theatre for a world class african city

the JOBURG THEATRE complex

Joburg Theatre (Pty) Ltd
operates as a Municipal Entity of

Joburg

a world class African city

JOBURG THEATRE
(PROPRIETARY) LIMITED

Registration No: 2000/013032/07

ANNUAL REPORT

2009/2010

(In terms of Section 121 of the Municipal Finance Management Act, 2003

and Section 46 of the Municipal Systems Act, 2000)

JOBURG THEATRE

(PROPRIETARY) LIMITED

COMPANY INFORMATION:

Registration number:		**2000/013032/07**
Registered Address:		**25 Loveday Street**
		Braamfontein
		Johannesburg
		2017
Postal Address:		**P O Box 31900**
		Braamfontein
		Johannesburg
		2017
Telephone number	**:**	**(011) 877-6800**
Fax number	**:**	**(011) 877-6812**
Websites	**:**	www.joburgtheatre.com
		www.joburgtheatreptyltd.co.za
Bankers	**:**	**Nedbank Limited**
Auditors	**:**	**Auditor-General**

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SCOPE OF REPORT

- This annual report covers Joburg Theatre's governance, financial, social responsibility, broader economic and overall sustainability performance for the year. It provides an account of the company's progress to date and offers a forward-looking perspective in terms of future plans and value generating strategies.

It also covers the following:

- Comparative information
- Performance information
- Sustainability report
- Operational reports

COMPANY PROFILE

The Johannesburg Civic Theatre (Pty) Ltd was established in July 2000 as an independent municipal entity wholly owned by its shareholder, the City of Johannesburg Metropolitan Municipality – in order to provide theatre entertainment services in the greater Johannesburg area. Hence, the company is operated in order to entertain, stimulate and enrich the lives of the citizens of Johannesburg by presenting world class live entertainment.

The company was corporatised in July 2000 as The Johannesburg Civic Theatre (Pty) Ltd from the Johannesburg Civic Theatre Association, a Section 21 Company.

The Johannesburg Civic Theatre was re-branded in early 2009 as Joburg Theatre. Subsequently, the entity's corporate identification was changed in September 2009 to Joburg Theatre (Pty) Ltd.

Joburg Theatre is a presenting house as opposed to being solely a receiving or production house. The theatre both rents out its spaces to promoters, entrepreneurs and producers, providing technical and logistical services, and also facilitates in-house productions and co-productions when viable. In addition, income at Joburg Theatre is derived from outsourcing catering, bar and retail operations and the renting of eight hospitality suites.

The company also creates an annual profit from producing a festive season pantomime family entertainment, thereby limiting the extent of the shareholder subsidy required.

The CEO of the theatre has over 45 years of international theatre administration and production experience. The theatre's Production Officer has 35 years of professional experience in South Africa and the UK. Most of the theatre's management team members have worked together for over eight years and share both passion for and the vision of the company.

The Joburg Theatre complex houses four auditoria open to the public :
The Mandela, with a maximum seating capacity of 1,069; ***The Fringe*** with a maximum seating capacity of 251; ***The Peoples***, with a maximum seating capacity of 207; and ***space.com***, a versatile 'black box' environment.
The management team at Joburg Theatre programmes the shows seen at The Mandela, The Fringe and space.com. The Peoples is operated independently by Gill Girard and Keith Smith as the country's leading theatre for young children. For more information, please visit http://www.peoplestheatre.co.za/.

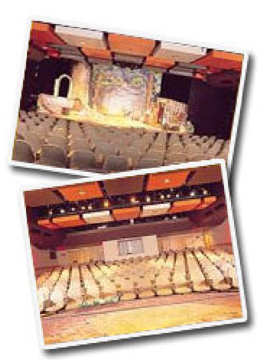
JOBURG the mandela at THEATRE

The Mandela

JOBURG the fringe at THEATRE

The Fringe

JOBURG the peoples at THEATRE



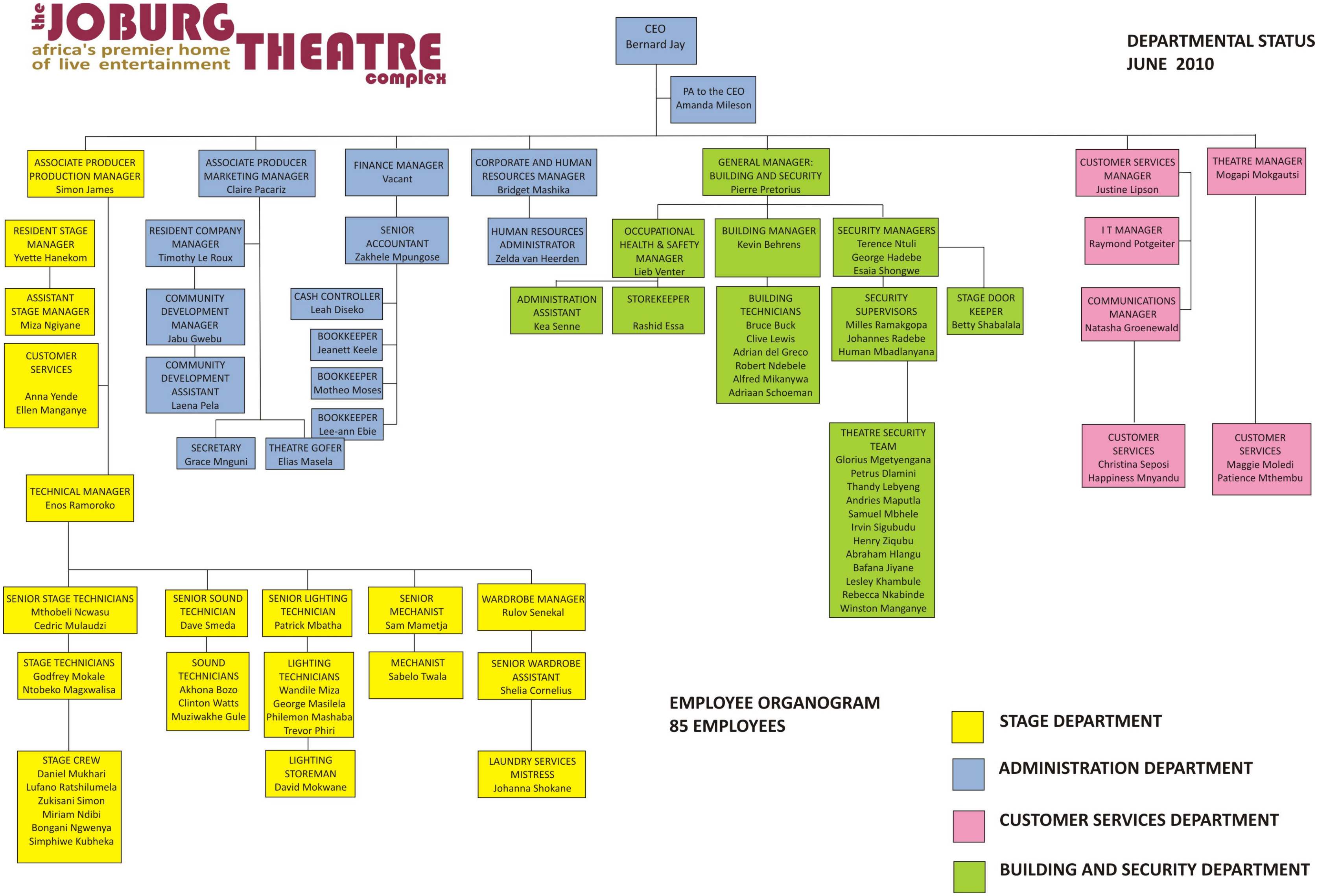
The Peoples

space.com

A FACILITY FOR COMMUNITY DEVELOPMENT

the JOBURG THEATRE complex — africa's premier home of live entertainment

DEPARTMENTAL STATUS
JUNE 2010



EMPLOYEE ORGANOGRAM
85 EMPLOYEES

VISION

- To maintain Joburg Theatre's position as the country's presenting house of choice, leasing its stages to tenants for the very best of world-class live entertainment sourced both locally and overseas.
- To facilitate in-house stage productions and co-productions when viable.
- To remain an internationally recognised venue for global touring theatrical productions.
- To be a community meeting place from early morning to late night within a leisurely environment, offering catering establishments and arts related experiences.
- To facilitate the skills development of South African performers, musicians, writers, directors, designers and technicians in order to create commercially viable and globally exploitable stage productions.
- To support and encourage ancillary arts and culture activities within the theatre complex and focused on community development.
- To maintain a warm and welcoming building providing the best of service standards and an attitude of sincerity.

