



an agency of the
Department of Sport, Arts & Culture



**ANNUAL
REPORT
2019/20**



Front row: Linda Zama, Hlengiwe Mgabadel (Chairperson), Minister Nathi Mthetwa (Minister of Sport, Arts & Culture), Khwezi Kunene (Deputy Chairperson), Thandeka Mngadi and Linda Bukhosini (CEO & Artistic Director).
Back row: Siphesihle Ndlela, Nkosinathi Mbele, Lebogang Matlala, Fezile Wetes, Abia Litheko and Sathie Gounden.

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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

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

3. Strategic Overview

3.1. Vision

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

3.2. Mission

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

We advance, promote and preserve the performing arts by:

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

3.3. Values

What it means in practice for The Playhouse Company



an agency of the
Department of Sport, Arts & Culture

CREATIVITY AND INNOVATION

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

EXCELLENCE AND INTEGRITY

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

We are timeline driven and goal orientated.

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

We aim for excellence and learn from our mistakes.

DIVERSITY

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

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

SUSTAINABILITY

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

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

SINOBUNTU

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

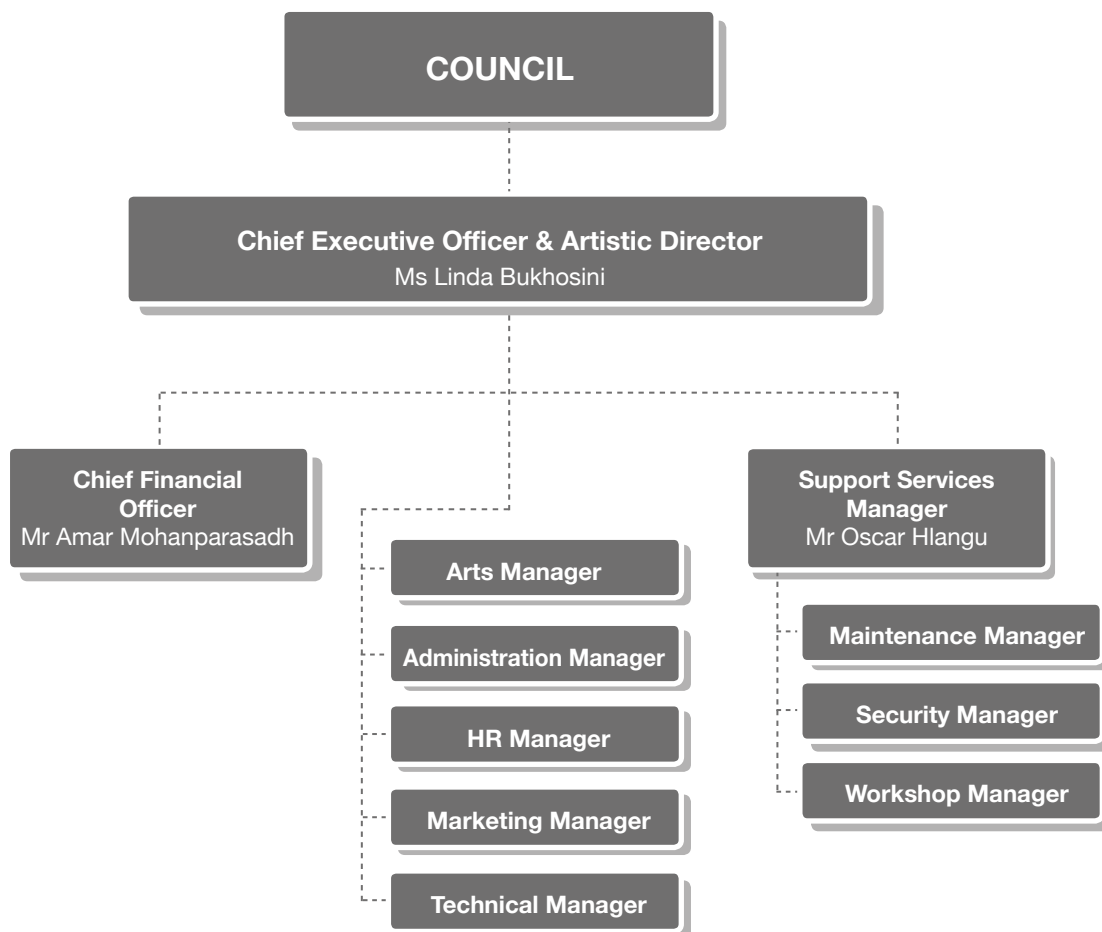
We work hard at maintaining a safe and healthy work environment, protecting our assets and scarce resources, developing our people and promoting a healthy work/life balance.

4. Legislative and Other Mandates

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

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

5. Organisational Structure



6. Foreword by the Chairperson



In the year under review the Council played a very successful role in ensuring that the institution is in line with its key components and of its mandate.

This year however was not as easy as the other years under the current Council teams term of office due to the following important areas among others:

The amalgamation of the Department of Arts, Culture and Heritage with the Department of Sport needed its own time and attention. Different workshops were to be attended mainly by the Chairperson, CEO, sometimes with the Deputy Chairperson to ensure smooth amalgamation that will deliver as expected to both entities involved in this process does take place. Strategic planning with the Council members had to take into consideration this amalgamation.

Lockdown due to the brutal international virus that has caused death to so many people inside and outside South Africa. The Playhouse Company was not left unaffected by this as two Council members lost their immediate family member. May their souls rest in eternal peace.

The Playhouse Company suffered directly and indirectly by losing the renowned founder member of Iscathamiya *ubaba* Joseph Shabalala, a very instrumental group in this entities annual Iscathamiya Competitions formation. This loss left the whole country, the globe and the young upcoming groups with a huge loss and a big challenge. May his soul rest in eternal peace.

Through the close working together of the Council with Management through this trying time, this Council managed to ensure that the mandate of the entity was achieved.

On behalf of the Council and Management I would like to express my sincere appreciation and thanks to the artistic community media, patrons for making it possible for the institution to deliver on its mandate. We are pleased to present the annual report and financial statement of the Playhouse Company for the fiscal year ending on 31 March 2020.


Ms Hlengiwe Christophina Mgabedeli

Council Chairperson



▶ A Tribute Concert to Joseph Shabalala





7. Chief Executive Officer's Overview

The year in review has seen The Playhouse Company present a remarkably diverse arts programme that bears testimony to a truly diverse and artistically remarkable body of stage works. We use the performing arts as a vehicle to foster greater understanding and encourage critical discussions on important issues that affect our society.

170
PRODUCTIONS

442
PERFORMANCES

12 704
ARTISTS

183 151
AUDIENCE

A variety of artistic programmes and events were staged. These included arts mentorship, professional development and arts education programmes while offering decent livelihoods for arts practitioners.

All the above is possible with continued support and cooperation from our government, Council, dedicated staff, the performing arts community and our audiences.

We thank you.



Ms Linda Bukhosini
Chief Executive Officer & Artistic Director



IN-HOUSE PRODUCTIONS

Produced and/or presented by The Playhouse Company

The Playhouse Company produces

Handel's Messiah

Director	Ralph Lawson
Conductor	Naum Roussine
Artists	Lauren Dasappa, Violina Anguelov, Wayne Mkhize, Bongani Kubheka, The KwaZulu-Natal Philharmonic Orchestra and the Playhouse Chorale

The Playhouse Company presents

Ukuzinza

Director	Mzokuthula Gasa
Choreographer	Mzokuthula Gasa
Script writer	Mzo Gasa
Artists	Phakama Dance Theatre (Residency Programme) in collaboration with Sibonelo Dance Company



▶ Tswalo featuring Peter Edward Langa

The Playhouse Company presents

Gone Native

Director	Makhaola Ndebele
Script writer	Makhaola Ndebele
Artists	Sibusiso Shozi, Maritjie Bothma, Ayanda Nhlangothi, Soyiso Ndaba, Isana Maseko, Kanyi Lukanyiso Nokwe, Kgomotso 'Momo' Matsunyane, Fana Abednigo Zulu, Johan Mthethwa, Godfrey Mgcina, Ntokozo Zungu

The Playhouse Company presents

Tswalo

Director	Mahlatsi Makgonyana
Script writer	Peter Edward Langa
Artist	Peter Edward Langa

The Playhouse Company presents

Shirley Valentine

Director	Steven Stead
Script writer	Willy Russel
Artist	Lisa Bobbert

The Playhouse Company produces

Trafficked

Choreographer	Sandile Mkhize
Artists	Phakama Dance Theatre (Residency Programme)

The Playhouse Company produces

Dialogue: Mental Health Awareness

Curator	Siindile Xhakaza
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The Playhouse Company produces

Dialogue: Ethical Living

Curator	Dr Beatrice Okyere-Manu
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The Playhouse Company produces

Traditional Concert Extravaganza

Director	Clare Mortimer
Artists	Tu Nokwe, Vumile Mngoma, Izingane Zoma, Dr Nothembi Mkhwebane, Dawn Thandeka King

PHAKAMA KIDS





The Playhouse Company presents

A Christmas Carol – The Story of Scrooge

Director	Robin van Wyk
Choreographer	Veronica Paeper
Conductor	Naum Rousine
Artists	Cape Town City Ballet and The KwaZulu-Natal Philharmonic Orchestra





