	452 049	111 031 592	166 773 227
Accumulated depreciation	(2 767 164)	-	(9 173 867)	(1 709 157)	(21 241 034)	(386 264)	-	-	(46 878 025)	(82 155 510)

Land and buildings comprise of:

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

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

The gross carrying value of fully depreciated property, plant and equipment that is still in use is R8 293 441. The major category of items is stage equipment comprising of lighting and sound items.

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

Annual Financial Statements

For the year ended 31 March 2016

Notes to the Annual Financial Statements (continued)

2.3. Intangible assets		Software	Total
		R	R
Carrying amount 1 April 2014		111 530	111 530
Gross carrying amount		507 332	507 332
Accumulated amortisation		(395 802)	(395 802)
Additions		50 598	50 598
Amortisation		(62 339)	(62 339)
Amortisation write-back		884	884
Disposals		(4)	(4)
Cost		(4)	(4)
Accumulated amortisation		-	-
Carrying amount 31 March 2015		100 669	100 669
Gross carrying amount		557 926	557 926
Accumulated amortisation		(457 257)	(457 257)
Additions		18 679	18 679
Amortisation		(70 079)	(70 079)
Amortisation write-back		-	-
Carrying amount 31 March 2016		49 269	49 269
Gross carrying amount		576 605	576 605
Accumulated amortisation		(527 336)	(527 336)
Amortisation is included with depreciation.			
		March 2016	Restated March 2015
		R	R
3. Inventories			
Catering		81 465	86 691
Workshop		220 885	191 496
Wardrobe		96 313	95 867
General stores		111 047	106 967
		<u>509 710</u>	<u>481 021</u>
4. Trade and other receivables			
Trade receivables		290 268	574 080
Staff debtors		5 833	3 877
Other receivables		1 879 190	1 290 408
		<u>2 175 291</u>	<u>1 868 365</u>
Less: Debtors impairment		(213 369)	(500 064)
		<u>1 961 922</u>	<u>1 368 301</u>
4.1. Movement in the provision for impairment of trade receivables			
Balance at 1 April		500 064	479 290
Provision for receivables impairment		(286 695)	20 774
Receivables written off during the year as uncollectible		-	-
Unused amounts reversed		-	-
Unwinding of discount		-	-
Balance at 31 March		<u>213 369</u>	<u>500 064</u>

Notes to the Annual Financial Statements (continued)

	March 2016 R	March 2015 R
5. Cash and cash equivalents at end of year		
Cash available immediately	12 057 264	37 789 625
Investments - fixed deposits	98 582 883	66 983 594
Cash available in 30 days	33 152 521	35 562 663
Cash available in 60 days	24 894 000	21 837 009
Cash available in 90 days	40 536 362	9 583 922
	<u>110 640 147</u>	<u>104 773 219</u>
R 277 816 and R 30 360 are pledged as security for guarantees issued by FNB on behalf of The Playhouse Company for eThekweni Municipality and The Postmaster respectively. The guarantees will expire on 31 December 2025 and will not be renewed.		
6. Trade and other payables		
Trade payables	1 805 160	1 398 939
Other payables and accruals	2 773 473	2 139 069
Leave pay accrual	2 062 390	2 084 100
Bonus accrual	762 504	691 595
	<u>7 403 527</u>	<u>6 313 703</u>
7. Deferred Income		
Grant received in advance	24 505 340	40 814 423
National Department of Arts and Culture	23 755 340	40 064 423
eThekweni Municipality	750 000	750 000
	<u>24 505 340</u>	<u>40 814 423</u>
8. Grants		
National Department of Arts and Culture (DAC)	41 926 000	43 085 000
Special Capital Expenditure Grant - (DAC)	23 015 084	6 442 819
KZN Department of Arts and Culture	7 787 000	7 445 000
eThekweni Municipality	3 000 000	2 250 000
Total	<u>75 728 084</u>	<u>59 222 819</u>
Conditional grant		
National Department of Arts and Culture		
The Playhouse Company receives public funding from the National Department of Arts and Culture.		
In terms of Para 53(3) of the Public Finance Management Act, 1999, the public entity may not budget for a deficit and may not accumulate surpluses unless written approval of The National Treasury has been obtained.		
Unless written approval is received, the unused grants must be returned to National Treasury.		
The Playhouse Company has received the approval from National Treasury to retain the accumulated surplus.		