MISSION

- Presentation of world class theatre productions.
- Accessibility to the theatre for all.
- Multi-skills training of employees.
- Customer focussed culture.

ALIGNMENT OF THE ENTITY WITH THE MAYORAL PRIORITIES

It is the City of Johannesburg's 2030 Vision to become a world class city with world class facilities, accessible to all and representative of our diversified culture. It is concurrently the vision of Joburg Theatre to achieve an ongoing annual increase in usage of the theatre by historically disadvantaged communities.

STRATEGIC OBJECTIVES

The company recognises and supports 5-Year IDP Programmes and Key Programme Achievements in accordance with the City of Johannesburg's Strategic Thrusts within the Community Development Sector: a city where community development, personal growth and social mobility are enhanced so that challenges of poverty and vulnerability, inequality and social exclusion are fundamentally addressed to give effect to the UN's Millennium Development Goals (MDG's) and the ANC's Local Government Manifesto. The company's strategic objectives in this regard include:

- Continuing to promote JT as a flagship social asset through expanded entertainment and arts promotion programmes, thereby making a vital contribution to the quality of life of diverse audiences.
- Continuing to ensure the financial viability of the company in its own right and promoting the priority of excellent corporate governance.
- Encouraging the use of The Fringe by young actors to present personalised African experiences that would assist them in learning both producing and marketing skills for the future viability of the industry.
- Supporting a year-round programme of performances for children between the ages of 3 and 12 at The Peoples, thereby building the theatregoing audience of the future.
- Supporting the future of the theatre's dance studios and current tenant The South African Ballet Theatre in training young dancers from historically disadvantaged communities through workshops and subsidised learner programmes in order to create the professional dancers of the future.
- Building and operating new Community Development focussed facilities within the theatre in order to transfer theatre industry skills to community members and to encourage a working link between Joburg Theatre and Johannesburg's many Community Theatre Centres.
- Wisely disbursing an annual Social Awareness Programmes budget for the support of worthwhile and relevant fundraising causes within Johannesburg, with specific concentration on fighting HIV/AIDS.

JOBURG THEATRE
ANNUAL REPORT 2009-10

Foreword by Member of the Mayoral Committee

As the Member of the Mayoral Committee representing the City of Joburg's Community Development Sector, I am privileged to be working with Joburg Theatre as a Municipal Entity.

Our expectation of this Entity is that: it excels in the standard of entertainment presented on its stages; it serves all sections of Joburg's communities; it promotes access to previously disadvantaged communities who have not previously become theatregoers; and it operates the theatre with good governance and a strong ethos of accountability.

In considering Joburg Theatre's achievements of the city's expectations, I recognise the creative success record of our city's theatre in the past ten years, providing both relaxation and enrichment for the souls of the citizens of Johannesburg. I am also enthused by and appreciative of the added-value facilities that the company offers – such as the community development aspects of space.com - in order to fulfil its other equally important role as a participant in the city's Community Development IDP.

I was proud of the acclaim received for Joburg Theatre's own production of the musical THE BOYS IN THE PHOTOGRAPH, staged as a Joburg Host City Parallel Event for the 2010 FIFA World Cup. The plaudits received worldwide for the exclusively South African talent involved in this project were gratifying for the city as a whole and uplifted the community. I congratulate the theatre's CEO, Bernard Jay, on such an achievement.

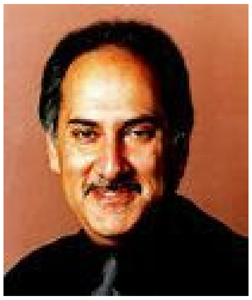
I am pleased to note that during the past year the theatre's successful efforts in continuously striving to achieve its transformational agenda in terms of employment equity, affirmative procurement and audience development. I am also grateful for the company's continuous achievement of unqualified audit reports since its inception in 2000, proving management's commitment to good governance and accountability.

The city has been mindful of the current problems facing Joburg Theatre due to the economic recession and has shown its willingness to support the company by recognising the need for increased subsidy going forward. However, we hope that, as the economic climate improves, the company will manage to increase its proportion of earned income to subsidy and become less dependent on the shareholder's support.

I look forward in future years to working with the company's Board of Directors and its Chairperson, Mr Cas Coovadia, in overseeing constant development of existing and new programmes in order to involve all sections of our community in the excitement, skills, passion and opportunities of theatre.

Councillor Bafana Sithole
Member of the Mayoral Committee
November 2010

Foreword by Chairperson



From a historical perspective, Joburg Theatre has been a success story for the City of Johannesburg since the corporatisation of the operating company in 2000. With ten consecutive years of awards as Best Theatre in Joburg and ten consecutive years of clean audits, the city has had good reason to be proud of its Municipal Entity facing the Metropolitan Centre.

However, 2009/10 has been a trying, testing, exciting and challenging year! This is so not just for the theatre, but for our country and globally.

Joburg Theatre did not escape the impact of the global economic crisis that resulted in a 6.7% contraction in the SA economy last year: we saw increasing levels of indebtedness and decreasing levels of disposable income in the hands of many families.

This put severe pressure on the "leisure rand" and we saw the effect of this at the theatre through lower revenue and a deficit between income and expenditure. These lean times proved that the theatre adopted the correct strategy in accumulating substantial reserves in the years prior to the economic crisis. These reserves were applied in covering our deficit, without any bail-out from our shareholder. We thus weathered our storm without calling on the Joburg ratepayers to dig into their strained pockets!

This was also the year of the FIFA World Cup! Our country can justifiably hold its head high for hosting, what many say, is the most successful World Cup. THE BOYS IN THE PHOTOGRAPH visited The Mandela stage during the period of the World Cup, and proved to be successful after a few difficult opening weeks: it appears the early exit of Bafana Bafana, although sad for our country, was good for the theatre. We are grateful to the City of Johannesburg for its valuable support in enabling us to produce and stage this show. THE BOYS IN THE PHOTOGRAPH was one of three shows we produced internally. I am proud to say we achieved a net profit from these shows, despite the very difficult environment.

This last year also saw significant progress in the efforts of space.com, our developmental and community theatre initiative. This initiative is beginning to play a critical role in the theatre's efforts to give something back to the arts environment.

At strategy meetings held between the executive management of the company, the Board of Directors and representatives of the company's shareholder, we have given reassurance to management of its current operating strategy as a presenting house and have committed to follow this creative strategy into the immediate future.

I can say with confidence that Joburg Theatre has come through a very difficult year with acclaim. We suffered a deficit, but we have still out-performed our peers. This is due to the sterling efforts of all our staff, again lead energetically and with passion by CEO Bernard Jay. The Board of Directors grappled with challenging situations with wisdom and insight and continues to provide strategic direction and guidance to management. I thank Bernard, every staff member and my fellow directors for these efforts.

The company subscribes to high ethical standards and principles of outstanding corporate governance. Legislation such as the new Companies Act and the Consumer Protection Act – as well as the strengthening of the Competition Act – indicates levels of vigilance regarding the actions of companies that have never before been seen in South Africa. We as a company are making strenuous efforts to ensure that we satisfy the demands of the new legislation whilst maintaining a steady ship, ready to meet the challenges and opportunities ahead.

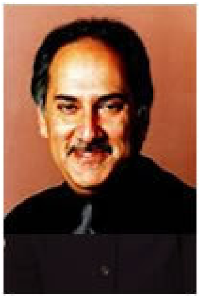
I also welcome the tightening of the fiduciary duties of both executive and non-executive directors. Individuals who accept directorships must accept the responsibilities that go with their appointments.

I would also take this opportunity to thank Amos Habede, who retired as a non-executive director in January 2010, for his committed service on our Board.