The Playhouse Company produces

A Christmas Celebration

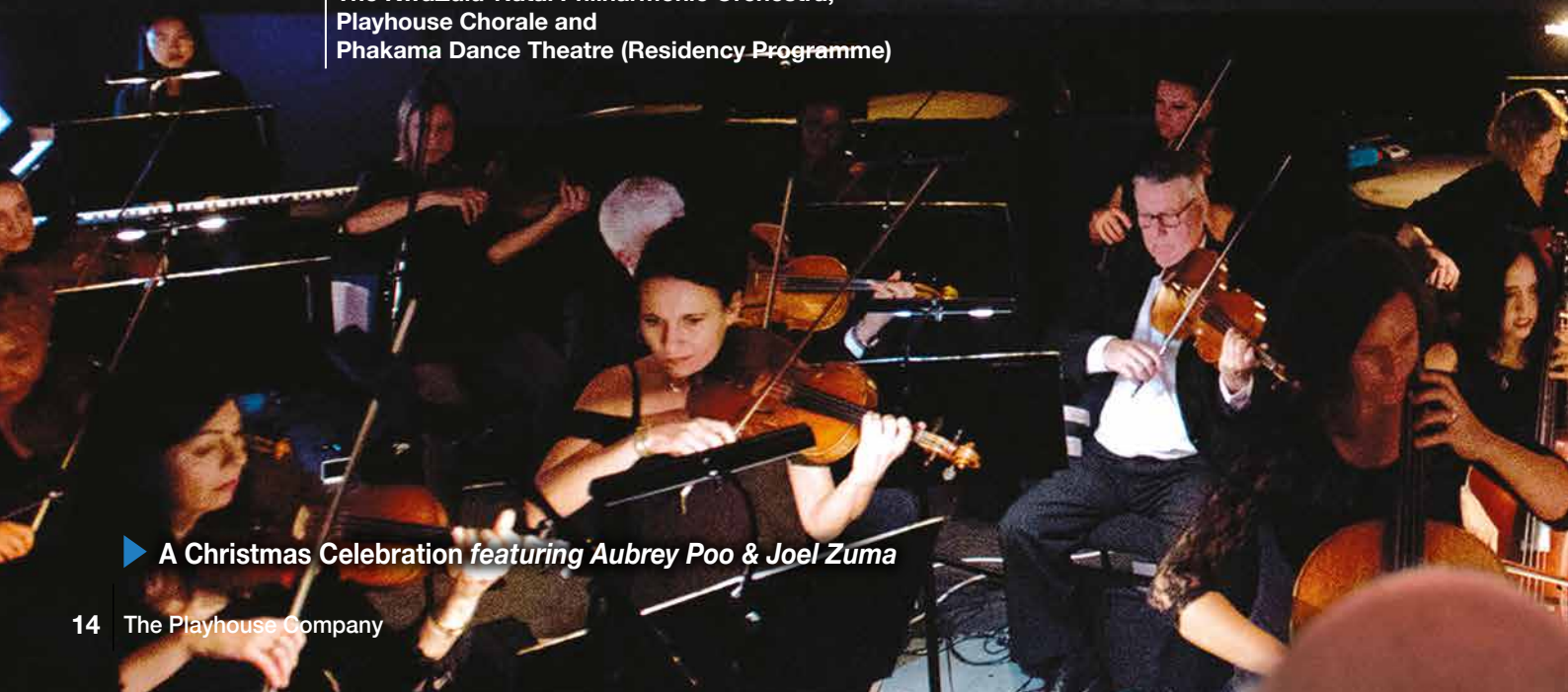
Director **Ralph Lawson**

Choreographer **Luyanda Sidiya**

Conductor **Lykele Temmingh**

Soloists: **Zandile Mzazi, Wayne Mkhize, Mthunzi Nokubeka, Aubrey Poo, Shirley McLaine, Joel Zuma, Mthobisi Mthlane, Sthandiwe Kgoroge**

Artists **Darren Maule, The KwaZulu-Natal Philharmonic Orchestra, Playhouse Chorale and Phakama Dance Theatre (Residency Programme)**



▶ **A Christmas Celebration featuring Aubrey Poo & Joel Zuma**



▶ **Tribute Jazz Concert featuring Umkhumbane Jazz Ensemble**



The Playhouse Company presents

Fudukazi's Magic

Director	Dr Gcina Mhlophe
Script writer	Dr Gcina Mhlophe
Artists	Dr Gcina Mhlophe, Khwezi Becker, Nkosingiphile Mpanza, Victor Sithole, Njabulo Shabalala

The Playhouse Company presents

Joker is Queen

Director	Leeanda Reddy
Script writers	Leeanda Reddy and Kaseran Pillay
Artists	Leeanda Reddy and Kaseran Pillay

The Playhouse Company produces

Notebook

Choreographer	Sandile Mkhize
Performers	Leagan Pepper, Mzamo Kunene, Sandile Mkhize, Precious Xolo, Mboneleli Mdleleni, Kristi Gresse, Nkanyiso Kunene, Nqubeko Ngema

The Playhouse Company produces

Tribute Jazz Concert

Director	Siyanda Mwandla
Artists	Natalie Rungan, Ernie Smith, Xolisa Dlamini, Umkhumbane Jazz Ensemble, Adolphus Kunene, Mthobisi Mthlane, Victor Sithole, Elias Sefatsa

The Playhouse Company presents

Sizwe's Triumph Over Sumdanger

Director	Thabo Mnguni
Script writer	Thabo Mnguni
Cast	Nokulunga Dladla, Nosipho Mkhize, Nontobeko Mdletshe, Bhekani Ndlovu, Sabatha Ngcobo, Sandile Mchunu



◀ *Joker is Queen featuring
Leeanda Reddy and Kaseran Pillay*

▲ *Tribute Jazz Concert featuring
Xolisa Dlamini & Ernie Smith*

The Playhouse Company produces

Community Arts Mentorship Programme

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

Director	Jerry Pooe
Mentees	12

The Playhouse Company produces

Okwethu Community Arts Festival

A community arts festival held at Kokstad Town Hall.

Director	Jerry Pooe
Artists	200



▶ A Christmas Celebration featuring Mzamo Kunene, Sandile Mkhize, Nkanyiso Kunene



The Playhouse Company produces

Sundowner Concert & Poetry

These popular monthly music and poetry concerts featured more than 200 artists.

The Playhouse Company produces

Test Driving the Arts

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





The Playhouse Company produces

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 in an all-night celebration.

▶ **Iscathamiya Competition featuring Zamani Happy Boys**

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.

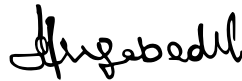
The accounting authority is responsible for establishing and implementing a system of internal controls that have been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

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 2020.



Ms Linda Bukhosini
Chief Executive Officer and Artistic Director
Date: 30 September 2020



Ms Hlengiwe Christophina Mgabedeli
Council Chairperson
Date: 30 September 2020



▲ Community Arts Awards Ceremony

PART B: PERFORMANCE INFORMATION

1. Statement of Responsibility for Performance Information for the year ended 31 March 2020

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

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

Description	Number (%)	Reason for Not Achieved/ Partially Achieved	Interventions
No. of annual performance targets	53		
Annual performance targets achieved	50 (94%)		
Annual performance targets not achieved	3 (6%)	<ul style="list-style-type: none">i. Due to the COVID-19 pandemic the Ingoma Competition was postponed until further notice.ii. Audience attendance target of 250 000 per annum (paying and non-paying audience) was not achieved. The actual attendance was 183 701. A large scale year end production was postponed due to unforeseen circumstances faced with the creatives whilst the Covid-19 lockdown announcement resulted in some productions being postponed in March 2020.iii. The actual vacancy rate was 16% compared to the budget of 10%. All vacant positions were under review in the light of the organisations operational requirements and budget cuts. Positions were filled by adhoc on an as and when need basis.	<ul style="list-style-type: none">i. The annual performance plans will be amended and rolled taking into account the impact of the Covid-19 pandemic restrictions placed on the entity.ii. The organogram will be revised to remove non-critical posts that will be filled by adhoc on an as and when needed basis.

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 2020.

The Playhouse Company performance information for the year ended 31 March 2020 has been examined by the external auditors and their report is presented on pages 46 to 48.

The performance information of The Playhouse Company set out on pages 25 to 34 were approved by the Board.



Ms Linda Bukhosini

Chief Executive Officer & Artistic Director

2. Auditor's Report: Predetermined Objectives

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

Refer to page 46 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 2019-2020	Measurable and evidence based performance indicators 2020-2021	Measurable and evidence based performance indicators 2021-2022	Measurable and evidence based performance indicators 2022-2023	Measurable and evidence based performance indicators 2023-2024
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 2019	Unqualified Audit Report at 31 March	Unqualified Audit Report at 31 March	Unqualified Audit Report at 31 March	Unqualified Audit Report at 31 March	Unqualified Audit Report at 31 March
		Quarterly Compliance checklists for March 2019 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 2019 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 2018-2019	Planned target 2019-2020	Actual achievement 2019-2020	Deviation from planned target to actual achievement for 2019-2020	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 2019	Unqualified Audit Report at 31 March	Achieved. Unqualified clean audit report received for the year ended 31 March 2020	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 2019 submitted timeously	Produce quarterly annual performance plan reports	Achieved. Quarterly annual performance plans for March 2020 submitted timeously	None	n/a

Key performance indicators, planned targets and actual achievements

Outcomes: Key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2019-2020	Actual achievement 2018- 2019	Planned Target 2019-2020	Actual achievement 2019-2020	Deviation: Planned/ actual 2019-2020	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
	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 as per the internal audit plan	4 Internal audits to be conducted annually	6	4	4	0	n/a
	Ensuring good governance and controls are in place	Maximum of 10% critical findings to be raised per internal audit report	0%	10%	0%	10%	No critical findings reported
	Risk assessment completed on an annual basis	1 Risk assessment report prepared on an annual basis by 30 April	1	1	1	0	n/a
	Review the IT plan. Improve IT infrastructure. Supply efficient IT resources to all departments	Less than 10% downtime in operations reflected in monthly report	0%	10%	0%	10%	No downtime experienced
2.3 Fixed Assets: Increase efficiency in the management of fixed assets	Annual verification of fixed assets. Monthly updates of the fixed asset register and bar coding of new assets	Completed fixed asset register in compliance with Fixed Asset Policy by 31 March	1	1	1	0	n/a
2.4 Supply Chain Management (SCM): To enforce compliance with SCM policies and procedures	Implement all treasury practice notes within the stipulated timelines	Ensure practice notes are discussed with staff within 30 days on receipt from Treasury. Minutes of meeting or email confirmation available to support this	100% compliance	100% compliance	100% compliance	0	n/a
2.5 Budgeting and Reporting: To improve financial management and control of The Playhouse Company funds	Monitoring of budgets and explanation for variances on a monthly and quarterly basis	5% variance of actual against budget must have an explanation on a monthly basis	12	12	12	0	n/a
	Annual Budgets to be submitted to DAC by 31 August, 30 November and final by the 15th of January each year	Monthly management accounts to be distributed to Management, FINCO and Audit & Governance Committee members by 15th of every month	12	12	12	0	n/a
		Quarterly management accounts to be distributed to key stakeholders 30 days after each quarter	4	4	4	0	n/a
2.6 Process of managing Debt: develop a system to guide the process of managing bad debt	Implement a debt management system	Minimum of 90% debt recovery excluding legal matters by 31 March	100%	90%	100%	10%	All debtors excluding legal matters is recoverable

Linking performance with budgets

	2019/2020			2018/2019		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Corporate Governance and Finance	15 935	15 180	758	15 432	15 241	192
Total	15 935	15 180	758	15 432	15 241	192

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 2019/2020	Measurable and evidence based performance indicators 2020/2021	Measurable and evidence based performance indicators 2021/2022	Measurable and evidence based performance indicators 2022/2023	Measurable and evidence based performance indicators 2023/2024
3. To effectively support and service the human resources requirements of the Organisation	To provide skills training that will ensure a highly skilled workforce	91% of training plan implemented by 31 March 2019	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 2019	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 2018-2019	Planned target 2019-2020	Actual achievement 2019-2020	Deviation from planned target to actual achievement for 2019-2020	Comment on deviations
3. To effectively support and service the human resources requirements of the Organisation	Achieved. 95% of the training plan was completed by the end of March 2019	90% of the training plan is implemented by 31 March annually	Achieved. 91% of the training plan was completed by the end of March 2020	9%	The 9% variance is manageable by management
	Achieved. The 1st half yearly reviews were completed in October 2018, whilst the 2nd reviews were completed in April 2019	Performance agreements are drawn by 31 March and conduct bi-annual performance assessments	Achieved. The 1st half yearly reviews were completed in October 2019, whilst the 2nd reviews were completed in April 2020	None	n/a