Notes to the Annual Financial Statements (continued)

Conditional Grant

The Kwazulu-Natal Department of Arts and Culture

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

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

1. To comply with the declaration that The Playhouse Company has in place effective, efficient and transparent financial management and controls systems for the management of the transfer payment from the Department,
2. To utilise the funding in accordance with the business plan,
3. To utilise the funding in accordance with the objectives set out in the memorandum of agreements and not for any other objectives not stipulated therein,
4. To utilise the funding subject to any written directives issued by the Head of the Department,
5. To submit quarterly reports to the Department on or before the agreed dates,
- 5.1 To ensure that the quarterly reports provide a detailed report on the achievements against the objectives set out in the business plan,
- 5.2 To ensure that the quarterly reports contain an expenditure report detailing how the funding was used against the business plan,
- 5.3 To ensure that the quarterly report contain any other information and or documents that the Department may require,
6. To submit to the Department the close out report for the 2015/2016 financial year by no later than the 30th April 2016.
7. To provide the Department with such financial reporting information required by it to enable it to comply with the statutory and ancillary reporting obligations applicable to it from time to time and to enable it to properly account for the transfer of funds in its books of account.
8. To account for the interest earned each month and acknowledges that the Department reserves the right to determine the utilisation of the interest.
9. To maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective.
10. To immediately notify the Department in writing of any failure on its part to achieve any of its obligations.
- 11.1 To ensure that in its execution of the MOA and in the performance of its duties, The Playhouse Company does not cause breach of any other agreement to which The Playhouse Company is a party.
- 11.2 To ensure that any other agreement that The Playhouse Company may enter into with such other parties as may be necessary to fulfil its obligations to the Department, shall not in any way be in conflict or cause a conflict with the provisions of the MOA.

Notes to the Annual Financial Statements (continued)

Conditional grant

eThekwini Municipality

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

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

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

These obligations are set out hereunder:

1. The Playhouse Company shall apply the funds to the attainment of its main object as a Cultural Institution.
2. The Playhouse Company shall commit itself to contributing meaningfully to the improvement of the quality of life of the artistic communities within eThekwini Municipality by:
 - 2.1. Developing, presenting and implementing its artistic plan in order to encourage participation by the communities within the eThekwini municipal area.
 - 2.2. Utilising arts and culture to enhance socio-economic empowerment of local artists.
 - 2.3. Ensuring the visibility and accessibility of The Playhouse Company in various communities of eThekwini as well as in those art centres which elect to collaborate with The Playhouse.
 - 2.4. Contributing and playing a promotional and a significant role in economic development and tourism.
 - 2.5. Ensuring The Playhouse Company's artistic growth, financial sustainability and achieving excellence in all its activities.
3. The Artistic Director and Chief Executive of The Playhouse Company and the City manager, or the Managing Department of eThekwini Municipality shall, in addition to the annual review, have a formal review of The Playhouse Company's performance in terms of this agreement.
4. The review of the annual grant shall take place by the 15th of December and shall focus on, but not restricted to, The Playhouse Company's attainment of the following targets and other obligations:
 - 4.1. Securing funding from other sources of funding including other spheres of government.
 - 4.2. The ratio of administrative staff costs in relation to total grant should not exceed 30%,
 - 4.3. Evidencing that 70% of the total grant was exclusively utilized towards the artistic plan.
 - 4.4. Showing that outreach programmes shall be notably increased in comparison with previous years and the presentation of relevant statistics as well as means of verification reflecting new community outreach programmes for the year.
 - 4.5. The Playhouse Company shall make its venues and facilities available free of charge to applicants (maximum of 10 per Council financial year) referred to it by eThekwini, provided that The Playhouse Company does not incur any expense in the provision of those venues or facilities.
 - 4.6. The Playhouse Company shall make its venues and facilities available in accordance with the following:
 - 4.6.1 The request for facilities must be made in writing no less than 6 months prior to the event.
 - 4.6.2 The Playhouse Company shall notify eThekwini on an alternate date if the date requested is not available.
 - 4.6.3 The applicants referred, save for the hire costs, shall be subject to the same terms and conditions as other ordinary clients of The Playhouse company.
 - 4.7. The Playhouse Company shall acknowledge eThekwini through means of including but not limited to, the inclusion of its logo on all its promotional material as well as especially internal programmes, projects and events.
 - 4.8. The Playhouse Company shall submit a copy of its quarterly report to eThekwini.
 - 4.9. The Playhouse Company shall provide a copy of its audited AFS as soon as it becomes available but not later than the 15th of August each year.
 - 4.10. The Playhouse Company shall provide a copy of its Annual report as soon as it becomes available but not later than the 15th of August each year.