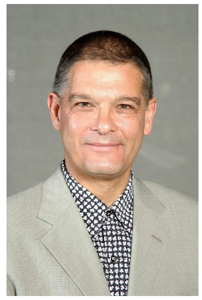
Finally, I take this opportunity to thank our shareholder, the City of Johannesburg, for its continuing, and unstinting, support to the theatre. This has been a very difficult year for the City, but it has still been able to support the theatre to ride through its own storm. My special gratitude goes to Councillor Bafana Sithole, his team and the folk in the COJ Shareholder Unit for all their efforts. In conclusion, I must acknowledge the leadership of Executive Mayor Amos Masondo and his City Manager, Mavela Dlamini, for their ongoing support and leadership.

Cas Coovadia
Chairperson: Board of Directors
Joburg Theatre (Pty) Ltd
November 2010

BOARD OF DIRECTORS



CAS COOVADIA (59)
Chairperson



BERNARD JAY (64)
Executive Director (CEO)

YVONNE N MHINGA (45)
Non-Executive Director

BARBARA L LOMBARD (49)
Non-Executive Director

BAHEYA MOKHOBO (46)
Non-Executive Director

SURYKUMARIE PILLAY (48)
Non-Executive Director

PAMELA M MASHIANE (45)
Non-Executive Director

WELCOME MSOMI (67)
Non-Executive Director

CAS COOVADIA (CHAIRPERSON)

As Managing Director at The Banking Association of South Africa and having served on the Board of the theatre when it operated as a not-for-profit Company, Cas is ideally suited to advise the CEO and the Board on issues related to interaction between the Civic Theatre and organised business, as well as interaction between the theatre and the financial sector. Cas also represents The Banking Council SA on the BSA Board of Governors. He also serves on the Boards of the CDE, NBI, ICHUT and HCPT.

YVONNE MHINGA

Affectionately referred to as the “Princess of Africa”, Yvonne Chaka Chaka has performed for many dignitaries and heads of state, including the Former President of South Africa, Dr. Nelson Mandela, HRM Queen Elizabeth and Former US President, Bill Clinton. In a career spanning over two decades, she has shared the stage with megastars such as Bono, Angelique Kidjo, Annie Lennox, Youssou N'Dour , Queen, and South Africans Johnny Clegg, Miriam Makeba, and Hugh Masekela.

An active goodwill ambassador and patron for a number of social responsibility organisations, including UNICEF, Nelson Mandela's 46664 Campaign, Orlando Children's Home in Soweto, and Roll-Back Malaria; Yvonne was inspired to form The Princess of Africa Foundation, an organisation committed to eradicating the spread of malaria in Africa.

Above all, Yvonne is an astute business woman, managing her own record label and investment company, and serving on the boards of Simeka BSG and SAMRO.

BARBARA LEBOGANG LOMBARD

Born and brought up in Soweto, Johannesburg. Barbara started her career as a Nursing Sister and then proceeded to Study Industrial Relations-Wits Business School, Telecommunications Network Engineering- Matthew Bolton (UK) and Executive Development Programme in New York.

She has been an HR Practitioner for the last 20 years, having had the opportunity to work as an Industrial Relations Officer, Resourcing Specialist, HR Development Specialist, Talent Management and HR Generalist. In 2001 Barbara moved out of HR, to manage a division of Technical/Engineering Specialists looking after some of the top 100 Companies Network Services.

Barbara has had a good exposure working for global companies, within SA and outside of SA, including Alexander Forbes, JP Morgan, Telkom SA, British Telkom, De Beers Consolidated Mines, Barclays Bank, Standard Chartered Bank. She is currently the Corporate Services Executive at National Empowerment Fund.

BAHEYA MOKHOBO

Baheya has extensive working experience in Human Resources, and is currently employed as the Operational Manager: Human Resources at a global re-insurance institution. She has a B.A. degree in Communications, an Honours degree in Employee Relations, and is currently completing a Masters in Business Administration (MBA) degree. Personal interests include attending Pilates classes, cycling and salsa dancing. She is a qualified Reiki Master and strives to continuously develop her spirituality by beginning each day with daily meditations.

SURY PILLAY

Sury is a senior partner and policy specialist at Attorneys S.K. Pillay. She holds B.A.Hons, LLB from Wits and an LLM from the University of Pennsylvania (U.S). She has vast experience in public interest law and policy development and her services included legal advice to local authorities; non-governmental entities and international donor agencies. She serves on the Boards of PDHRE/Anglo Africa, an initiative focusing on developing human rights cities globally; the Center for Equality and Reconciliation Studies; Lequbu Consulting Pty. Ltd, which has a focus on property investments and the built environment.

MMANOKO PAMELA MASHIANE

Mmanoko 'Pam' Mashika is the founder of Segakweng & Associates Strategy Consultancy, a company that specialises in Corporate Strategy, which includes developing and implementing Research, Communication Strategies for clients as well as Training and Mentoring SMEs.

She spent most of her career life within the marketing and advertising field in various big corporates in South Africa. Mashiane holds a BSc degree from the University of North West (Chemistry, Biology & Education). She progressed through the ranks of marketing. During this time she also acquired a Post Graduate Diploma in Marketing Management (PDMM) ex UNISA, Diploma in Project Management (DMS) Dip PROJM ex DAMELIN, and MBA (Dissertation due 2009). She is also a Non-Executive board member of the Kgosi Neighbourhood foundation, which is a non-profit organisation (NPO) aimed at helping children out of the streets, to be integrated back into a normalised life-style with families.

WELCOME MSOMI

PLAYWRIGHT/DIRECTOR/COMPOSER/BUSINESSMAN

Welcome has won international acclaim as a playwright, choreographer and director. His many works include **MNTANAMI NOMHLANGANO MNTANAMI, QONDENI, CHARRIE NTIMBANE, PHEZULU, BLACK AND WHITE IS BEAUTIFUL.** Mr. Msomi's significant success, **UMABATHA** has toured the world**.**

Other presentations he has created or produced are: **SINA; JOURNEY BACK HOME; FROM SOWETO TO SELMA; BONGI'S JOURNEY, BUYA AFRICA, TAMBURLAINE THE GREAT,** most of Mr **Nelson Mandela's Birthday Celebration; designed and directed the 10th May 1994 INAUGURATION.**

Welcome is director of the following companies: **MEROPA, EZINKULU PRODUCTIONS, WMC, CCN, MCN, Msomi Call Centers, Best-of-Both-Worlds Pictures, and ASN, Network BBDO and the Ziphathe Empowerment Network**.

BERNARD JAY (CEO) was born in Yorkshire, England, in 1946.

At the age of sixteen he began a long and comprehensive career in entertainment administration by learning his craft in management positions at such British government-subsidised theatres as York Theatre Royal, Malvern Festival Theatre and London's Hampstead Theatre.

During this period, Bernard also received a Bursary from the Arts Council of Great Britain to study theatre administration.

At age twenty-four, he was appointed General Manager of the City of London's famous Mermaid Theatre, where he worked alongside Artistic Director Sir Bernard Miles.

During his three-year tenure at the Mermaid, Bernard was responsible for bringing the renowned young actors from the USSR's Theatre for Young Spectators to London. The success - and importance of the political breakthrough - of the company's season at the Mermaid lead to his receiving a second Bursary from the Arts Council; this time to study the practice of children's theatre at the Russian actors' famed home base in Leningrad. After five annual visits, Bernard was honoured to become the first official non-Soviet Member of the Theatre for Young Spectators.

In 1973, Bernard entered the world of commercial theatre production by being appointed General Manager of London's Triumph Theatre Productions.

He was responsible for overseeing many stage productions in a period of two years. Notable among these were: The UK première of Grease, starring Richard Gere and Elaine Paige; and worldwide tours - including a season on Broadway - by Roy Dotrice in his one-man show, Brief Lives.

In 1975, Bernard left Triumph to become Associate Producer of Paul Elliott Entertainments Ltd, based in London, New York, Toronto and Sydney.

The company pioneered the concept of global touring theatre with such successful stage productions as: Rock Hudson and Juliet Prowse in the musical I Do! I Do!; Lee Remick in Bus Stop; Sir Michael Redgrave in the anthology Shakespeare's People; Douglas Fairbanks Jr in the comedy The Pleasure of His Company; and The Royal Shakespeare Company productions of Hedda Gabler - starring Glenda Jackson - and Sherlock Holmes.