Key performance indicators, planned targets and actual achievements

Outcomes: key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2019-2020	Actual achievement 2018-2019	Planned target 2019-2020	Actual achievement 2019-2020	Deviation: Planned/actual 2019-2020	Comment on deviations
3.1 To ensure a constant resource of skilled, talented and motivated employees to meet the institution's needs	Implementation of effective recruitment, training and development, and performance management systems	Following plans and system in place by 31 January of each year, i.e. the recruitment system, the training and development plan and the performance management plan	1	1	1	0	n/a
3.2 Effectively manage, monitor and evaluate staff turnover	Review annual labour turnover	Report on the annual labour turnover on a monthly basis	12	12	12	0	n/a
		Annual vacancy rate below 10%	9.70%	10%	16%	6%	The 6% variance resulted from operational requirements and budget cuts
		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	95%	90%	91%	9%	Proper management of the plan ensured 91% implementation
	Provide work experience to capacitate trainees	Enroll at least 4 trainees to receive on the job work exposure	10	4	9	5	TPC created an additional 5 positions for trainees
	Bi-annual Performance Reviews for all employees	Performance Reviews completed for employees on a bi-annual basis	2	2	2	0	n/a
3.5 Ensure a stable IR operating environment	Monitor and review disciplinary and grievance matters reported	Report on disciplinary and grievance matters on a quarterly basis	4	4	4	0	n/a
	Building and maintenance of sound collaborative employee relations within the organisation	Negotiate wage agreement annually with the Collective Bargaining Forum	1	1	1	0	n/a

Linking performance with budgets

	2019/2020			2018/2019		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Human Resources	3 003	2 506	497	2 918	3 389	(471)
Total	3 003	2 506	497	2 918	3 389	(471)

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 2019/2020	Measurable and evidence based performance indicators 2020/2021	Measurable and evidence based performance indicators 2021/2022	Measurable and evidence based performance indicators 2022/2023	Measurable and evidence based performance indicators 2023/2024
To provide functional, efficient and safe asset management	Compile a comprehensive infra-structural support and safety plan	Support and safety plan was in place at 31 March 2019. 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 2018-2019	Planned target 2019-2020	Actual achievement 2019-2020	Deviation from planned target to actual achievement for 2019-2020	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 2019-2020	Actual achievement 2018-2019	Planned Target 2019-2020	Actual achievement 2019-2020	Deviation: planned/ actual 2019-2020	Comment on deviations
4.1 To provide effective, efficient and safe infrastructural support	Devise and implement an effective, efficient and timeous master maintenance plan for the vehicles, equipment and buildings by 31 January of each year	Signed written master maintenance plan and monthly departmental meeting minutes	10	10	10	0	n/a
4.2 Pursue funding of capital expenditure in consultation with the CEO	Develop and implement an Annual Capital Funding Expenditure Plan to source funding for capital expenditure projects	Annual Capital Funding Expenditure Plan by 31 January of each year	1	1	1	0	n/a
4.3 Maintain a healthy and safe environment	Devise and implement a health and safety plan in accordance with Health and Safety legislation	Review Health and Safety Plan and submit report by 31 March	1	1	1	0	n/a
		Quarterly Health and Safety meetings with recorded minutes	4	4	4	0	n/a
4.4 Ensure optimal maintenance of Playhouse vehicles	Review, update and implement the fleet maintenance plan	Fleet maintenance plan in place by 1 April of each year and implementation on a regular basis	1	1	1	0	n/a

Linking performance with budgets

	2019/2020			2018/2019		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Support Services	29 907	26 919	2 988	30 001	24 575	5 426
Total	29 907	26 919	2 988	30 001	24 575	5 426

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 2019-2020	Measurable and evidence based performance indicators 2020-2021	Measurable and evidence based performance indicators 2021-2022	Measurable and evidence based performance indicators 2022-2023	Measurable and evidence based performance indicators 2023-2024
To produce and present diverse shows that have artistic, entertainment and educational value	Develop an Annual Arts Plan that includes both professional and developmental productions	Arts plan for year ended 31 March 2018 finalised by 31 January 2018	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 2018-2019	Planned target 2019-2020	Actual achievement 2019-2020	Deviation from planned target to actual achievement for 2019-2020	Comment on deviations
To produce and present professional and developmental productions	Achieved. The Annual Arts Plan was finalised by 31 January	Finalised Annual Arts Programme by 31 January	Achieved. The Annual Arts Plan was finalised by 31 January	None	n/a

Key performance indicators, planned targets and actual achievements

Outcomes: Key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2019-2020	Actual achievement 2018-2019	Planned target 2019-2020	Actual achievement 2019-2020	Deviation: Planned/ actual 2019-2020	Comment on deviations	
1.1 To produce and present shows that have artistic, entertainment and educational value (subject to available funding)	Develop an Annual Arts Programme (AAP)	Finalised Annual Arts Programme by 31 January, it will include the following:	1	1	1	0	n/a	
	Implement the Annual Arts Programme by 31 March annually	a) Indigenous performing arts		2	2	1	(1)	March 2020 Production postponed due to Covid-19
		b) New Stages		15	4	6	2	Additional productions presented due to high demand from audiences and artists
		c) SA Women's Arts Festival		10	10	10	0	n/a
		d) Schools Programmes		4	2	3	1	Additional productions presented due to high demand from schools
		e) Test Driving the Arts		14	13	13	0	n/a
		f) Festive Season		3	2	5	3	Additional productions presented due to high demand from audiences and artists
		g) In-Association Productions & Events		16	12	30	18	Opportunities arose to assist additional arts practitioner/ producers at no additional expense
		h) Community Arts Mentorship Programme		2	1	1	0	n/a
		i) Outside Hire Production & Events		59	45	60	15	Demand for the venues exceeded expectation
		j) Mobile Stage		60	40	72	32	Opportunities arose to present more performances on the mobile stage at various schools
k) Sundowners		17	15	17	2	Additional performances presented in the month of May in order to hype the existing programmes		
1.2 Ensure equity in our artistic programming	AAP to ensure that at least 80% of previously marginalised groups participate annually	Artistic panel and peer review process to ensure that minimum of 80% of previously marginalised groups participate annually	81%	80%	93%	13%	The additional productions presented enabled us to increase the reach to previously marginalised groups	
1.3 To position and strengthen The Playhouse Company brand, market in-house productions and develop production sponsorship partnerships	Secure partnerships with media houses.	Secured in kind sponsorships to a value no less than R 250 000 per annum	R 922 760	R 250 000	R 320 000	R 70 000	The Playhouse Company received unprecedented support from service providers	
	Develop marketing campaigns for various activities at The Playhouse Company	Marketing plan in place by the 31st of January annually	1	1	1	0	n/a	
	To strengthen relationships/ partnerships with relevant stakeholders	Stakeholder management plan in place by the 31st of January annually.	1	1	1	0	n/a	

Outcomes: Key objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2019-2020	Actual achievement 2018-2019	Planned target 2019-2020	Actual achievement 2019-2020	Deviation: Planned/ actual 2019-2020	Comment on deviations
1.4 Ensure effective audience development through implementation of the artistic programme	Audience attendance of at least 250 000 per annum (paying and non-paying audience)	Audience attendance and sales report to reflect attendance of at least 250 000 per annum (Paying and non-paying)	218 997	250 000	183 151	(66 489)	A large scale year end production was postponed due to unforeseen circumstances faced with the creatives whilst the Covid-19 lockdown announcement resulted in some productions being postponed in March 2020
	Paying audience attendance of at least 45 000 per annum	Audience attendance and sales report to reflect paying attendance of at least 45 000 per annum	81 307	45 000	71 651	26 651	Box offices demand exceeded expectation
1.5 Stage Technical Services: to ensure that all theatre venues and resources, Sound, Lighting, Wardrobe and Recording Studio, are running optimally	Review and implement the maintenance plans for all venues and resources: Sound, Lighting, Wardrobe and Recording Studio	A monthly maintenance report with evidence-based improvement is in place for all venues and resources, Sound, Lighting, Wardrobe and Recording Studio	12	12	12	0	n/a
1.6 To deliver high quality customer service at Front of House	Conduct on-going customer surveys.	Report on Annual Satisfaction Survey monthly	12	12	12	0	n/a

Linking performance with budgets

	2019/2020			2018/2019		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
1. Arts and Technical Services	34 022	30 418	3 604	39 314	37 334	1 980
Total	34 022	30 418	3 604	39 314	37 334	1 980

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 2019-2020	Measurable and evidence based performance indicators 2020-2021	Measurable and evidence based performance indicators 2021-2022	Measurable and evidence based performance indicators 2022-2023	Measurable and evidence based performance indicators 2023-2024
To optimise the institution's revenue streams	Collate and align infrastructural funding resources and institutional needs from various streams into the annual budget	The finalised budget incorporating the funding streams was approved by Council by 31 January 2019	Finalised budget incorporating funding streams by 31 January	Finalised budget incorporating funding streams by 31 January	Finalised budget incorporating funding streams by 31 January	Finalised budget incorporating funding streams by 31 January	Finalised budget incorporating funding streams by 31 January

Strategic objectives, performance indicators planned, targets and actual achievements

Strategic objectives	Actual achievement 2018-2019	Planned target 2019-2020	Actual achievement 2019-2020	Deviation from planned target to actual achievement for 2019-2020	Comment on deviations
To optimise the institution's revenue streams	Achieved. Finalised budget incorporating funding streams were included in the budget which was approved by Council in January	Finalised budget incorporating funding streams by 31 January	Achieved. Finalised budget incorporating funding streams were included in the budget which was approved by Council in January	None	n/a

Key performance indicators, planned targets and actual achievements

Outcomes: Key Objectives	Actions to accomplish objectives	Measurable and evidence based performance indicators 2019-2020	Actual achievement 2018-2019	Planned target 2019-2020	Actual achievement 2019-2020	Deviation: Planned/ actual 2019-2020	Comment on deviations
5.1 Optimise secondary sources of revenue	Consolidate and implement comprehensive plans for generating secondary income.	CFO to consolidate plans for secondary income for inclusion in budget, in place by 31 January of each year	2	2	2	0	n/a
5.2 Investments: optimal return on investment of funds ensuring compliance with the Investment Policy	Invest with major banks in the country with a preferable interest rate of prime less 5%.	Secure investments with major banks at rates greater than prime less 5%	Yes	Yes	Yes	0	n/a
5.3 Revenue generated through the outside hires	Develop and implement a plan to achieve the targeted budget established for the outside hire of the theatres	Outside theatre hires to achieve 90% of budgeted revenue annually	496%	90%	386%	296%	Demand for the venues exceeded expectation
5.4 Tenants, Costumes, Sets and Props	Ensure the proactive drive in the hire of office space, costumes, sets and props meets the budgeted targets established.	Tenants, costumes, sets and props hire to achieve 75% of budgeted revenue annually	76%	75%	103%	28%	Demand for office space, costumes, sets and props exceeded demand when compared to prior years
5.5 Box office	Ensure the revenue generated from ticket sales meets the budgeted targets established	Ticket sales to achieve 90% of budgeted revenue annually	135%	90%	123%	33 %	Box offices demand exceeded expectation