Annual Financial Statements

For the year ended 31 March 2016

Notes to the Annual Financial Statements (continued)

	Notes	March 2016	March 2015
		R	R
9. Other operating income			
Revenue from exchange transactions		5 359 495	5 576 116
Hire of performance venues, costumes, sets, and mobile stage		2 552 597	3 057 430
Box office income		1 395 113	1 187 579
Rent received		412 501	325 274
Bar & other sales		373 915	314 067
Functions		229 008	285 509
Box office commission – external productions		188 207	169 900
Sundry revenue – admin, computicket commission and fair valuation of assets		208 154	236 357
Revenue from non-exchange transactions			
Donations and sponsorships (productions)		882 098	1 151 891
Total		6 241 593	6 728 007
10. Production expenditure			
Direct production expenditure		12 554 748	11 831 450
Outside hirers		4 842	(820)
Productions and festivals		12 475 504	11 593 952
Mobile stage		74 402	238 318
Indirect production expenditure		116 344	200 043
Total		12 671 092	12 031 493
11. Production and technical services expenditure			
Technical services		4 843 169	4 740 690
Total		4 843 169	4 740 690
12. Other operating expenditure			
Transport		400 569	486 232
Loss on sale of assets		-	186 892
Deco hire		7 426	52 902
Wardrobe		16 472	18 243
General - consultants, insurance and phones		792 917	888 279
Cost of sales - bar and other		218 091	177 372
Total		1 435 475	1 809 920

Notes to the Annual Financial Statements (continued)

	Notes	March 2016	March 2015
		R	R
13. Emoluments			
Salaries		20 799 969	18 896 406
Adhocs		2 338 052	1 980 157
Provident fund		2 951 994	2 685 910
Medical aid		702 905	632 636
Uif		168 553	163 511
Bonus		1 728 682	1 565 199
Overtime		228 706	237 636
Leave		73 788	225 413
Council - attendance		251 780	178 144
Housing subsidies		816 687	800 000
Long service awards		59 940	45 360
Total		30 121 056	27 410 372
14. Surplus (Deficit) from operations			
Surplus (Deficit) from operations is arrived at after taking into account:			
Expenditure			
Auditors' remuneration:		935 074	552 215
Depreciation of property, plant and equipment:		12 414 410	15 587 534
Motor vehicles		722 879	561 256
Office furniture and other equipment		1 237 470	1 252 027
Computer equipment		331 226	444 798
Stage equipment		4 701 476	5 021 411
Workshop equipment		100 006	104 256
Leased assets		10 956 006	9 829 444
		18 049 063	17 213 192
Depreciation write back		(5 634 653)	(1 625 658)
Amortisation		70 079	61 455
Intangible assets		70 079	62 339
Amortisation write back		-	(884)
Emoluments - senior management and council	20	4 297 055	3 861 357
Staff costs		25 824 001	23 549 016
Professional services:		450 753	567 580
Internal audit fees		388 794	384 256
Consultancy fees		61 959	183 324

Annual Financial Statements

For the year ended 31 March 2016

Notes to the Annual Financial Statements (continued)

	Notes	March 2015	Restated March 2014
		R	R
15. Surplus (Deficit) for the year			
The Surplus for the 2016 year takes into account the recognition of the capital income in terms of GRAP 23 - Revenue from Non-Exchange Transactions Taxes and Transfers (principles of policy applied). The Deficit for the 2015 year takes into account the increased depreciation of assets fair valued in terms of Grap 17.			
16. Reconciliation of statement of changes in net assets			
Balance at 31 March		254 199 897	238 401 514
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		112 299 897	96 501 514
17. Reconciliation of cash generated			
Cash generated by operations			
Surplus (Deficit) for the year		15 798 383	(2 752 404)
Adjusted for:			
Depreciation, amortisation and impairment		12 484 488	15 648 989
Loss on disposal of property, plant and equipment		-	17 993
Interest received		(7 256 621)	(5 137 968)
Operating cash flows before working capital changes		21 026 250	7 776 610
Working capital changes		(15 841 569)	18 393 686
(Increase) Decrease in inventories		(28 689)	137 389
(Increase) in accounts receivable		(593 621)	(647 067)
Increase in accounts payable		1 089 825	196 185
(Decrease) Increase in deferred income		(16 309 084)	18 707 179
Cash generated from operations		5 184 681	26 170 296