In 1976, Bernard was responsible for creating the acclaimed re-birth of the art of cabaret in London - through an innovative policy of American cabaret stars - at Chelsea's Country Cousin Restaurant. These included sell-out engagements by Peter Allen, Barbara Cook, Holly Woodlawn, Wayland Flowers and Lorna Luft.

Bernard immigrated to the United States in 1977 and formed his own personal management and theatre production company.

Based in Manhattan for the next eleven years, he produced off-Broadway (including the 1984 revival of Earl Wilson Jr's musical Let My People Come) and engineered the career development of many American performers as diverse as ex-Supreme Cindy Birdsong, cabaret diva Nancy LaMott and America's most controversial cult "superstar", Divine.

In 1988, Bernard was delighted to find his name included in Marquis' first edition of Who's Who In Entertainment.

Following the untimely death in 1988 of his principal personal management client - Divine - Bernard was commissioned by the publishers Virgin Books to write a personalised biography of the extraordinary star. His book, Not Simply Divine - written over a five-week period in Spain - was published by Virgin in the UK in 1993 and subsequently by Simon and Schuster in the US and in Japan.

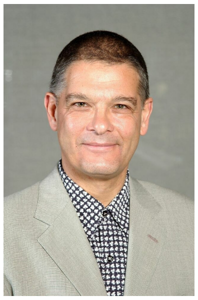
In 1993, Computicket founder Percy Tucker invited Bernard to relocate to South Africa to become Entertainment Director of the ticketing company.

In 1997, Bernard joined promoter Attie van Wyk's Big Concerts as Deputy Managing Director, where he was responsible for overseeing such successful presentations as Steve Hofmeyr in the musical Summer

Holiday, Michael Flatley's Lord of The Dance, The Magic of David Copperfield and Operama's Aida at the Loftus Stadium in Pretoria.

Bernard was appointed Chief Executive Officer of the Johannesburg Civic Theatre on July 1st 2000. He has signed a renewal of his contract, extending his term until June 30th 2012.

Chief Executive Officer's Report



The financial year of 2009-10 was a very difficult one for Joburg Theatre. The company was faced with three major obstacles to overcome in its efforts to achieve both budget and scorecard targets: a full year of economic recession, resulting in a severe decrease in available leisure-time spend; a lead-up to the 2010 FIFA World Cup in South Africa, resulting in a diversion of interest and expenditure throughout the country to sport; and a stagnating subsidy from the shareholder at a time when earned income decreased considerably.

Coincidentally and despite these problems, Joburg Theatre achieved its most successful year to date in its creative output. The economic downturn in the country also lead to a sudden lack of entrepreneurs and promoters willing to take the increased financial risk of renting a theatre and producing a show. In order to achieve its mandate of keeping The Mandela stage (1,069 seats) occupied with shows for fifty weeks a year, the company used its in-house resources and skills in order to produce three shows during the year: FOOTLOOSE – THE MUSICAL; Janice Honeyman's pantomime PINOCCHIO; and the Andrew Lloyd Webber / Ben Elton musical THE BOYS IN THE PHOTOGRAPH, staged with the generous assistance of the City of Joburg specifically for the 2010 FIFA World Cup. All three of these shows were received with unanimous acclaim from media and audiences alike, culminating in no less than seventeen nominations for the South African Theatre Industry Naledi Awards and a prize as Best Musical Production of the Year (awarded to both myself and Janice Honeyman) for PINOCCHIO.

Finale of the award-winning Joburg Theatre production of
JANICE HONEYMAN'S PINOCCHIO
The Mandela: November / December 2009

Despite such praise and industry recognition, it was hard work to persuade Joburgers to part with cash for theatregoing. Considerably reduced ticket prices assisted in raising the attendance figures for FOOTLOOSE and eventual positive word-of-mouth saw the final two weeks of the season of THE BOYS IN THE PHOTOGRAPH play to packed houses. Although producing in-house increases risk for the company, a net profit was achieved of R1,352,572.00 on these three musical productions.

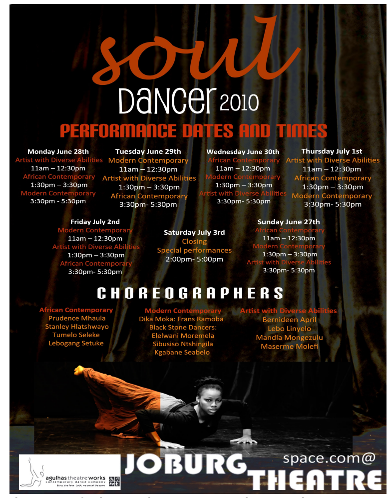
During the year, The Mandela battled to find sufficient audience numbers for such presentations as ARTS ALIVE 2009, the return of QUEEN IT'S A KINDA MAGIC, The South African Ballet Theatre's SWAN LAKE, Opera Africa's LA BOHÈME and a visit by the STATE ST PETERSBURG MALE BALLET. However, limited performances from South African comedians RIAAD MOOSA and DAVID KAU and British comedy superstar EDDIE IZARD became 'hot tickets', resulting in instant sold-out status for each of them. Overseas touring productions presented on The Mandela stage such as HANNAH & MILEY: THE BEST OF BOTH GIRLS, HOTEL CALIFORNIA – THE EAGLES EXPERIENCE and THE TWELVE TENORS achieved satisfactory results in both audience attendance and the all-important profitability for the theatre's producing partners (so that they will return to us with more product).

Programming in The Fringe (251 seats) was suitably eclectic and managed well to maintain the theatre's identity and purpose in the support of South African producers and performers. Attendance throughout the year, although over-achieving its scorecard target by 10%, was roller-coaster-like in its patterns. RIAAD MOOSA opened the year with his hit FOR THE BARACKa, playing to a season of sold-out houses. Local stage product such as THE CHEAP SHOW, space.com's award-winning revival of AWAITING TRIAL, ROB VAN VUUREN's solo show, the TRIBHANGI DANCE COMPANY, Harry Sideropoulos' return with HAPPY SHABALALA, CINEMA WOW and Kurt Schoonraad's SPIDERS AND MAYONNAISE failed to attract sufficient potential theatregoing attention, whilst Matthew Ribnick's return in his one-man plays THE CHILLI BOY and HOOT once again brought to Joburg Theatre a positive number of loyal followers. The US import UNFORGETTABLE – THE NAT KING COLE STORY proved to be a welcome success in The Fringe mid-year, as did the local musical MILE HIGH WITH CATHY SPECIFIC.

The end of the financial year saw, in separate tributes to South Africa's successful hosting of the World Cup, a small piece of history created at Joburg Theatre with legendary musician JOHNNY CLEGG filling The Mandela whilst, on the same night, his son, popular musician JESSE CLEGG filled The Fringe.

In a year that threatened financial sustainability, it has been gratifying to note the ongoing successful achievements of the "black-box" 100-seat theatre known as space.com and its mandate of community development, under the stewardship of the theatre's Community Development Manager, Jabu Gwebu.

space.com's own projects included: the WOMEN DIRECTOR'S VOICES FESTIVAL, a festival of theatre directed by female practitioners – the concept being a platform for female directors to initiate their own projects, enjoy taking risks and meeting their challenges; WORDS UNFOLDED (in association with ARTS ALIVE 2009), a project dedicated to storytelling and poetry and aimed at self-empowering young people; a presentation of NAPO MASHEANE AND THE INDIGENOUS ORCHESTRA, a unique fusion of South African percussion and poetry; the second edition of ACTION! STEP UP AND CLAIM THE STAGE, a performing arts talent search aimed at community theatre projects; and SOUL DANCER 2010, a showcase of contemporary dance works by twelve young South African choreographers, featuring the integration of both able-bodied dancers and dancers living with disabilities, including deaf and blind dancers.



Joburg Theatre's fourth auditorium, The Peoples (215 seats), continued to be leased by the Peoples Theatre Company, presenting throughout the year first class productions for children between the ages of 3 and 15 and bringing to our building the essential first-time experience of the magic of theatre.