Linking performance with budgets

	2019/2020			2018/2019		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue consolidation	11 476	14 380	(2 905)	16 449	17 754	(1 305)
Total	11 476	14 380	(2 905)	16 449	17 754	(1 305)

4. Summary of Financial Information

4.1. Revenue Collection

	2019/2020			2018/2019		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Grants – Operational	60 890	63 126	(2 236)	57 931	57 931	0
Grants – Capital	6 537	951	5 586	31 852	27 840	4 012
Finance income	6 207	6 799	(592)	6 502	7 036	(534)
Production income	3 038	3 744	(706)	2 893	3 898	(1 005)
Rentals	495	550	(55)	471	577	(106)
Costume, décor & props hire	326	388	(62)	608	321	287
Sundry income	1 332	1 429	(97)	1 824	2 302	(478)
Recording Studio	78	120	(42)	360	58	302
Sponsorship income	0	1 350	(1 350)	3 791	3 562	230
Total	78 903	78 457	445	106 232	103 525	2 707

4.2. Programme Expenditure

Programme Name	2019/2020			2018/2019		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Arts and technical services	34 022	30 418	3 604	39 314	37 334	1 980
Corporate governance and finance	15 938	15 180	758	15 432	15 241	192
Human resources	3 025	3 003	2 506	2 918	3 389	(471)
Support services	29 907	26 919	2 988	30 001	24 575	5 426
Total	82 870	75 023	7 848	87 665	80 539	7 126

Infrastructure Projects	2019/2020			2018/2019		
	Budget	Actual	(Over)/Under	Budget	Actual	(Over)/Under
	R'000	R'000	R'000	R'000	R'000	R'000
Office equipment	300	412	(112)	725	642	83
Computer equipment	1 115	1 253	(139)	553	433	120
Buildings	22 272	1 184	21 087	43 128	27 364	15 764
Stage and other equipment	3 280	3 141	139	3 327	344	2 983
Total	26 966	5 990	20 976	47 732	28 783	18 949

PART C: GOVERNANCE

1. Introduction

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

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

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

2. The Council

2.1. Functions of the Council

The functions of the Council are:

- To formulate policy;
- To hold, preserve and safeguard all movable and immovable property of whatever kind placed in their care 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	Date Resignation	Qualifications	Area of Expertise	No. of Meetings attended	Remuneration
Ms Hlengiwe Christophina Mgabadeli <i>Chairperson of Council</i>	1 December 2017		BA Social Work, Honours in Sociology	Public Service and Administration	5	50 726
Mr Sathie Gounden	1 December 2017		CA (SA)	Finance, risk management, corporate governance and audit	5	27 872
Ms Siphesihle Ndlela	1 December 2017		BA Communications (UNISA) Hotel Management (ND) Durban Hotel School	Client and media liaising, promotions and marketing	4	19 162
Ms Linda Zama	1 December 2017		BA, LLB degrees	Law, Governance and Administration	2	0
Mr Abia Litheko	1 December 2017				6	31 586
Ms Thandeka Mngadi	1 December 2017		BA Humanities; MA Humanities	Administration and Human Resource Management	6	31 586
Mr Nkosinathi Mbele	11 December 2018			Social and economic development, textile and information communication technology expert	6	31 586
Mr Fezile Wetes	11 December 2018		BA Degree; Advanced Diploma in Labour Law; Advanced Diploma in Management; Graduate Diploma in Company Direction; BCom Honours in Human Resources Management		4	0
Ms Lebogang Matlala	11 December 2018		CA (SA)	Finance, risk management, corporate governance, audit, supply chain management and strategy	1	0
Ms Khwezi BL Kunene	22 May 2018		BSc Property Development	Quantity surveying, contracts management	6	0

Committees of the Board

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

3. Risk Management

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

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

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

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

4. Internal Control Unit

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

5. Internal Audit Function

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

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

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

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

1. Review of Supply Chain Management
2. Review of Payroll
3. Review of Revenue Management
4. Review of Performance on Contracts (e.g. Security and Cleaning)
5. Review of Performance Information

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 2020.

Audit and Governance Committee Members and Attendance

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

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

Audit and Governance Committee Responsibility

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

Internal Audit

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

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

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

Effectiveness of Internal Controls

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

- Attended the workshop with all key stakeholders on risk assessment;
- Considered the effectiveness of the company risk assessment processes as on-going by Management;
- Monitored the follow-up process on all findings by the auditors to ensure findings are dealt with and addressed at root causes;
- Sought assurance from Management that action is being taken on related issues identified by auditors; and
- Provided guidance and advice to Management and the Accounting Authority over strengthening risk management processes and performance information when we reviewed the quarterly reports.
- The Committee reviewed the Internal Audit reports, where there were weaknesses identified within the Company, and considered the adequacy of management responses to ensure the risk exposure is reduced and there is continuous improvement within the control environment.

The Committee 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 2018 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 ten consecutive years, and would like to express gratitude for their support and fruitful discussions with the Committee.



Judge Leona Valerie Theron

Chairperson: Audit and Governance Committee

PART D: HUMAN RESOURCE MANAGEMENT

1. Human Resource Oversight Statistics

Personnel Cost by Programme

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)
96 846	36 996	38%	78	474

Personnel Cost by Salary Band

Level	Personnel expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top management	2 183	6%	1	2 183
Senior management	1 492	4%	1	1 492
Professional qualified	8 144	23%	10	814
Skilled	12 552	36%	32	392
Semi-skilled	11 090	31%	34	326
Unskilled			0	
TOTAL	35 461	100%	78	455

Training Costs

Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel cost	No. of employees trained	Avg training cost per employee
36 996	310	1%	41	7,5

Employment and Vacancies

2019/2020 no. of employees	2019/2020 approved posts	2019/2020 no. of employees	2019/2020 vacancies	% of vacancies
84	93	78	15	16%

Programme	2019/2020 No. of employees	2019/2020 Approved posts	2019/2020 No. of employees	2019/2020 Vacancies	% of vacancies
Top management	1	1	1	0	0
Senior management	1	1	1	0	0
Professional qualified	11	12	10	2	2.2%
Skilled	34	37	32	5	5.4%
Semi-skilled	37	42	34	8	8.6%
Unskilled	0	0	0	0	0
TOTAL	84	93	78	15	16.2%

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	11	1	2	10
Skilled	34	2	4	32
Semi-skilled	37	0	3	34
Unskilled	0	0	0	0
Total	84	3	9	78

Reasons for Staff Leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	4	44.4%
Dismissal	1	11.1%
Retirement	2	22.2%
Ill health	1	11.1%
Expiry of contract	1	11.1%
Other	0	0
Total	9	100%

Labour Relations: Misconduct and Disciplinary Action

Nature of disciplinary action	Number
Verbal warning	0
Written warning	1
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	2	3	0	0	2	2	1	1
Skilled	18	20	1	0	2	2	2	2
Semi-skilled	17	18	0	0	4	4	1	1
Unskilled	0	0	0	0	0	0	0	0
TOTAL	37	41	1	0	9	9	4	4

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	1	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0
Professional qualified	2	3	0	0	1	1	2	1
Skilled	7	10	1	1	0	0	1	1
Semi-skilled	7	8	2	2	3	3	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	17	22	3	3	4	4	3	2

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

PART E: FINANCIAL INFORMATION

1. Statement of Responsibility and Confirmation of Accuracy for the Annual Report

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

All information and amounts disclosed in the annual report is 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 Generally Recognised Accounting Practice standards applicable to the public entity.

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

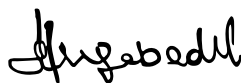
The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2020.



Ms Linda Bukhosini
Chief Executive Officer and Artistic Director



Ms Hlengiwe Christophina Mgbadeli
Council Chairperson

2. Report of the Chief Executive Officer and Artistic Director

Financial Performance

Revenue

Total revenue decreased by 23% from R108m to R84m.

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

Operating expenses

Operating expenses decreased by 7% from R104m to R97m.

- The decrease was mainly attributable to a decrease in depreciation and amortisation, employee related costs and production expenditure.

Deficit for the year

The deficit of R 13m for the 2020 year was mainly attributable to a decrease in capital income recognised in terms of GRAP 23 – Revenue from Non-Exchange Transactions Taxes and Transfers.

Financial Position

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

- The decrease in non-current assets by R11m is primarily due to the depreciation and amortisations charges.
- Current assets increased by R1m and this were primarily as a result of an increase in cash and cash equivalents.
- Non-Current liabilities increased by R5.7m. This was primarily due an increase in deferred income
- Current liabilities decreased by R 2.3m. This was primarily due a reduction in trade and other receivables.

Cash Flows

Cash and cash equivalents increased by R1.4m from R88m to R89.4m. Cash inflows from operating activities of R7.4m was used to offset the cash outflows from investing activities of R 6m.

Materiality Framework

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

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

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



Ms Linda Bukhosini

Chief Executive Officer and Artistic Director

3. Report of the Auditor-General to Parliament on The Playhouse Company

Report on the Audit of the Financial Statements

Opinion

1. I have audited the financial statements of The Playhouse Company set out on pages 49 to 72, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of The Playhouse Company as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of accounting authority for the financial statements

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

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

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

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

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

Report on the Audit of the Annual Performance Report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My

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

procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for programme 2 – business development presented on pages 30 to 32 in the annual performance report of the entity for the year ended 31 March 2020.
13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme.

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 25 to 34 for information on the achievement of planned targets for the year and explanations provided for the under-/over-achievement of a number of targets.