Notes to the Annual Financial Statements (continued)

	Notes	March 2016	March 2015
		R	R
18. Financial instruments			
<i>Overview</i>			
The Playhouse Company has exposure to the following risks from its use of financial instruments.			
- Credit risk			
- Liquidity risk			
- Market risk			
- Interest rate risk			
This note presents information about The Playhouse Company's exposure to each of the above risks, The Playhouse Company's objectives, policies and processes for measuring and managing risk, and The Playhouse Company's management of capital. Further quantitative disclosures are included throughout these financial statements.			
In terms of Treasury Regulations 27.2.1, issued in terms of the PFMA, the accounting authority (Council) must ensure that a risk assessment is conducted regularly to identify emerging risks in the entity. The Council has established the Audit Committee which is responsible for developing and monitoring The Playhouse Company's risk management policies.			
The Playhouse Company's risk management policies are established to identify and analyse the risks faced by The Playhouse Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and The Playhouse Company's activities. The Playhouse Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.			
The audit committee oversees how management monitors compliance with The Playhouse Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by The Playhouse Company. The Audit Committee is assisted in its oversight role at operations level by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.			
Credit risk			
Credit risk is the risk of financial loss to The Playhouse Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from The Playhouse Company's receivables from customers.			
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 March was :			
Trade and other receivables (note 4)		1 961 922	1 368 301
Trade and other receivables			
The Playhouse Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The composition of The Playhouse Company's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk.			
The majority of other receivables and accruals relates to interest income receivable from financial institutions for monies invested in fixed deposits.			
The trade debtors comprise monies outstanding for the services as follows:			
Truck hire - deposits or order numbers are received before the truck is hired out for cultural events.			
Rental - Deposits are held from tenants.			
Function venue hire - Deposits are received in advance.			
Costume/props/wigs hire - fees are received before items are hired out.			
Ticket sales - monies are received from sales at the door or through Computicket.			
The Playhouse Company policy is to monitor its exposure to credit risk on a monthly basis. At year end, the maximum exposure to credit risk is represented by the carrying amount of each financial asset.			

Notes to the Annual Financial Statements (continued)

	Notes	March 2016	March 2015
		R	R
18. Financial instruments (continued)			
Trade and other receivables (continued)			
The calculation for the fair valuing of trade and other receivables is performed, however, the adjustment is not processed as the adjustment amount is not material.			
Analysis of trade and other receivables for reporting purposes:			
90 days and over		205 106	14 473
60 days		-	-
30 days		12 417	33 562
Current		1 744 399	1 320 266
		<u>1 961 922</u>	<u>1 368 301</u>
Investments			
The Playhouse Company limits its exposure to credit risk by investing only in liquid securities and only with approved banks and financial institutions.			
Guarantees			
The Playhouse Company's policy is to provide financial guarantees only for specified services.			
The guarantees in issue as at 31 March 2016 were as follows:			
eThekweni municipality for services - R 277 816			
The Postmaster for services - R 30 360			
The guarantees will expire on 31 December 2025 and will not be renewed.			
Liquidity risk			
Liquidity risk is the risk that The Playhouse Company will not be able to meet its financial obligations as they fall due. The Playhouse Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to The Playhouse Company's reputation.			
The Playhouse Company makes payments weekly. An assessment is made of the payments due in advance. Monies are transferred to the current bank account to meet the weekly obligations. Any surpluses are invested on a month to month basis at the most optimum interest rate.			
It is the policy of The Playhouse Company, in line with the National Department of Arts and Culture not to borrow monies. There are thus no credit facilities available.			
The cash available at 31 March 2016 was R110 640 147 (2015 - R104 773 219).			
Market risk			
Market risk is the risk that changes in market prices, such as the interest rates will affect The Playhouse Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.			
The Playhouse Company policy, in line with the National Department of Arts and Culture is to invest surplus cash. Optimal rates and investment periods are received from various banking institutions. A proposal is made and approved by senior management.			
Currency risk			
The Playhouse Company does not engage in foreign currency transactions and is thus not exposed to this risk.			
Interest rate risk			
It is the policy of The Playhouse Company, in line with the National Department of Arts and Culture not to borrow monies. There are thus no credit facilities available. There is thus no risk relating to changes in the interest rate.			