It was a year in which we at Joburg Theatre witnessed the near collapse of our tenant and colleagues The South African Ballet Theatre due to a lack of underlying financial support - and then a last-minute reprieve through the National Lottery Fund's generosity. It was a year in which our award-winning (and usually highly profitable) News Café suffered losses for the first time in its seven-year history at Joburg Theatre. And a year where juggling productions on the theatre's stages became the 'order of the day' as shows dropped out of our programming at last minute due to unavailability of production funding.

Altogether, a year that brought triumph – in the achievements of the theatre's world class stage staff in bringing to extraordinary life the superb mechanics of The Mandela's stage in the visually stunning production of THE BOYS IN THE PHOTOGRAPH – and disappointment and regret in not being able to motivate enough theatregoing practice during a period of recession in order to meet expected targets.

Scenes from Joburg Theatre's production of Andrew Lloyd Webber and Ben Elton's
THE BOYS IN THE PHOTOGRAPH
Set Design by Johan Engels. The Mandela: May to July 2010.

One of the global conundrums faced by theatre practitioners worldwide is the proportion of expenditure on marketing against achieved revenue on individual shows. The standard business model of relativity often needs to be reversed in order to sustain a committed run of a show - in that the smaller the audiences, the greater the necessity for increased marketing expenditure. This certainly proved to be the case at Joburg Theatre in 2009-10, resulting in the line-item of marketing being the only noticeable expenditure variance by the company in its year-end financial results.

Not meeting all our targets in 2009/10 necessitates strict levels of control on expenditure and innovations for strengthening potential revenue in 2010/11. The theatre will not take the financial risk of major in-house productions of musicals – with the exception of the annual, profitable pantomime production – and make every effort to secure commercial entertainments on a rental basis. The theatre’s News Café is undertaking major policy changes in order to attract a higher level of daytime table occupancy.

With the endorsement of its Board of Directors and shareholder, the theatre has decided upon a new strategic policy with regard to ticketing. In March 2011, Joburg Theatre will replace the expensive and unsatisfactory traditional form of ticketing through a monopolistic agency with a state-of-the-art, in-house controlled bouquet of systems that will deliver to the theatre paperless ticketing, secure access control, customer relations management and the ability to manage a Loyalty Club. These innovations will not only reduce the cost of ticketing for both the producer and the ticket purchaser, but also enable the theatre’s management to incentivise and reward its patrons for loyalty.

Once again, I would take this welcome opportunity to thank my caring and ever-patient Chairperson of the company’s Board of Directors, Mr Cas Coovadia, who never fails to listen and attempt to grasp the sometimes peculiar vagaries emanating from the world of showbusiness. And a very personal word of gratitude to Member of the City of Joburg’s Mayoral Committee for Community Development, Councillor Bafana Sithole, who championed the theatre’s passionate case for a considerably increased subsidy in 2010-11 and brought us the good news: that our case had been accepted.

We move forward now into 2010/11 with optimism, caution and determination to see through this time of economic crisis in the live entertainment industry and remain ‘the leader of the pack’.

Bernard Jay
Chief Executive Officer
Joburg Theatre (Pty) Ltd
November 2010

MANAGEMENT EXECUTIVE

BERNARD JAY (64)
Chief Executive Officer

BRIDGET MASHIKA (36)
Corporate and HR Manager /
Company Secretary

ZAKHELE MPUNGOSE (34)
Acting Finance Manager

PIERRE PRETORIUS (47)
General Manager:
Building and Security

JUSTINE LIPSON (37)
Customer Services Manager

MOGAPI MOKGAUTSI (34)
Theatre Manager

ENOS RAMOROKO (48)
Technical Manager

CLAIRE PACARIZ (33)
Associate Producer /
Marketing Manager

SIMON JAMES (53)
Associate Producer /
Production Manager

BRIDGET MASHIKA
CORPORATE AND HR MANAGER / COMPANY SECRETARY

Bridget obtained a BCompt Degree through UNISA and is currently studying towards CIS (Board Level) with ICSA. She joined Joburg Theatre as Supply Chain and Asset Manager in August 2007 and was promoted to Deputy Finance Officer In December 2007. In September 2009 she was appointed Corporate and Human Resources Manager / Company Secretary.

ZAKHELE MPUNGOSE
ACTING FINANCE MANAGER

Zakhele completed a National Diploma in Accounting at ML Sultan Technikon (Durban University of Technology) and is currently studying BCompt through UNISA. He started his financial career as a Trainee Accountant at Smiths Manufacturing in Durban, and later moved to Nkandla Municipality where he started as Assistant Accountant and ended as a Chief Financial Officer after six years.

He joined Joburg Theatre in September 2009 as a Senior Accountant and currently is the Acting Finance Manager.

PIERRE PRETORIUS
GENERAL MANAGER: BUILDING AND SAFETY

With a mechanical and metallurgical background Pierre started his career with ISCOR in Pretoria, qualifying at Olifantsfontein with distinctions in 1985. He was appointed Maintenance Supervisor at ISCOR. In 1987 he worked on Turbines for all Eskom's power stations, until moving to Armscor in 1989. At Armscor he was appointed to work in the electronic infra red night-sight division, where he was assigned as foreman until leaving in 1992 to take a position at the theatre. Pierre was promoted to Maintenance Supervisor in 1995 and in 2002 to the position of Building Officer. He was appointed General Manager: Building & Safety in July 2008.

JUSTINE LIPSON
CUSTOMER SERVICES MANAGER

Justine is Joburg born and bred. Her first dealings with the theatre were as a star-struck five-year-old, mesmerized by the magic of the stage. Some twenty years later she had a brief dabbling at Liberty Life, completed an internship at the Gertrude Posel Gallery and a Masters Degree in Fine Arts (WITS). Justine started her career at the theatre as the curator of the Joburg Theatre Gallery. After some years she moved sideways as assistant to the House Manager, before becoming a House Manager in 2001, and then Client Services Officer in 2005. In August 2009 she was appointed Customer Services Manager.

MOGAPI MOKGAUTSI
THEATRE MANAGER

Mogapi started his working career at Joburg Theatre in 2003 as a theatre attendant. He was appointed Box Office Assistant later in the year. In 2005 he was promoted to Box Office Supervisor where in the same year he was promoted to Front-of-House Manager and then later House Manager. Mogapi enjoys meeting producers and working with the variety of productions - local and international. In August 2009 he was appointed Theatre Manager.

ENOS RAMOROKO
TECHNICAL MANAGER

Enos started his theatre career in 1987 as an Assistant Stage Manager for PACT. In 1989, he moved to the State Theatre as a Lighting Technician Trainee. He was promoted to Senior Lighting Technician for PACT in 1993. In 1995, he joined the Joburg Theatre as Lighting Technician, where he was promoted to Chief Lighting Technician in 2000 and in 2007 was promoted to the position of Technical Manager.

CLAIRE PACARIZ
ASSOCIATE PRODUCER / MARKETING MANAGER

Claire holds a National Diploma in Public Relations Management and began her career in a PR consultancy, later joining the Emerald Casino Resort in 1998. After five years, a change was due and Claire ventured into theatre. She was appointed Production Assistant at the Joburg Theatre in 2003 and has since taken on the position of Associate Producer / Marketing Manager.

SIMON JAMES
ASSOCIATE PRODUCER / PRODUCTION MANAGER

Simon started his theatrical career whilst still at school, working on amateur and touring professional productions. Since going professional at the former CAPAB, he has worked for almost all of the independent producers in South Africa and most of the erstwhile Performing Arts Councils. He also worked in the USA and Europe and has extensive experience in the corporate theatre market.

FINANCE MANAGER'S REVIEW

Financial Performance

The Company's earned income for the year was R28.85m, against an adjusted budgeted estimate of R30.42m.

Expenditure totalled R55.54m, against an adjusted budgeted estimate of R56.27m.

Revenue

The Company posted revenue of R28.85m for the year. Revenue consisted of:
Ticket sales for Joburg Theatre's in-house productions of R14.70m;
Theatre rentals of R4.56m;
Retail income from hospitality, bars, restaurant, refreshments, merchandise etc of R2.14m.
VIP group ticket sales commission of R0.28m;
And Sponsorship funds for THE BOYS IN THE PHOTOGRAPH of R7.16m.
Revenue calculation excludes COJ subsidy of R17.464m and Interest Received of R1.78m.