Report on the Audit of Compliance with Legislation

Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

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

Internal control deficiencies

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

Auditor-General

Pietermaritzburg

30 September 2020



Annexure – Auditor-general’s Responsibility for the Audit

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

Financial statements

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

Communication with those charged with governance

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

4. Annual Financial Statements

Statement of Financial Position

	Notes	March 2020	March 2019
		R	R
ASSETS			
Non-current assets			
Heritage assets	2.1	88 330 000	88 330 000
Property, plant and equipment	2.2	100 388 925	111 217 147
Intangible assets	2.3	772 148	600 991
Current assets			
Inventories	3	667 282	515 063
Trade and other receivables	4	1 441 875	2 122 803
Cash and cash equivalents	5	89 417 041	88 059 336
Total Assets		281 017 271	290 845 340
LIABILITIES			
Non-current liabilities			
Deferred income	6	20 982 905	15 255 246
Current liabilities			
Trade and other payables	7	6 356 769	8 704 267
TOTAL LIABILITIES		27 339 674	23 959 513
Net assets			
Accumulated surplus		253 677 597	266 885 827
TOTAL NET ASSETS AND LIABILITIES		281 017 271	290 845 340

Statement of Financial Performance

	Notes	March 2020	March 2019
		R	R
Revenue			
Revenue from exchange transactions		13 030 099	14 191 854
Services facilities and equipment	8	6 442 251	7 155 627
Interest received		6 587 848	7 036 227
Revenue from non-exchange transactions		70 607 640	94 684 402
Grants	9	64 077 340	85 771 171
Donations and sponsorships (productions)		1 350 000	3 561 851
Services in kind	25	5 180 300	5 351 380
Total Revenue		83 637 739	108 876 255
Less: Expenditure		96 845 969	104 009 525
Cleaning		2 483 062	2 375 475
Depreciation & amortisation	10	16 642 938	18 119 343
Electricity		5 711 309	4 015 728
Employee related costs	11	36 995 570	37 251 177
General Expenses	12	10 458 461	11 111 731
Maintenance expenditure	13	2 503 482	2 119 733
Production expenditure	14	12 826 798	19 964 144
Rates and Taxes		5 180 300	5 351 380
Security costs		4 044 051	3 700 814
(Deficit) Surplus for the year	15	(13 208 230)	4 866 730

Statement of Changes in Net Assets

	Notes	March 2020	March 2019
		R	R
Opening accumulated surplus as previously reported		266 885 827.27	262 019 097
(Deficit) Surplus for the year		(13 208 229.77)	4 866 730
Closing accumulated surpluses	16	253 677 597.17	266 885 827

Statement of Cash Flows

	Notes	March 2020	March 2019
		R	R
Cash flows from operating activities			
Cash receipts from grantors and clients		93 533 424	116 854 650
Cash paid to suppliers and employees		(92 777 000)	(96 868 257)
Cash generated from operations	17	756 424	19 986 393
Interest received		6 587 848	7 036 227
Net cash from operating activities		7 344 272	27 022 620
Cash flows used in investing activities			
Additions to property, plant and equipment		(5 477 315)	(28 676 534)
Additions to intangibles		(513 126)	(106 090)
Proceeds on sale of property, plant and equipment		3 874	0
Net cash used in investing activities		(5 986 567)	(28 782 624)
Cash flows from financing activities			
Decrease in long term borrowings		-	-
Net cash from financing activities		-	-
Net increase (decrease) in cash and cash equivalents		1 357 705	(1 760 004)
Cash and cash equivalents at beginning of year		88 059 336	89 819 339
Cash and cash equivalents at end of year	5	89 417 041	88 059 336

Accounting Policies

1. Accounting Policies

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

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

These accounting policies are consistent with the previous year.

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

GRAP 1 Presentation of financial statements
GRAP 2 Cash flow statements
GRAP 3 Accounting policies, changes in accounting estimates and errors
GRAP 4 The effects of changes in foreign exchange rates
GRAP 9 Revenue from exchange transactions
GRAP 12 Inventories
GRAP 13 Leases
GRAP 14 Events after the reporting date
GRAP 17 Property, plant and equipment
GRAP 19 Provisions, contingent liabilities and contingent asset
GRAP 20 Related Party Disclosure
GRAP 23 Revenue from Non-Exchange Transactions Taxes and Transfers
GRAP 24 Presentation of Budget Information
GRAP 25 Employee Benefits
GRAP 26 Impairment of Cash-generating Assets
GRAP 31 Intangible Assets
GRAP 103 Heritage Assets
GRAP 104 Financial Instruments
GRAP 108 Statutory Receivables
IFRIC 22 Foreign Currency Valuations and advance consideration

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

GRAP 5 Borrowings
GRAP 6 Consolidated financial statements and accounting for controlled entities
GRAP 7 Accounting for investments in associates
GRAP 8 Financial reporting of interests in joint ventures
GRAP 10 Financial reporting in Hyperinflationary Economies
GRAP 11 Construction Contracts
GRAP 16 Investment Property
GRAP 18 Segment Reporting
GRAP 21 Impairment of Non-cash-generating Assets
GRAP 27 Agriculture
GRAP 32 Service Concession Arrangements: Grantor
GRAP 100 Discontinued Operations
GRAP 105 Transfers of Functions between Entities Under Common Control
GRAP 106 Transfers of Functions between Entities not Under Common Control
GRAP 107 Mergers
GRAP 109 Accounting by Principals and Agents
IFRS 4 Insurance Contracts
IFRS 6 Exploration for and Evaluation of Mineral Resources
IFRIC 12 Service Concession Arrangements
IAS 12 Income Taxes
IFRIC 4 Determining whether an Arrangement contains a Lease
IFRIC 12 Service Concession Arrangements
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
IFRIC 23 Uncertainty over income tax treatments
SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
SIC 29 Service Concession Arrangements – Disclosures
IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18 Recognition and Derecognition of Land
IGRAP 19 Liabilities to Pay Levies
Guideline Accounting for Arrangements Undertaken in terms of the National Housing Programme

Accounting Policies (continued)

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:

	<i>Effective Date</i>
GRAP 34 Separate Financial Statements	01 April 2020
GRAP 35 Consolidated Financial Statements	01 April 2020
GRAP 36 Investments in Associates and Joint Ventures	01 April 2020
GRAP 37 Joint Arrangements	01 April 2020
GRAP 38 Disclosure of Interest in Other Entities	01 April 2020
GRAP 110 Living and Non-living Resources	01 April 2020

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

1.2. Use of estimates and judgements

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

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

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

Note 1.3 Property, plant and equipment
Note 1.5 Intangible assets
Note 1.13 Provisions

1.3. Property, plant and equipment

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

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

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

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

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

Buildings	: 50 Years
Motor vehicles	: 5 to 29 Years
Office furniture and other equipment	: 5 to 39 Years
Computer Equipment	: 3 to 26 Years
Stage	: 4 to 49 Years
Workshop equipment	: 5 to 32 Years

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

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

1.4. Impairment

Non-financial assets

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

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

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

Reversals of impairment

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

Accounting Policies (continued)

1.5. Intangible assets

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

Software	: 2 to 19 Years
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1.6. Heritage assets

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

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

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

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

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

1.7. Inventories

Inventories are carried at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined using the first-in, first-out method. Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realizable values.

1.8. Financial instruments

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

Trade and other receivables

Trade and other receivables originated by The Playhouse Company are stated at cost less provision for doubtful debts. Receivables are written off when considered irrecoverable. Trade and other receivables and provision for doubtful debts are discounted using the effective interest rate where considered applicable.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Trade and other payables

Trade and other payables originated by The Playhouse Company are stated at cost. Trade and other payables are discounted using the effective interest rate where considered applicable.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship are included in net profit or loss in the period in which the change arises.

1.9. Retirement benefit plans

It is the policy of The Playhouse Company to provide retirement benefits for the employees. The Playhouse Company's contributions in respect of defined contribution plans and benefit plans are expensed as incurred.

1.10. Revenue from non-exchange transactions

Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the entity.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As an entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised as an amount equal to that reduction.

The Playhouse Company has entered into a lease agreement for the free use of certain land and buildings.

Accounting Policies (continued)

1.11. Revenue

Grants

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

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

Interest income

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

Box office and related income

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

Other income

Other income is recognised when it is probable that the future economic benefits will flow to The Playhouse Company and it can be measured reliably.

1.12. Services in-kind

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

1.13. Provisions

Provisions are recognised when The Playhouse Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

1.14. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments, net of bank overdrafts, all of which are available for use by The Playhouse Company unless otherwise stated.

1.15. Related party

Related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control. The disclosure note details the related party transactions.

1.16. Commitments

Commitments represent capital goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date. Commitments are thus not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but the value of the capital good/services that have been approved and /or contracted and the balance outstanding at year end are included in the disclosure notes.

1.17. Comparative figures

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

1.18. Going concern

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

The Playhouse Company has received a funding allocation in terms of the MTEF from the Department of Arts and Culture for the next 3 years.

1.19. Deferred Income

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

Accounting Policies (continued)

1.20. Budgetary Information

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

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

1.21. Foreign currency transactions

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

Notes to the Annual Financial Statements

	March 2020	March 2019
	R	R
2. ASSETS		
2.1. Heritage assets		
Carrying amount	88 330 000	88 330 000
Gross carrying amount	88 330 000	88 330 000
Accumulated Impairment loss	-	-
Carrying amount at year end	88 330 000	88 330 000

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

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

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

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

No heritage assets are pledged as security.

Notes to the Annual Financial Statements (continued)

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

	Motor vehicles	Maintenance spares	Office furniture and other equipment	Computer equipment	Stage equipment	Workshop equipment	Art-works	Capitalised leased assets (office equip, land and buildings)	Total
	R	R	R	R	R	R	R	R	R
Carrying amount 1 April 2018	1 411 521	27 058	2 569 575	1 343 830	19 055 160	190 188	450 974	75 883 036	100 931 342
Gross carrying amount	4 589 557	27 058	12 865 134	3 218 257	53 574 580	559 051	450 974	136 434 345	211 718 956
Accumulated depreciation	(3 178 036)	-	(10 295 559)	(1 874 427)	(34 519 420)	(368 863)	-	(60 551 309)	(110 787 614)
WIP	-	-	-	-	-	-	-	-	-
Additions	-	-	641 678	327 211	314 121	29 786	-	447 385	1 760 181
Fair value adjustment	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
WIP	-	-	-	-	-	-	-	26 916 353	26 916 353
Depreciation	(660 223)	-	(925 274)	(621 091)	(8 921 113)	(65 640)	-	(13 577 829)	(24 771 170)
Depreciation write-back	435 205	-	267 363	197 456	4 655 731	7 026	-	1 001 733	6 564 514
Disposals	(11 149)	-	(3)	(4 497)	(168 424)	-	-	-	(184 073)
Cost	(149 537)	-	(52 831)	(25 424)	(2 448 778)	-	-	-	(2 676 570)
Accumulated depreciation	138 388	-	52 828	20 927	2 280 354	-	-	-	2 492 497
Carrying amount 31 March 2019	1 175 354	27 058	2 553 339	1 242 909	14 935 474	161 360	450 974	90 670 678	111 217 147
Gross carrying amount	4 440 020	27 058	13 453 981	3 520 044	51 439 923	588 837	450 974	136 881 730	210 802 567
Accumulated depreciation	(3 264 666)	-	(10 900 642)	(2 277 135)	(36 504 448)	(427 477)	-	(73 127 405)	(126 501 773)
WIP	-	-	-	-	-	-	-	26 916 353	26 916 353
Additions	-	-	411 998	740 223	3 140 887	-	-	606 483	4 899 591
Fair value adjustment	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	2 275 182	24 641 172	-	-	-	26 916 354
WIP	-	-	-	-	-	-	-	(26 338 629)	(26 338 629)
Depreciation	(543 172)	-	(997 595)	(1 083 099)	(9 042 701)	(69 242)	-	(12 538 717)	(24 274 526)
Depreciation write-back	512 325	-	302 914	306 175	1 430 902	14 117	-	5 407 125	7 973 558
Disposals	-	-	(2 713)	-	(1 857)	-	-	-	(4 570)
Cost	-	-	(3 876)	-	(42 952)	-	-	-	(46 828)
Accumulated depreciation	-	-	1 163	-	41 095	-	-	-	42 258
Carrying amount 31 March 2020	1 144 507	27 058	2 267 943	3 481 390	35 103 877	106 235	450 974	57 806 940	100 388 925
Gross carrying amount	4 440 020	27 058	13 862 103	6 535 449	79 179 030	588 837	450 974	137 488 213	242 571 684
Accumulated depreciation	(3 295 513)	-	(11 594 160)	(3 054 059)	(44 075 153)	(482 602)	-	(80 258 997)	(142 760 483)
WIP	-	-	-	-	-	-	-	557 724	557 724

Land and buildings comprise of:

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

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

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

Maintenance expenditure amounted to R2,492,593 (2019 : R2,119,733) for external service providers.