Notes to the Annual Financial Statements (continued)

	Notes	March 2016	March 2015
		R	R
18. Financial instruments (continued)			
Interest rate risk (continued)			
The Playhouse Company policy, in line with the National Department of Arts and Culture is to invest surplus cash. Optimal rates and periods are received from various institutions. A proposal is made and approved by senior management.			
Profile			
		2016	2015
		Int Rate %	Int Rate %
		Carrying amount	Carrying amount
Variable rate instrument			
FNB - 120 days	-	-	6,45
Investec - 120 day fixed	7,25	31 546 480	6,40
Nedbank - 60 Day fixed	7,10	2 500 000	-
Nedbank - 120 day fixed	6,90	13 935 379	6,05
ABSA - 90 day	-	-	6,20
ABSA - 120 day fixed	7,11	16 496 240	6,39
Standard Bank - 120 day	7,47	34 104 784	6,47
		98 582 883	66 983 594
At 31 March 2016, 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 R 985 829.			
At 31 March 2016, the carrying amounts of cash and cash equivalents, trade receivables and trade and other payables approximate their fair values due to their short term maturities. Trade receivables and payables will mature within 30 to 60 days.			
Fair values			
The fair values of financial assets and liabilities are the same as the carrying values reflected in the balance sheet.			
19. Tax exemption			
The Playhouse Company is exempt from taxation in terms Section 10 (1)(cA)(l) of the Income Tax Act.			
20. Emoluments - Senior management and council			
		March 2016	March 2015
		R	R
Senior management			
L Bukhosini - (Chief executive and artistic director)		1 784 414	1 660 773
Salary		1 419 131	1 320 122
Bonus		118 261	110 010
Pension, med-aid contributions		234 157	217 820
Cell phone and other		12 865	12 821
A Mohanparasadh - (Chief financial officer)		1 226 892	1 099 821
Salary		1 069 314	994 710
Bonus		89 109	82 893
Cell phone and other		68 469	22 218
O Hlangu - (Support services manager)		1 033 969	924 795
Salary		769 471	715 788
Bonus		64 122	59 649
Pension, med-aid contributions		145 035	136 177
Cell phone and other		55 341	13 181
Total senior managers		4 045 275	3 685 389

Annual Financial Statements

For the year ended 31 March 2016

Notes to the Annual Financial Statements (continued)

	March 2016	March 2015
	R	R
20. Emoluments - Senior management and council (continued)		
Members of council and subcommittees	251 780	175 968
HC Mgabadelo - Chairperson of council	108 044	25 088
JT Mtshali - Deputy chairperson of council	19 872	12 544
L Theron* - Audit committee member	-	6 104
M Mvulane*	-	14 792
S Gounden	20 664	12 816
B Mngoma*	-	6 408
C Jugnarayan*	18 368	6 408
N Mbele	16 192	8 704
FE Khumalo	23 080	10 880
KB Kunene	-	6 528
M Purkey	6 888	4 352
I Ntuli	6 528	-
NLB Radebe*	6 888	-
SP Ndlela	25 256	2 176
TS January Maclean - Chairperson of council**	-	10 560
Suresh Naidoo**	-	10 640
M Rajab**	-	6 288
Sadha Naidoo**	-	4 112
T Shezi**	-	6 408
NM Nala**	-	6 408
TSS Ngcobo**	-	4 112
R Ashe**	-	10 640
Total emoluments	4 297 055	3 861 357
* External independent member of the Audit Committee.		
**Council term ended on 30 September 2014.		
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 R2 951 994 (2015: 2 685 910) and is included in staff cost.		
22. Related parties		
22.1 National Department of Arts and Culture.		
Grants received for the financial year amounted to R 41 926 000, and for the year ended 2016/17 will amount to R 41 165 000. The reduction of R 761 000 is due to budget related reductions by National Treasury.		
22.2 KZN Department of Arts and Culture		
Grant received for the 2015/16 financial year amounted to R7 787 000, and for the year ended 2016/17 will amount to R 7 787 000. The year on year grant has not increased due to budget related reductions by National Treasury.		