Results of Operations

The Company posted a deficit of R5.53m for the year under review, inclusive of interest earned on company bank accounts and after deferred taxation calculations, against an adjusted budget deficit of R6.536m.

Cash Flow

A subsidy to the value of R17.464m was received during this financial year. Interest income earned of R1.78m (2009: R3.2m) was earned. The Company ended the year in a favourable cash position with cash on hand being R12.95m.

Balance Sheet

Fixed assets as at year end were R15.24m.

The increase in the Trade and Other Receivables at year-end was as a direct result of the increased future productions expenditure.

The total assets as at June 30th 2010 are R28.91m, compared to R33.95m for the previous year.

Capital Projects

The company was allocated funds by its shareholder, the City of Joburg, for the following capex project in the financial year 2009/10:

Project	Start Date	Completion Date	Capex
Purchase and upgrading of stage equipment	01 July 2009	30 June 2010	R986,032.28

Company four-year review

The company has recorded an aggregate deficit of R7.59 m over the past four years. The main reason for the deficit is lack of ticket sales as a result of the global recession. Regardless of losses that the company has made, the company can still meet its short term commitments as the current / liquidity ratio is 3.09: 1 in current year (2.98:1 in 2009, 4.5: 1 in 2008; and 3:1 in 2007). The acceptable liquidity ratio is 1:1. The company has been solvent over the past four years. The company's assets exceeded its liabilities by R17.02 m as at the end of June 2010 (R18.63 m in 2009; R 22.11in 2008 and R20.34 in 2007).

The company has earned R91.12 m revenue over the past four years as compared to R64.75 m subsidy received from the parent municipality (City of Johannesburg) over the past four years. That is a ratio of 41.54% subsidy to 58.46% earned income: A positive ratio for the subsidised theatre industry.

	Unit	2010	2009	2008	2007
Key financial figures					
Total assets	R	28,908,999	33,952,593	36,204,772	35,586,339
Total equity	R	17,018,164	18,631,874	22,110,100	20,337,697
Total equity and liabilities	R	28,908,999	33,952,593	36,204,772	35,586,339
Bank balance	R	12,951,622	19,848,468	20,346,264	19,052,691
Capital expenditure	R	986,032	NIL	1,000,000	1,618,000
Revenue	R	28,855,378	22,153,478	18,180,001	21,928,385
Grant and Subsidies	R	17,464,000	17,259,000	15,823,000	14,745,000
Direct cost (If applicable)	R				
Employee costs	R	17,903,236	15,990,844	13,802,525	12,919,131
Discounting	R				
Finance income	R	1,784,610	3,191,212	2,497,138	1,553,157
Finance costs	R	-	(489)	(472)	21
Surplus before tax	R	(7,436,704)	(4,640,543)	2,242,478	(498,706)
Income tax expense-current	R	1,908,882	1,162,309	(470,071)	138,787
Income tax expense –deferred	R	(1,908,882)	(1,162,309)	470,071	(150,387)
Surplus for the year	R	(5,527,822)	(3,478,234)	1,772,407	(359,919)
Cash generated from operations	R		(3.059,181)	864,533	4,271,310
Net cash from operating activities	R	(6,643,001)	124,582	1,632,133	5,824,446
Net cash used in investing activities	R	(169,611)	(550,291)	(253,718)	(425,414)
Net cash from/(used in) financing activities	R	(84,237)	(72,087)	(84,842)	(48,024)
Financial ratios					
Liquidity	%	309	298	450	300
Solvency	%	243	222	260	230
Total operating expenditure/revenue	%	116	216	188	176
Interest coverage	Ratio	8000	16,000	500	97,000
Other					
Employees	No	84	87	83	84
Employment equity	%	85	85	86	85
Gender equity	%	32	51	35	27
People with disabilities	%	0	0	0	0
Training cost	R	85,892	100,270	56,922	54,826
Black economic empowerment	R	6,347,316	5,519,198	4,254,511	New KPI
Corporate social investment	R	658,744	250,593	383,265	325,912

PERFORMANCE REVIEW

Highlights and Achievements

Highlights and Achievements of the year included:

- Being awarded the Leisure Options Best of Johannesburg Readers Choice Award 2009 for Best Theatre in Joburg – our thirteenth successive year in achieving this acknowledgement from the public.

- Joburg Theatre Chief Executive Officer, Bernard Jay, being informally introduced to Her Majesty Queen Elizabeth II at a private reception during Britain's Royal Variety Performance in Blackpool on December 7th 2009.

- The acclaim received from media representatives and the general public for the inclusion of the entire company of dancers of The South African Ballet Theatre in the Joburg Theatre production of the pantomime PINOCCHIO, being the first time on record that a classical ballet company has brought its skills and talent to such a totally contrasting field of live entertainment.

- The achievement for the first time in the theatre's history of exceeding R10M in gross ticket sales for one production: the pantomime PINOCCHIO achieved a gross ticket sales income of R10,506,184.

- Receiving seventeen nominations in the annual theatre industry Naledi Awards for our in-house productions of FINGS AIN'T WOT THEY USED T'BE, PINOCCHIO, FOOTLOOSE and ASPECTS OF LOVE and winning three awards: Sibu Radebe for Best Performance in a Musical (PINOCCHIO); Timothy le Roux for Best Comedy Performance (PINOCCHIO); and Bernard Jay and Janice Honeyman for Best Production of a Musical (PINOCCHIO).

- The impromptu and emotionally charged speeches given by Danny Jordaan, CEO of the FIFA 2010 World Cup Organising Committee, and Ben Elton, co-writer of the musical with Andrew Lloyd Webber, at the party following the successful opening night of THE BOYS IN THE PHOTOGRAPH in The Mandela on May 23rd 2010.

"If you ever needed proof that **JOBURG THEATRE**
stands tall when it comes to world-class staging, then
THE BOYS IN THE PHOTOGRAPH would be it.
You will feel your heart ache for the universality of this story.
The music and lyrics are beautiful." (Annette Bayne, Citizen)

"ANDREW LLOYD WEBBER's score is both haunting and rousing –
on a par musically with THE PHANTOM OF THE OPERA...
BEN ELTON's script crackles with wit and insightful satire
...this all South African production is a celebration of our world-class
performers and crew...a perfect fit for South Africa during the World Cup."
(Gayle Edmunds, City Press)

"Certainly one of the most ambitious productions
ever to be staged in South Africa... **perhaps one of the best**
the great JANICE HONEYMAN has ever staged
...quite splendid and extraordinary...a beautiful sight to behold which
sometimes takes the breath away." (Leon van Nierop, Artslink.co.za)

"JOHAN ENGEL's inventive set design alone
is worthy of gushing superlatives
...an adult musical for the 21st century theatre audience that likes substance
behind its entertainment calories...an unconventional big musical encounter
that is highly recommended." (Christina Kennedy, Sunday Times)

"A production that will blow your socks off.
It has truckloads of charisma...the technology on display is staggering...
the whole thing is skilled and absorbing...See it." (Mary Jordan, Business Day)

"A visual feast...**this is no ordinary musical**...many of the scenes touch
the soul because of their parallels with the South African situation."
(Peter Feldman, Artslink.co.za)

"Amazing...it was so breathtaking...the most creatively spectacular show
we have ever seen...South Africans will have to wait a long time
before they see something equal to this dazzling extravaganza...
Absolutely unmissable. Score? 10/10."
(Jeremy and Jacqui Mansfield)

"Africa may never have seen anything quite like this...
it's a hugely ambitious spectacular." (David Smith, UK Guardian)

GREAT SEATS FROM R150 TO R400
(excluding booking fee)
LIMITED SEASON MUST CLOSE
ON SATURDAY JULY 10th

Computicket

OPENING NIGHT OF THE BOYS IN THE PHOTOGRAPH
The Mandela: May 23rd 2010
(l to r) Bernard Jay, Roddy Quin, Danny Jordaan, Janice Honeyman and Ben Elton

Performance against IDP and City Scorecard

Set out below, is an analysis of the Joburg Theatre's performance against its KPIs for the financial year 2009/10 as set out in the City's IDP scorecard.