Salaries for In-house maintenance staff amounted to R4,927,333 (2019 : R4,858,781).

No property, plant and equipment are pledged as security.

Notes to the Annual Financial Statements (continued)

	Software	Total
	R	R
2.3. Intangible assets		
Carrying amount 1 April 2018	407 588	407 588
Gross carrying amount	1 454 367	1 454 367
Accumulated amortisation	(1 046 779)	(1 046 779)
Additions	106 090	106 090
Amortisation	(356 498)	(356 498)
Amortisation write-back	443 811	443 811
Disposals	-	-
Cost	-	-
Accumulated amortisation	-	-
Carrying amount 31 March 2019	600 991	600 991
Gross carrying amount	1 560 457	1 560 457
Accumulated amortisation	(959 466)	(959 466)
Additions	513 126	513 126
Amortisation	(343 614)	(343 614)
Amortisation write-back	1 645	1 645
Disposals	-	-
Cost	-	-
Accumulated amortisation	-	-
Carrying amount 31 March 2020	772 148	772 148
Gross carrying amount	2 073 583	2 073 583
Accumulated amortisation	(1 301 435)	(1 301 435)
Amortisation is included with depreciation.		

	March 2020	March 2019
	R	R
2.4. Change in estimate	7 975 203	7 008 326

Depreciation and amortisation write back

The Playhouse Company assesses the useful life of assets at the end of each reporting date. Where assets are fully depreciated since the preceding reporting date, the useful life of the assets is deemed to be extended by 3 years. The change in estimate results in a reduction in depreciation charge in the year of the write back. The change affects the future years resulting in an increase in depreciation over the next 3 years when the assets are in use.

3. INVENTORIES

Catering	146 911	113 371
Workshop	292 768	183 902
Wardrobe	94 085	94 436
General stores	133 518	123 354
Total	667 282	515 063

4. TRADE AND OTHER RECEIVABLES

Trade receivables	532 866	704 275
Staff debtors	1 533	5 434
Other receivables	1 352 555	1 827 558
	1 886 954	2 537 267
Less: Debtors impairment	(445 079)	(414 464)
Total	1 441 875	2 122 803

4.1. Movement in the provision for impairment of trade receivables

Balance at 1 April	414 464	177 370
Provision for debtors impairment	247 171	237 094
Receivables written off during the year as uncollectible	(47 444)	-
Unused amounts reversed	(169 112)	-
Unwinding of discount	-	-
Balance at 31 March	445 079	414 464

Notes to the Annual Financial Statements (continued)

	March 2020	March 2019
	R	R
5. CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash available immediately	33 478 600	28 917 875
Investments – fixed deposits	55 938 441	59 141 461
Cash available in 30 days	-	4 328 500
Cash available in 60 days	18 146 697	22 489 210
Cash available in 90 days	37 791 744	32 323 751
Total	89 417 041	88 059 336
R274 966 and R30 360 are pledged as security for guarantees issued by FNB on behalf of The Playhouse Company for eThekweni Municipality and The Postmaster respectively. The guarantees will expire on 31 December 2025 and will not be renewed.		
6. DEFERRED INCOME		
Grant received in advance		
National Department of Arts and Culture	20 482 905	15 255 246
eThekweni Municipality	500 000	-
Total	20 982 905	15 255 246
7. TRADE AND OTHER PAYABLES		
Trade payables	1 354 506	1 477 710
Other payables and accruals	1 331 113	3 468 812
Leave pay accrual	2 635 700	2 749 454
Bonus accrual	1 035 450	1 008 291
Total	6 356 769	8 704 267
8. SERVICES, FACILITIES AND EQUIPMENT		
Hire of performance venues, costumes, sets, and mobile stage	2 818 128	2 980 474
Box office income	2 020 928	1 773 447
Rent received	540 401	553 085
Bar & other sales	235 468	441 701
Functions	459 734	472 918
Box office commission – external productions	192 537	475 689
Gains on sale of motor vehicles	1 163	-
Sundry revenue - admin, computicket commission	173 892	458 313
Total	6 442 251	7 155 627
9. GRANTS		
National Department of Arts and Culture (DAC)	52 485 000	49 274 000
Special Capital Expenditure Grant – (DAC)	951 340	27 840 171
KZN Department of Arts and Culture	9 141 000	8 657 000
eThekweni Municipality	1 500 000	-
Total	64 077 340	85 771 171

Notes to the Annual Financial Statements (continued)

	Notes	March 2020	March 2019
		R	R
10. DEPRECIATION & AMORTISATION			
Depreciation of property, plant and equipment:		16 302 874	18 206 656
Motor vehicles		543 172	660 223
Office furniture and other equipment		997 595	925 274
Computer equipment		1 083 099	621 091
Stage equipment		9 042 701	8 921 113
Workshop equipment		69 242	65 640
Leased assets		12 538 718	13 577 829
		24 274 527	24 771 170
Depreciation write back		(7 973 558)	(6 564 514)
Amortisation		341 969	(87 313)
Intangible assets		343 614	356 498
Amortisation write back		(1 645)	(443 811)
Total		16 642 938	18 119 343
11. EMPLOYEE RELATED COSTS			
Salaries		27 224 951	26 052 781
Adhocs		1 580 534	2 338 372
Provident fund		3 896 977	3 730 428
Medical aid		823 942	835 749
Uif		158 305	167 795
Bonus (13th Cheque)		2 224 888	2 164 341
Overtime		105 458	229 537
Leave		(15 311)	813 714
Housing subsidies		959 646	892 000
Long service awards		36 180	26 460
Total		36 995 570	37 251 177
12. GENERAL EXPENSES			
Audit fees		1 690 325	1 352 542
Bank charges		120 384	159 641
Conferences and delegations		470 540	107 979
Consulting fees		43 870	25 300
Consumables		938 087	905 114
Council - attendance		236 581	113 013
Council - travel		809 480	551 703
Fuel and oil		122 167	169 344
Foreign exchange loss (opera stage lifts)		8 149	754 473
Insurance		365 448	438 353
Legal expenses		200 531	181 988
Licence fees - vehicles		273 490	264 444
Loss on sale of assets		1 857	184 073
Marketing and advertising		793 374	1 196 792
Other		964 743	1 322 302
Printing and stationery		286 402	368 484
Professional fees		751 342	623 624
Subscription & publication		69 994	59 370
Telephone cost		220 373	252 132
Training		310 469	306 661
Travel and subsistence - Foreign		340 137	521 184
Travel and subsistence - Local		638 175	537 224
Uniforms & overalls		219 243	182 878
Water		583 300	533 113
Total		10 458 461	11 111 731

Notes to the Annual Financial Statements (continued)

	Notes	March 2020	March 2019
		R	R
13. MAINTENANCE EXPENDITURE			
Buildings		1 828 838	1 516 877
Fire Fighting Equipment		100 336	97 113
Motor Vehicles		314 908	270 449
Plant, Machinery & Equipment		256 380	227 232
General		3 020	8 062
Total		2 503 482	2 119 733
14. PRODUCTION EXPENDITURE			
Productions and festivals		12 942 224	19 784 076
Administrative		26 269	175 655
Airfares and Accommodation		1 289 459	865 173
Artist fees		8 728 360	13 611 394
Marketing and publicity		881 514	2 205 366
Materials		344 944	593 015
Equipment and Venue hire		30 103	645 572
Royalty commission and licences		464 286	164 831
Subsistence and travel		1 177 289	1 523 070
Outside hirers		(128 499)	173 045
Mobile stage		13 071	7 023
Total		12 826 796	19 964 144
15. (DEFICIT) SURPLUS FOR THE YEAR			
<p>The (Deficit) Surplus for the 2020 & 2019 year takes into account the recognition of the capital income in terms of GRAP 23 - Revenue from Non-Exchange Transactions Taxes and Transfers.</p> <p>In terms of Para 53(3) of the Public Finance Management Act, 1999, the public entity may not budget for a deficit and may not accumulate surpluses unless written approval of The National Treasury has been obtained.</p> <p>The Playhouse Company has received the approval from National Treasury to retain the accumulated surplus.</p>			
16. RECONCILIATION OF STATEMENT OF CHANGES IN NET ASSETS			
Balance at 31 March		253 677 597	266 885 827
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		111 777 597	124 985 827

Notes to the Annual Financial Statements (continued)

	Notes	March 2020	March 2019
		R	R
17. RECONCILIATION OF CASH GENERATED			
(Deficit) Surplus for the year		(13 208 230)	4 866 730
Adjusted for:			
Depreciation, amortisation and impairment		16 642 938	18 119 343
Gain on disposal of property, plant and equipment		695	184 073
Interest received		(6 587 848)	(7 036 227)
Operating cash flows before working capital changes		3 152 446	16 133 920
Working capital changes		3 908 870	3 852 474
(Increase) Decrease in inventories		(152 219)	90 177
Decrease (Increase) in accounts receivable		680 927	(240 624)
(Decrease) in accounts payable		(2 347 498)	(366 908)
Increase in deferred income		5 727 660	4 369 829
Cash Generated(Utilised) from operations		756 424	19 986 394

18. FINANCIAL INSTRUMENTS

Overview

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

- Credit risk
- Liquidity risk
- Market risk
- Interest rate risk

This note presents information about The Playhouse Company's exposure to each of the above risks, The Playhouse Company's objectives, policies and processes for measuring and managing risk, and The Playhouse Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

In terms of Treasury Regulations 27.2.1, issued in terms of the PFMA, the accounting authority (Council) must ensure that a risk assessment is conducted regularly to identify emerging risks in the entity. The Council has established the Audit Committee which is responsible for developing and monitoring The Playhouse Company's risk management policies.