Notes to the Annual Financial Statements (continued)

	Notes	March 2016	March 2015
		R	R
22. Related parties (continued)			
22.3. eThekweni Municipality			
A total transfer payment of R3 000 000 was received during the current year on 15 October 2015 for the period 1 July 2015 to 30 June 2016 in line with the municipalities financial year. An amount of R750 000, relating to April, May and June 2016 has been deferred to the 2016/17 financial year. A total transfer payment of R3 000 000 (2015: R2 250 000) is recorded as income for the current year, R2 250 000 (R3 000 000 - R750 000) plus R750 000 deferred in the previous financial year.			
22.4 Department of Public Works			
The department is the legal owner of the land and buildings occupied by The Playhouse Company and The Playhouse Company leases the property at no charge.			
22.5 KwaZulu-Natal Philharmonic Orchestra - KZNPO			
On 1 April 1998, The Playhouse Company reduced its operational size in line with the principles contained in the Department of Arts, Culture, Science & Technology White Paper. The restructuring exercise was driven by two main objectives: to eliminate the budgeted deficit and to implement strategies to avoid future deficit scenarios. One of the ways of reducing the expenditure was by registering the KZNPO as a non-profit independent Section 21 Association Not for Gain Entity. As a result of this transformation, the two organisations agreed to enter into a mutual benefit relationship.			
A Memorandum of Agreement exists between The Playhouse Company and KZNPO. This agreement includes the following :			
a) Occupying a portion of The Playhouse Company's administration building.			
b) Access to finance and human resources services for which they are invoiced .			
c) As part of the restructuring process in 1999 assets (orchestral equipment, scripts and scores with an original cost of R328 739 were transferred to the KZNPO at a nil value.			
d) The Playhouse Company receives a discounted rate for the artistic services offered by KZNPO to The Playhouse Company.			
The Playhouse Company engaged the services of KZNPO for various productions in a professional and mutually beneficial relations for the delivery of services according to the mandate of each institution.			
Payments by The Playhouse Company to KZNPO		703 435	469 067
Accrual by The Playhouse Company		158 189	0
Payments by KZNPO to The Playhouse Company		250 013	373 122
The KZNPO is the only professional orchestra in KwaZulu-Natal to render such services. It is cost effective to utilise a locally established entity thus eliminating unnecessary exorbitant transport and accommodation costs.			
The Chief Executive Officer of the KZNPO is married to the Chief Executive Officer of The Playhouse Company.			
22.6. Council			
The Council was appointed by the Minister of Arts and Culture to oversee and ensure good corporate governance. Council has various subcommittees such as Arts and Fundraising, Finance, Audit and Governance, Human Resources and Remuneration Committees that guide and assist management which is appointed by Council. Refer note 20 - compensation.			
22.7. Artist fees			
During the year under review, one of the 181 artists the Cultural Institution engaged was the services of Mr Bongani Tembe a world famous tenor as a soloist for a series of concerts of a staged production of "A Christmas Celebration". An amount of R150 000 (2015: R80 000) was paid.			
22.8. Key personnel			
Chief executive and artistic director - Linda Bukhosini			
Chief financial officer - Amar Mohanparasadh			
Support services manager - Oscar Hlangu			
23. Subsequent events			
There was no significant events that occurred between balance sheet date and date of this report.			
24. Irregular, fruitless or wasteful expenditure			
No material losses through criminal conduct, or irregular, fruitless or wasteful expenditure were incurred during the year ended 31 March 2016.			