JOBURG THEATRE
SCORECARD
FINANCIAL YEAR 2009-10
Approved by COJ Community Development and Board of Directors
Updated: November 1st 2010

KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	ACTUAL 2008-09	TARGET 2009-10	1st QTR	2nd QTR	3rd QTR	4th QTR	TO DATE	MEANS OF VERIFICATION
Output levels	Percentage attendance in The Mandela	64%	65%	58%	78%	56%	51%	63%	Computicket reports
	Percentage attendance in The Fringe	49%	40%	63%	38%	45%	48%	50%	Computicket reports
Economic growth	Percentage increase from 2008/09 in revenue from theatre rentals	2%	5%	0%	11%	0%	0%	0%	Accounting records
	Proportion of earned income against revenue including subsidy	59%	59%	59%	73%	30%	71%	64%	Accounting records
Community development	Number of community related projects developed by the theatre	12	12	8	4	5	3	20	Quarterly Report documentation
	Number of youth introduced to theatre via sponsored tickets	New KPI	3500	1,827	11,552	918	989	15,286	Computicket reports
	Percentage of HDIs within permanent employee base	85%	86%	84%	85%	85%	85%	85%	Employment Equity reports
Effective and Compliant Financial Management	Percentage of affirmative procurement spend against total procurement expenditure	57%	60%	53%	50%	49%	57%	52%	Procurement statistics
	Percentage of capital budget spent	0%	100%	39%	39%	98%	98%	98%	Accounting records
	Attainment of a 'clean audit report' from the Auditor General	100%	100%	N/A	N/A	N/A	100%	100%	Audit reports

The financial year 2009/10 has proven a difficult one for Joburg Theatre, resulting in a year-end negative bottom-line and some scorecard targets not being achieved.

The report analyses the performance of Joburg Theatre in terms of the IDP scorecard, measuring performance in terms of both Joburg Theatre's impact and its financial and resource management.

Output Levels

The percentage attendance at the Nelson Mandela Theatre averaged 63%, only a little short of the target set of 65%. The reason for not reaching target is principally the effects on theatergoing of the continuing economic recession in the country. 189,497 patrons attended shows at The Mandela during the financial year.

The percentage attendance at The Fringe averaged 50%, well above the target set of 40%. 28,791 patrons attended shows at The Fringe during the financial year. In an increasingly competitive environment and decreasing availability of the 'leisure rand', the company is pleased with this achievement.

Economic Growth

Percentage decrease from 2008/09 to 2009/10 in revenue from theatre rentals was 0%, against a set target of 5%. The reason for the decrease in revenue and failure to meet the target is the current economic recession, resulting in fewer theatregoers.

The proportion of earned income against revenue including subsidy allocation for the financial year is 64% against the target of 59%. Earned income for the financial year was R30,513,746 of a total revenue (inclusive of subsidy) of R47,977,746. The company is happy with the fact that it has become less dependent on its shareholder subsidy over the past ten years of operation.

Community Development

The number of community / youth / gender related projects developed by the theatre during the financial year was 20, well above the target set of 12. These included: the usage of space.com as a venue specifically designated for Community Theatre (see Report from the CEO on Page 18); and the distribution of tickets to see the pantomime PINOCCHIO to street children organizations, senior citizen's homes, physically challenged youth audiences, schools from throughout the Gauteng communities, staff members of local hospitals, families of the members of both SAPS and JMPD and various fundraising organizations. The Fringe and space.com hosted several productions featured in the 2010 programme of the National School of the Arts' FESTIVAL OF FAME.

The percentage of HDIs within the company's permanent employee base is recorded at 85% for the financial year 2009/10, against a target set of 86%. The existence of a stable workforce at Joburg Theatre and subsequent lack of natural attrition is the only reason the target was not achieved.

Effective and Compliant Financial Management

The percentage of affirmative procurement spend against total procurement expenditure for the financial year was 52% i.e R6,347,315 of a total spend of R12,193,449 against a target set of 60%. The principal reason for being below the target is the considerable amount spent on a 'sole supplier' basis on creating the physical production of THE BOYS IN THE PHOTOGRAPH. Affirmative suppliers for this purpose could not yet be identified in South Africa although the company is doing everything it can to encourage new companies for the future. The company will strive to improve this result in the coming year.

Percentage of capital budget spent in the financial year is 98%, against a target of 100%. See Section 4 above for further clarification.

Attainment of 'clean audit report' from the Auditor-General is 100%.

The company has a SA GRAP compliant register of assets; has reconciled inter company balances with the City of Johannesburg and intra company balances with other Municipal Entities.

The company resolved all issues raised in the Audit Report from the Auditor General for the financial year 2008/09.

ASSESSMENT OF ARREARS ON MUNICIPAL TAXES AND SERVICE CHARGES

Assessment of Municipal Taxes and Service Charges owed to the Joburg Theatre.

Joburg Theatre does not charge Municipal Taxes and Service Charges.

Detail	0-30 days	31-60 days	61-90 days	91-180 days	181& over	Total
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Amounts owed by Joburg Theatre for service charges as at June 30th 2010.

Name of Entity	Amount Owed	Status	Comments
City Power	310 846	Current	
Johannesburg Water		Current	
Pikitup		Current	

Assessment of Directors' and senior managers' municipal accounts

Name of Director/Senior Managers	Designation	Name of Municipality	Municipal Acc Number	Account Status as at 30 06 10	Comments
Mr Cas Coovadia	Non-executive Director	City of Joburg	400864220	Current	
Mr Bernard Jay	Executive Director	City of Joburg	207540933	Current	
Ms Barbara Lombard	Non-executive Director	City of Joburg	440867524 202425366	In arrears	Investigation by Municipality for faulty metering
Ms Sury Pillay	Non-executive Director	Ekurhuleni	3301064632	Current	
Ms Baheya Rae Mokhobo	Non-executive Director	City of Joburg	400847673	Current	
Ms Pamela Mashiane	Non-executive Director	Ekurhuleni	2603272804	In arrears	Investigation by Municipality for faulty metering
Mr Welcome Msomi	Non-executive Director	Eskom	8633105187	Current	
Ms Yvonne Mhinga	Non-executive Director	City of Joburg	201044664	Current	
Mr Zukisani Samsam	Chair: Audit and Risk Committee	City of Joburg	900925697	In arrears	Dispute, Council to adjust and reflect correct billing. Payment terms agreed.
Ms Bridget Mashika	Company Secretary	Ekurhuleni	N/A	Current	Rates Account with Sectional Title Management

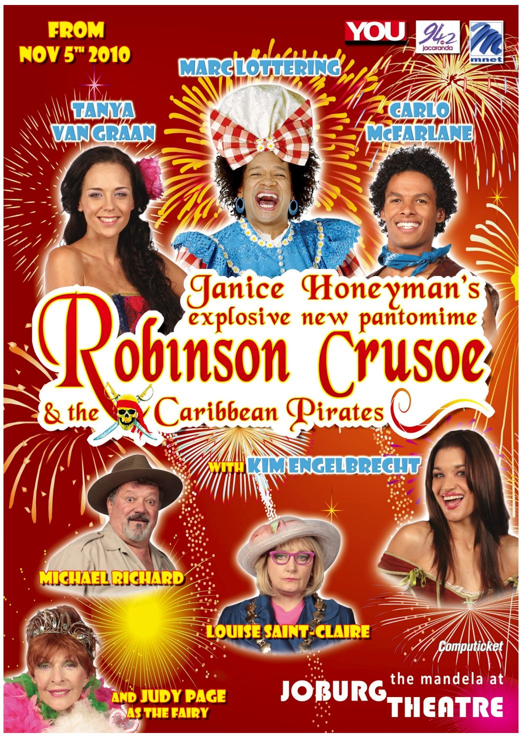
Statement on amounts owed by Government Departments and Public Entities

Name of Department	Amounts owed	Account Status	Comments
City of Johannesburg	116 990	Current	
Johannesburg Roads Agency	18 453	Current	
Johannesburg City Parks	2 748	Current	

Recommendation and Plans for the next financial year

Joburg Theatre will continue to operate its core business facility, The Mandela, as a presenting house; (carefully mixing the stage product between straightforward receiving house rentals, co-productions with overseas based producers and its own in-house productions).

However, in our efforts to maximise the mitigation of risks at a time of economic difficulty, plans for in-house productions in 2010-11 are limited to just one: the annual festive season pantomime.