The Playhouse Company's risk management policies are established to identify and analyse the risks faced by The Playhouse Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and The Playhouse Company's activities. The Playhouse Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with The Playhouse Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by The Playhouse Company. The Audit Committee is assisted in its oversight role at operations level by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to The Playhouse Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from The Playhouse Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 31 March was:

Trade and other receivables (note 4)	1 441 875	2 122 803
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Notes to the Annual Financial Statements (continued)

	March 2020	March 2019
	R	R

18. FINANCIAL INSTRUMENTS (CONTINUED)

Trade and other receivables

The Playhouse Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The composition of The Playhouse Company's customer base, including the default risk of the industry and country in which the customers operate, has less of an influence on credit risk.

The majority of other receivables and accruals relates to interest income receivable from financial institutions for monies invested in fixed deposits.

The trade debtors comprise monies outstanding for the services as follows:

Truck hire - deposits or order numbers are received before the truck is hired out for cultural events.

Rental - Deposits are held from tenants.

Function venue hire - Deposits are received in advance.

Costume/props/wigs hire - fees are received before items are hired out.

Ticket sales - monies are received from sales at the door or through Computicket.

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

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

Analysis of trade and other receivables for reporting purposes:

90 days and over	466 744	486 766
60 days	25 628	25 553
30 days	33 967	40 440
Current	915 536	1 570 043
	<u>1 441 875</u>	<u>2 122 803</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 2020 were as follows:

eThekwini municipality for services - R274 966

The Postmaster for services - R30 360

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

Liquidity risk

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

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

It is the policy of The Playhouse Company, in line with the National Department of Arts and Culture not to borrow monies. There are thus no credit facilities available.

The cash available at 31 March 2020 was R89 417 041 (2019 – R88 059 336).

Notes to the Annual Financial Statements (continued)

	March 2020	March 2019
	R	R

18. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as the interest rates will affect The Playhouse Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return.

The Playhouse Company policy, in line with the National Department of Arts and Culture is to invest surplus cash. Optimal rates and investment periods are received from various banking institutions. A proposal is made and approved by senior management.

Currency risk

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

Interest rate risk

It is the policy of The Playhouse Company, in line with the National Department of Arts and Culture not to borrow monies. There are thus no credit facilities available. There is thus no risk relating to changes in the interest rate.

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	2020		2019	
	Int Rate %	Carrying amount	Int Rate %	Carrying amount
Variable rate instrument				
FNB - 120 days	-	-	7,80	4 328 500
Investec - 120 day fixed	7,19	6 146 697	7,85	23 211 190
Nedbank - 120 day fixed	7,33	26 166 663	7,90	28 601 770
Standard Bank - 120 day	7,43	23 625 081	7,94	3 000 000
		55 938 441		59 141 460

At 31 March 2020, 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 R559 384.

At 31 March 2020, the carrying amounts of cash and cash equivalents, trade receivables and trade and other payables approximate their fair values due to their short term maturities. Trade receivables and payables will mature within 30 to 60 days.

Fair values

The fair values of financial assets and liabilities are the same as the carrying values reflected in the balance sheet.

19. TAX EXEMPTION

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

Notes to the Annual Financial Statements (continued)

20. KEY MANAGEMENT AND COUNCIL

Key management

L Bukhosini – (Chief Executive and Artistic Director)

	March 2020	March 2019
Salary	1 727 139	1 727 139
Bonus	143 928	143 928
Pension, med-aid contributions	286 763	284 978
Other (s&t, cell phone allowance, etc.)	25 367	12 595

A Mohanparasadh - (Chief Financial Officer)

	March 2020	March 2019
Salary	1 337 836	1 299 970
Bonus	111 486	108 450
Pension, med-aid contributions	16 566	-
Other (s&t, cell phone allowance, acting allowance, etc)	26 274	81 117

O Hlangu - (Support Services Manager)

	March 2020	March 2019
Salary	962 698	936 477
Bonus	80 225	78 040
Pension, med-aid contributions	176 917	172 591
Other (s&t, cell phone allowance, acting allowance, etc)	101 537	136 532

Total senior managers

4 996 736	4 981 817
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Members of council and sub-committees

	March 2020	March 2019
HC Mgabadi – Chairperson of Council	50 726	23 398
K Kunenex - Deputy chairperson of council	-	-
L Theron ^{*X} – Audit Committee Chairperson	-	-
S Gounden	27 872	14 228
B Mngoma*	-	-
C Jugnarayan*	18 333	7 981
N Mbele	31 356	8 068
FE Khumalo	-	192
TC Mngadi	31 356	14 100
JA Litheko	31 586	14 100
SP Ndlela	19 162	10 598
J Bernard	-	4 480
S Naidoo	-	320
R Ashe*	26 190	10 340
F Wetes ^X	-	-
L Matlala ^X	-	5 208

Total emoluments

5 233 317	5 094 830
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* External independent member of the Audit Committee.

^X Employee of the state.

Notes to the Annual Financial Statements (continued)

	March 2020	March 2019
	R	R

21. RETIREMENT BENEFITS

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

The contribution to the provident funds R3 896 977 (2019: R3 730 428) and is included in staff cost.

22. RELATED PARTIES

22.1. National Department of Arts and Culture

Operational grants received for the financial year amounted to R52 485 000, and for the year ending 2020/21 will amount to R47 462 000.

Capital grants of R 6 537 000 was received for the financial year, is recorded as deferred income. R15 512 000 is budgeted to be received for 2020/21.

An amount of R1 350 000 (2019: R1 500 000) was recorded as sponsorship for the incubator projects. Due to lockdown an amount of R150 000 will be received on submission of final report for incubator projects in 2021.

22.2. KZN Department of Arts and Culture

Grant received for the 2019/20 financial year amounted to R9 141 000, and for the year ended 2020/21 will amount to R 9 652 896.

22.3. eThekweni Municipality

A total transfer payment of R2 000 000 was received for the period 1 July 2019 to 30 June 2020 in line with the municipalities financial year. An amount of R500 000, relating to April, May and June 2020 was deferred to the 2020/21 financial year. A total transfer payment of R1 500 000 (2019: R0) is recorded as income.

22.4. Department of Public Works

The department is the legal owner of the land and buildings occupied by The Playhouse Company and The Playhouse Company leases the property at no charge. The Department paid for rates for the year as follows: R5 180 300 (2019: R5 351 380).

22.5. KwaZulu-Natal Philharmonic Orchestra – KZNPO

On 1 April 1998, The Playhouse Company reduced its operational size in line with the principles contained in the Department of Arts, Culture, Science & Technology White Paper. The restructuring exercise was driven by two main objectives: to eliminate the budgeted deficit and to implement strategies to avoid future deficit scenarios. One of the ways of reducing the expenditure was by registering the KZNPO as a non-profit independent Section 21 Association Not for Gain Entity. As a result of this transformation, the two organisations agreed to enter into a mutual benefit relationship.

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

- Occupying a portion of The Playhouse Company's administration building.
- Access to finance and human resources services for which they are invoiced.
- As part of the restructuring process in 1999 assets (orchestral equipment, scripts and scores with an original cost of R328 739 were transferred to the KZNPO at a nil value.
- The Playhouse Company receives a discounted rate for the artistic services offered by KZNPO to The Playhouse Company.

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

The Playhouse Company engaged the services of KZNPO for various productions in a professional and mutually beneficial relations for the delivery of services according to the mandate of each institution.

Payments by The Playhouse Company to KZNPO	1 413 755	1 843 755
Payments by KZNPO to The Playhouse Company	120 896	397 393

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 KwaZulu-Natal Philharmonic Orchestra is married to the Chief Executive Officer of The Playhouse Company.

22.6. Council

The Council was appointed by the Minister of Arts and Culture to oversee and ensure good corporate governance. Council has various subcommittees such as Arts and Fundraising, Finance, Audit and Governance, Human Resources and Remuneration Committees that guide and assist management which is appointed by Council. Refer note 20 – compensation.

Notes to the Annual Financial Statements (continued)

	March 2020	March 2019
	R	R
22. RELATED PARTIES (CONTINUED)		
22.7. National Film and Video Foundation		
An amount of R2 061 851 was received from the National Film and Video Foundation in 2019 for the hosting of the 3rd Brics Film Festival. This also included the staging of the opening night ceremony for the Brics Film Festival 2018 by The Playhouse Company.		
22.8. Key personnel		
Chief Executive and Artistic Director – Linda Bukhosini		
Chief Financial Officer – Amar Mohanparasadh		
Support Services Manager – Oscar Hlangu		
Refer note 20 – Compensation		
23. SUBSEQUENT EVENTS		
Non-adjusting post-balance sheet events		
For the purposes of the current reporting year ended 31 March 2020, management has assessed the COVID-19 global pandemic and related impacts on the company's operations as being a non-adjusting post-balance sheet event, based on key events occurring after the company's reporting date.		
At the end of March 2020, the Covid-19 virus was declared a pandemic by the World Health Organisation and by the South African government. South Africa entered into lockdown on 26th March 2020, which meant that businesses that were not seen as essential had to shut down. The originally planned artistic program was suspended. No performances were staged at The Playhouse Company until middle July 2020. The income from secondary sources (i.e administration income, Costume, prop and décor hire income, production income and ticket sales commission and technical equipment hire income and FOH and bar income) were reduced to Nil for the year ended 31 March 2021.		
On 8 June 2020, the Minister of Sports, Arts and Culture issued a directive that under alert level 3 performing arts institutions or playhouses that have the relevant infrastructure or facilities used for the creation and production of local content could resume operations without audiences.		
On 3 July 2020, the Minister of Sports, Arts and Culture issued another directive by allowing sports, arts and cultural events to resume subject to compliance with measures to prevent and combat the spread of Covid-19, by limiting the capacity at theatres to 50 people or less.		
The Playhouse Company revised the artistic plan in middle July 2020 as directed by the Department of Public Monitoring and Evaluation. The Playhouse Company resumed operations in middle July 2020 by filming productions presented on the theatre stage and recordings done in the state of the arts recording studio in line with the protocols issued by the Minister of Sports, Arts and Culture on 3 July 2020. The recorded events were live streamed using various media platforms.		
The Playhouse Company performed a detailed asset verification and assessment of the property, plant and equipment towards the end of the financial year. Property, plant and equipment identified as either broken, impaired or obsolete were written off. The remaining property, plant and equipment were in good condition and not impacted by the lockdown regulations implemented in South Africa. Some maintenance delays were experienced due to The Playhouse Company having to limit the number of people dedicated to the maintenance effort due to COVID-19 regulations, however, maintenance staff identified as essential services were on standby to attend to emergencies. Planned maintenance work resumed in July 2020 and are progressing as planned.		
The current assets comprising inventories and trade and other receivables are not material in nature, making up about 1% of the total assets. They were not impacted by the lockdown regulations implemented in South Africa.		
The cash and cash equivalents comprised of cash in the bank and cash invested with the major banks. Whilst the interest rate declined marginally during the Covid pandemic period, the cash and cash equivalents were not impacted.		
The trade and other payables are not material in nature, making up about 2% of the total net assets and liabilities. They were not impacted by the lockdown regulations implemented in South Africa.		
The going concern assumption is evaluated based on information available up to the date on which the AFS are approved by Council. While there is widespread uncertainty regarding the extent of the financial impact of the COVID-19 global pandemic, the National Department of Sports, Arts and Culture issued The Playhouse Company a 3 year funding commitment for operational and capital expenditure.		
Management is not aware of any other material event which occurred after the reporting date and up to the date of this report, the knowledge of which would affect the users of these statements to make proper evaluations and decisions.		
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 2020.		