Annual Financial Statements

For the year ended 31 March 2016

Notes to the Annual Financial Statements (continued)

	Notes	March 2016	March 2015
		R	R
25. Services in-kind			
The Company did not receive any services in-kind that was significant to the company's operations and/or service delivery objectives. No in-kind services have been recognised in the annual financial statements.			
25.1. In-kind services rendered by Council and committee members in the employment of the State:			
The Treasury Regulation on "Service benefit packages for office-bearers for certain statutory and other institutions" states that employees of National, Provincial and Local Government or institutions, agencies and entities of government serving as office bearers of public entities/institutions are not entitled to additional remuneration.			
Two Council and committee members were in the employment of the state and did not receive fees for attending council and committee meetings.			
25.2. Publicity and media partnerships in kind:			
One of the entities APP objectives deals with publicity and media partnerships in kind. When the entities name appears in the any written media, the measurements of the articles are taken and a formula applied to generate a value for in-kind publicity. The entity has insufficient control over the services provided.			
26. Non-cancellable committed tenders			
At the balance sheet date The Playhouse Company had outstanding commitments in respect of non-cancellable tenders awarded during the year. The tender awards are as follows:			
Recording Studio upgrade		5 045 344	-
Led stage screens		4 981 629	-
Upgrading of Theatre Lighting		5 020 982	-
Opera Sound Refurbishment		421 800	-
Head office Reception & Foyer upgrade		222 870	-
Replacement of Alhambra and Tudor roofing		9 985 718	1 130 626
Replace Opera Theatre Main Curtains and Drapes		-	1 093 055
		25 678 343	2 223 681
27. Reconciliation between budget and statement of financial performance			
Net surplus (deficit) per the statement of financial performance		15 798 383	(2 752 404)
Adjusted for:			
(Increase)Decrease in capital works grant from DAC		(17 015 084)	12 957 181
Increase in grant received		(2 170 000)	1 552 640
Increase in sponsorship for the staging of productions		(882 098)	(1 151 891)
Increase in production income		(623 960)	(1 095 009)
Increase in liquor bar and sundry income		(59 261)	-
Increase in finance income		(1 256 621)	(637 968)
(Decrease) in production cost		(1 301 580)	(184 276)
Decrease in compensation to employees as certain positions not filled		(1 692 239)	(2 792 761)
Decrease in consumables, electricity and cleaning		(513 690)	(726 195)
Decrease in council expenses		(120 174)	(251 837)
Increase (Decrease) in telephone expenses		26 658	(102 383)
Decrease in repairs and maintenance		(827 710)	(735 912)
Decrease in other operating expenses		(2 454 840)	(329 878)
Deficit on the sale of assets		-	186 892
Depreciation		12 484 488	15 648 989
Capital expenditure budgeted but not processed to statement of financial performance		(50 771 807)	(47 364 345)
Net deficit per approved budget (including capex)		(51 379 535)	(27 779 157)



South African Women's Arts Festival: Gala Concert

Annual Financial Statements

For the year ended 31 March 2016

Notes to the Annual Financial Statements (continued)

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

STATEMENT OF FINANCIAL PERFORMANCE - ACTUAL VERSUS BUDGET

	2016 ACTUAL	2016 ORIGINAL BUDGET	2016 REVISED BUDGET	2016 VARIANCE	2016 VARIANCE
	R 000	R 000	R 000	R 000	%
REVENUE	81 969 678	66 718 525	61 219 275	20 750 403	
Grants	75 728 084	62 043 000	56 543 000	19 185 084	34%
Production income	1 395 113	1 816 500	1 816 500	(421 387)	-23%
Donations and sponsorships	882 098	-	-	882 098	0%
Rent received	412 501	407 000	407 000	5 501	1%
Hire of performance venues, costumes and sets	2 552 597	1 557 250	1 507 250	1 045 347	69%
Box office commission - external productions	188 207	150 000	150 000	38 207	25%
Bar and other sales	373 915	525 000	400 000	(26 085)	-7%
Sundry income	437 163	219 775	395 525	41 638	11%
EXPENDITURE	73 427 916	67 316 111	67 827 004	(5 600 911)	
Production expenditure	12 554 748	13 856 828	13 856 328	1 301 580	9%
Employee related costs	30 195 395	32 040 950	31 887 634	1 692 239	5%
Annual report	100 560	110 000	110 000	9 440	9%
Auditors fees external	935 074	1 000 000	1 000 000	64 926	6%
Auditors fees internal	388 794	428 000	428 000	39 206	9%
Council related expenses	436 926	663 600	557 100	120 174	22%
Cleaning and sanitation	1 146 978	1 352 749	1 232 749	85 771	7%
Consumables	987 335	1 284 650	1 378 650	391 315	28%
Electricity	3 673 450	3 795 825	3 795 825	122 375	3%
Security	2 600 377	2 942 500	2 942 500	342 123	12%
Insurance	310 449	315 115	315 115	4 666	1%
Legal expenses	30 005	60 000	60 000	29 995	50%
Marketing	776 650	1 000 000	1 000 000	223 350	22%
Repairs & maintenance	1 957 860	2 584 020	2 785 570	827 710	30%
Telephone	411 593	373 175	384 935	(26 658)	-7%
Training	319 365	395 900	320 900	1 535	0%
Travel - local and overseas	668 851	642 000	707 000	38 149	5%
Water	461 052	332 850	482 850	21 798	5%
Depreciation	12 484 487	-	-	(12 484 487)	100%
General expenses	2 987 967	4 137 948	4 581 848	1 593 881	35%
Surplus from operations	8 541 762	(597 586)	(6 607 729)	15 149 492	
Interest received	7 256 621	3 250 000	6 000 000	1 256 621	21%
Surplus for the year	15 798 383	2 652 414	(607 729)	16 406 113	