Notes to the Annual Financial Statements (continued)

	March 2020	March 2019
	R	R
25. SERVICES IN-KIND		
25.1. The Company received services in-kind that were significant to the company's operations and/or service delivery objectives. Services in-kind related to rates and taxes paid by the Department of Public Works KZN have been recognised in the annual financial statements.		
Rates and taxes paid by the Department of Public Works KZN	5 180 300	5 351 380
The following in-kind services have not been recognised in the annual financial statements.		
25.2. In-kind services rendered by Council and committee members in the employment of the State		
The Treasury Regulation on "Service benefit packages for office-bearers for certain statutory and other institutions" states that employees of National, Provincial and Local Government or institutions, agencies and entities of government serving as office bearers of public entities/institutions are not entitled to additional remuneration.		
Four Council and committee members were in the employment of the state and did not receive fees for attending council and committee meetings.		
26. CAPITAL COMMITMENTS		
At the balance sheet date The Playhouse Company had the following outstanding capital commitments:		
The tender awards are as follows:		
High Brightness 3D - Laser Projector – Tender awarded	1 215 354	-
High Brightness 3D - Laser Projector – Variation	108 169	-
High Brightness 3D - Laser Projector – Capital commitment outstanding at year end	<u>1 323 523</u>	<u>-</u>
Facilities Management – Tender awarded	253 104	-
Facilities Management – Capital commitment outstanding at year end	<u>253 104</u>	<u>-</u>
Stage Lifts – Tender awarded	-	27 169 051
Stage Lifts – Capital commitment outstanding at year end	-	3 217 820
27. RECONCILIATION BETWEEN BUDGET AND STATEMENT OF FINANCIAL PERFORMANCE		
Net surplus (deficit) per the statement of financial performance	(13 208 230)	4 866 730
Adjusted for:		
Increase in capital works grant from DAC	5 585 660	3 182 656
Increase in grant received	(2 236 000)	829 173
Increase in sponsorship for the staging of productions	(1 350 000)	229 596
Increase in production income	(904 479)	(521 764)
Increase in liquor bar and sundry income	(62 190)	(476 318)
Increase in finance income	(587 848)	(536 227)
Decrease in production expenditure	(2 173 150)	(1 647 466)
Decrease in compensation to employees as certain positions not filled	(2 673 937)	(1 043 344)
Decrease in consumables, electricity and cleaning	468 986	(1 404 050)
Decrease in council expenses	(26 514)	82 663
Increase (Decrease) in telephone expenses	(233 869)	(182 426)
Decrease in repairs and maintenance	(1 259 831)	(1 607 349)
Decrease in other operating expenses	(1 949 368)	(1 508 330)
Deficit on the sale of assets	-	184 073
Depreciation	16 642 938	18 119 343
Capital expenditure budgeted but not processed to statement of financial performance	(26 966 354)	(47 731 959)
Net deficit per approved budget (including capex)	<u>(30 934 185)</u>	<u>(29 164 998)</u>



▲ A Christmas Celebration featuring Aubrey Poo

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

	2020 Actual	2020 Original Budget	2020 Revised Budget	2020 Variance	2020 Variance
	R	R	R	R	%
REVENUE	77 049 889	73 465 144	72 902 583	4 147 306	
Grants	64 077 340	67 427 000	67 427 000	(3 349 660)	-5%
Production income	2 020 928	2 207 968	2 207 968	(187 040)	-8%
Donations and sponsorships	1 350 000	-	-	1 350 000	0%
Rent received	540 401	494 711	494 711	45 690	9%
Hire of performance venues, costumes and sets	2 818 127	2 235 798	1 726 611	1 091 516	63%
Box office commission - external productions	192 537	182 326	182 326	10 211	6%
Bar and other sales	235 468	463 050	363 050	(127 582)	-35%
Services in kind	5 180 300			5 180 300	
Sundry income	634 788	454 291	500 917	133 871	27%
EXPENDITURE	96 845 967	92 367 181	82 869 114	13 975 553	
Production expenditure	12 826 796	20 497 575	14 999 946	(2 173 150)	-14%
Employee related costs	37 367 043	42 428 526	40 040 980	(2 673 937)	-7%
Annual report	46 000	88 421	48 421	(2 421)	-5%
Auditors fees external	1 039 708	1 373 880	1 023 880	15 828	2%
Auditors fees internal	650 618	908 992	908 992	(258 374)	-28%
Council related expenses	991 508	590 022	1 018 022	(26 514)	-3%
Cleaning and sanitation	1 916 468	2 249 563	2 149 563	(233 095)	-11%
Consumables	912 202	1 683 965	1 096 318	(184 116)	-17%
Electricity	5 711 309	5 058 207	5 058 207	653 102	13%
Security	4 044 051	4 569 988	4 569 988	(525 937)	-12%
Insurance	365 448	369 496	369 496	(4 048)	-1%
Legal expenses	200 531	53 500	103 500	97 031	94%
Marketing	650 441	1 347 547	774 547	(124 106)	-16%
Rates & taxes	5 180 300	-	-	5 180 300	
Repairs & maintenance	2 161 152	3 503 809	3 420 983	(1 259 831)	-37%
Telephone	220 373	462 837	454 242	(233 869)	-51%
Training	310 469	366 368	342 000	(31 531)	-9%
Travel - local and overseas	805 930	991 177	789 677	16 253	2%
Water	583 300	647 656	552 656	30 644	6%
Depreciation	16 642 938	-	-	16 642 938	100%
General expenses	4 219 382	5 175 652	5 148 996	(929 614)	-18%
DEFICIT FROM OPERATIONS	(19 796 078)	(18 902 037)	(9 967 831)	(9 828 247)	
Interest received	6 587 848	2 000 000	6 000 000	587 848	10%
SURPLUS FOR THE YEAR	(13 208 230)	(16 902 037)	(3 967 831)	(9 240 399)	

Changes from the approved budget to the final budget.

Some capital income funding requests were deferred to the outer years due to a restriction in the availability of capital grant funding from DAC. The changes between the approved and final budget are a consequence of roll overs and reallocations within the approved budget parameters.

Notes to the Annual Financial Statements (continued)

Explanation of Significant Variance

The capital grant was received from DAC but not recognised in terms of GRAP 23 as the tender was not finalised at year end. Finalising of the MOA was suspended in March due to the Covid-19 pandemic lockdown regulations.

A large scale musical that was scheduled to be presented during the Festive Season was postponed due to challenges faced with the creatives.

The Playhouse Company received funding for the DAC incubator projects that was not planned for at the beginning of the year.

The costs of electricity usage charged to tenants is not budgeted for during the year.

Outside hirers income exceeded budget. 60 outside hirers production were presented against a budget of 45.

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

A large scale musical that was scheduled to be presented during the Festive Season was postponed due to challenges faced with the creatives and this contributed to lower audience attendance and resultant bar sales.

Services in kind as disclosed in note 25.

Functions venue hire exceeded budget due to high demand for venues.

A large scale musical that was scheduled to be presented during the Festive Season was postponed due to challenges faced with the creatives and due to the COVID-19 pandemic the Ingoma Competition that was planned for March 2020 was postponed until further notice.

All vacant positions are under review in the light of the organizations operational requirements and budget cuts, hence no recruitment is currently taking place. Positions are filled by adhoc on an as and when need basis.

Savings arising from the reduced number of reports printed.

Outstanding internal audit fees paid in the new financial year.

Savings as a result of cost saving initiatives.

Savings as a result of cost saving initiatives.

The local municipality charged for electricity at the capped price (highest estimate consumption) due to the failure of the Voltage transformer that allows meter readings remotely. This resulted in an overspend.

The COVID-19 outbreak and cancellation of performances resulted in less usage of additional security guards for performances and events.

A comprehensive review of all contracts commenced in the 4th quarter that was not originally planned and budgeted for.

Planned marketing for the festive season production was put in abeyance due to the postponement of the production.

Services in Kind as disclosed in note 25.

The budget available was ring fenced for planned maintenance that was supposed to be done in March but had to be halted due to the Covid-19 lockdown regulations.

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

The annual APP target was 90% and this was achieved. Some training initiatives had to be cancelled as a result of staff leaving or not being available to attend due to Covid-19 changed priorities.

The budget for water costs was reduced from the original budgeted amount. However, the actual spending was more than revised budget thus resulting in a small overspend.

Non cash flow item not budgeted for annually.

Savings in various expenses items due to cost saving initiatives.

Funds optimally invested with banks providing best rates of returns.

Notes to the Annual Financial Statements (continued)

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

FIXED ASSET ADDITIONS – ACTUAL VERSUS BUDGET

	2020 Actual	2020 Original Budget	2020 Revised Budget	2020 Variance	2020 Variance	Explanation of Significant Variance
	R	R	R	R	%	
Office equipment	411 998	300 000	300 000	111 998	37%	The office printer which was planned to be replaced in the new financial year was replaced in February as it become troublesome and broke down regularly.
Computer equipment	1 253 349	225 000	1 114 500	138 849	-21%	Pastel CSD integration module into pastel evolution is work in progress and will be finalised in new financial year.
Stage equipment	3 140 887	200 000	3 280 245	(139 358)	-92%	The purchase of some stage equipment earmarked for use in the year end production was put in abeyance as a result of the postponement of the production.
Buildings	1 184 208	5 700 000	22 271 609	(21 087 401)	-80%	As a result of the Covid 19 lockdown pandemic, some tenders could not be finalised and awarded at year-end. These tenders will be awarded and implemented in the new financial year.
Total	5 990 442	6 425 000	26 966 354	(20 975 912)	-78%	

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

Funding for capital projects were received by 31 March 2020 and the funds had to be rolled over to the year ended 31 March 2021 for project implementation and execution.



▶ Fudukazi's Magic featuring Gcina Mhlope



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