Changes from the approved budget to the final budget

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

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

Notes to the Annual Financial Statements (continued)

Explanation of significant variance

Capital grant recognised in terms of GRAP 23 - Revenue from Non-Exchange Transactions Taxes and Transfers.

No long run year end production was presented thus resulting in lower ticket sales and income.

Sponsorship income received from Department of Arts and Culture in respect of Ingoma and Iscathamiya Competitions and the schools tour.

Outside hirers income exceeded budget by R1 million.

Commission on outside hirer productions exceeded expectations.

No long run year end production was presented thus resulting in lower bar sales.

Admin revenue and tender deposits exceeded budget.

Savings arising from not presenting a large scale production in December were committed to the May day concert in celebration of Africa month.

Some positions were filled by adhoc staff to reduce operational expenses in light of cost savings.

Savings in publication and printing of 2016 annual report.

Savings in fees for the Auditor General's 2015 audit.

Some internal audit work was carried over to the new financial year.

Savings due to the ISPA conference not attended in June 2015.

Savings as a result of cost saving initiatives.

Savings in domestic electrical as energy saver lamps are lasting far longer with less replacement. Savings in other consumables are in line with cost saving initiatives.

Dependent on the number of productions that required extra security.

Savings arising from cost saving initiatives.

Production marketing was accentuated by accessing the corporate marketing budget.

Measures of cost control have been put in place after receiving budget cut notification from National Treasury.

The amended budget was under estimated.

Flights and accommodation booked in advance to take advantage of cheaper rates. Savings in accommodation costs also resulting from directive from National Treasury limiting the accommodation value.

Savings arising from cost saving initiatives.

Non cash flow item not budgeted for annually.

R 500 000 contingency reserve budgeted and not utilised. Savings in various expenses items due to cost saving initiatives.

Funds optimally invested with banks providing best rates of returns.

Annual Financial Statements

For the year ended 31 March 2016

Notes to the Annual Financial Statements (continued)

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

FIXED ASSET ADDITIONS - ACTUAL VERSUS BUDGET

	2016 ACTUAL	2016 ORIGINAL BUDGET	2016 REVISED BUDGET	2016 VARIANCE	2016 VARIANCE	Explanation of significant variance
	R 000	R 000	R 000	R 000	%	
Office equipment	150 910	100 000	711 283	560 373	79%	Acquisition of some office equipment was delayed after receiving budget cut notification from National Treasury.
Computer equipment	151 782	225 000	225 000	73 218	33%	Acquisition of computer equipment was delayed after receiving budget cut notification from National Treasury.
Transport	395 023	-	354 934	(40 089)	-11%	Savings in purchase price of vehicle following negotiations.
Stage equipment	657 159	11 500 000	33 203 803	32 546 644	98%	Tenders were awarded during the year and were in progress at year end. Work will be completed in first quarter of the new year.
Buildings	5 219 501	-	16 276 787	11 057 286	68%	Tenders awarded and work in progress at year end.
Total	<u>6 574 375</u>	<u>11 825 000</u>	<u>50 771 807</u>	<u>44 197 432</u>	87%	

Changes from the approved budget to the final budget were due to capital budget roll overs.

Funding for capital projects were received on 31 March 2015 and the funds had to be rolled over to the year ended 31 March 2016 for project implementation and execution.



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