Despite the challenges of last-minute scheduling drop-outs, we are delighted to report that The Mandela is fully occupied for the financial year with a healthy mix of both local and overseas based productions. These include: a return of the 2008 hit show LE GRAND CIRQUE; The South African Ballet Theatre's productions of popular ballets CARMEN and ROMEO AND JULIET; the world premiere of a new South African stage musical, JOCK OF THE BUSHVELD; an all-star cast featuring in Janice Honeyman's pantomime ROBINSON CRUSOE AND THE CARIBBEAN PIRATES; HISTORY – THIS IS IT, a tribute to the greatest pop star of all time, Michael Jackson; the UK touring hit show, for the first time in South Africa, STRICTLY TAP DANCE FEVER; Opera Africa's production of Bizet's CARMEN; and another first visit to South Africa of the Irish Dance Show DANCE OF DESIRE.

The year will also see the ongoing project of the re-branding from The Johannesburg Civic Theatre to Joburg Theatre. The theatre's new by-line, THEATRE FOR A WORLD CLASS AFRICAN CITY, will proudly highlight our identity as a Municipal Entity of the City of Joburg. Our web site will be redeveloped into the contemporary design and content of www.joburgtheatre.com. The theatre's long and volatile relationship with its ticketing agent, Computicket, will come to an end in February 2011, replaced with a state-of-the-art ticketing / access control / loyalty club / customer relations management facility that will bring untold advantages to the essential task of audience development at Joburg Theatre. And our world class front-line members of theatre staff will change into modern, bright new uniforms reflecting the overall purpose of the re-branding exercise - prioritising our welcome to the younger, all-inclusive audiences of the future.

CORPORATE GOVERNANCE

Introduction

The Board of Directors embraces the principles of corporate governance and considers these as the underlying philosophy in creating organisation excellence at all levels within Joburg Theatre. The Board of Directors and the Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the Code of Corporate Practices and Conduct in the King Report. The Board remains steadfast in maintaining high standards of corporate governance and implementing corporate governance principles, policies and practices.

Through this process, the City of Johannesburg Metropolitan Municipality as a sole shareholder and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King Code on Corporate Governance forms part of the mandate of the group audit committee. The board is satisfied that the company has complied with all legislations relevant to or affecting the company, as well as all regulations and codes of practice.

Statement of Compliance

The Board of Directors has incorporated the City of Johannesburg's Corporate Governance Protocol (the Protocol) in its Board Charter, which *inter alia* regulates its relationship with the City of Johannesburg as its sole shareholder and parent municipality in the interest of good corporate governance and good ethics.

The Protocol is premised on the principles enunciated in the King Report for Corporate Governance for South Africa. The Company steadfastly consolidated its position in respect of adherence to the King III report on Corporate Governance. Joburg Theatre's practices are, in most material instances, in line with the principles set out in the King III Report. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews progress to ensure that the company improves its Corporate Governance.

During the year under review the Company entrenched its risk management reviews and reporting and compliance assessments were conducted in terms of the Companies Act and the Municipal Finance Management Act 56 of 2003 (MFMA). The annual Board and Audit and Risk Committees evaluations were conducted and an annual report for the previous year was effectively completed in accordance with the terms of section 121 of the MFMA. The current financial report was guided by the same principles.

Code of Ethics

The company has a Code of Conduct ('the Code") which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism. After various consultations with employees, union officials and an attorney specialising in labour related matters, the company drafted a new contract of employment as well as a detailed Policies and Procedures Manual in 2000.

Upon commencement of employment, all new employees receive a contract of employment and a Policies and Procedures Manual and sign acknowledgment of receipt of both documents. The contract of employment contains clauses referring to the Code of Conduct, as well as other Policies and Procedures applicable to all employees. A copy of the signed contract, together with a document stating that the employee has received the Policies and Procedures Manual, is kept on the individual's personnel files. The Policies and Procedures Manual is updated on a regular basis by the Human Resources Practitioner. The updated policies are communicated with management as well as all employees, thereafter all employees receive copies of the updated policies and sign acknowledgement of receipt.

It is the responsibility of the theatre's heads of departments (HODs) to monitor compliance with the Company's Code of Conduct in conjunction with the Human Resources Practitioner. Employees committing a breach of the Company's Code of Conduct are dealt with in a fair and consistent manner by management, in accordance with the Disciplinary Code and Procedures. It is the opinion of the Board of Directors that the company complies with the highest ethical standards in all matters of business.

The company has put into place an Anti-Fraud and Anti-Corruption Policy. This policy is intended to set down the stance of the company to fraud and corruption, as well as to reinforce existing systems, policies, procedures, rules and regulations of the company aimed at deterring, preventing, detecting, reacting to, and reducing the impact of fraud and corruption, where such dishonest activities subsist. The policy is a confirmation of the company's role in supporting and fostering a culture of zero tolerance to fraud and corruption in all its activities.

GOVERNANCE STRUCTURE

Board of Directors

Joburg Theatre has a unitary board, which consists of one executive and seven non-executive directors. The Board is chaired by the non-executive director**,** Mr Cas Coovadia. The board meets quarterly and retains full control over the company. The Board remains accountable to the City of Johannesburg Metropolitan Municipality, the sole shareholder and its stakeholders, the citizens of Johannesburg.

A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity's relationship with the City of Johannesburg. The Board provides Quarterly, Bi-Annually and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA.

Non-executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board. The roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them. The Chairperson has no executive functions.

Members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Company Rules and Procedures, statutory regulations and best corporate practices.

The Board or any of its members may, in appropriate circumstances and at the expense of the company, obtain the advice of independent professionals. An annual Board evaluation is undertaken.

In the year under review, the board received a presentation on the King Report on Corporate Governance for South Africa 2009 report (King III) as well as the implications of the newly enacted Companies Act on the board and individual directors.

Board Composition

The table below outlines attendances at Board meetings and its subcommittees during the financial year:

Directors	Board	Audit & Risk Committee	Human Resources Committee
No. of meetings held	**4**	**4**	**2**
Cas Coovadia (Chairperson)	4	N/A	N/A
Bernard Jay[1]	4	4	1
Barbara Lombard	2	4	2
Surykumarie Pillay	3	4	2

Amos Hadebe[2]	1	N/A	N/A
Baheya Rae Mokhobo	4	N/A	2
Pamela Mashiane	4	N/A	N/A
Welcome Themba Msomi	4	N/A	N/A
Yvonne Mhinga	1	N/A	N/A
Jacobus Froneman (Independent Audit and Risk Committee Member)	N/A	4	N/A
Zukisani Samsam (Chairperson - Audit and Risk Committee)	3	4	N/A

[1] Mr. Bernard Jay is the Chief Executive Officer and a Board Member of Joburg Theatre. In terms of sound corporate governance practices, he has a standing invitation to the Audit and Risk Committee and Human Resource Committee meetings.

[2] Mr Amos Hadebe was retired as a non-executive director of Joburg Theatre at the 09th AGM on January 26th 2010.

The Board of Directors has adopted the Board Charter which encapsulates the City of Johannesburg Governance Protocol and includes matters of ethics, procedure and the conduct of committee members. Registers are kept and updated on the disclosure and declaration of interests of directors and senior management. The Board and Senior Management ensure that there is full material compliance to all relevant legislations.

The Company Secretary has certified in terms of section 268(d) of the Companies Act that all statutory returns have been submitted to the Registrar of Companies.

The primary function of the company secretary is to act as the link between the board and management and to facilitate good relationships with the shareholder. The company secretary is responsible for the general administration, more specifically to ensure compliance to good corporate governance practices and to provide guidance to the directors on corporate governance principles and applicable legislations. Tobi Suttner resigned as company secretary on August 31st 2009 and Bridget Mashika was appointed on September 01st 2009.

Remuneration

The tables below outline the fees, retainers of board members and senior management remuneration for the period under review:

NON EXECUTIVE DIRECTORS REMUNERATION

	Name	**Designation**	**Meeting Fee R**	**Other Meetings R**	**Retainer R**	**Total R**
1	Cas Coovadia	Chairperson	42,355		34,500	76,855
2	Barbara Lombard	NED	9,273	31,097	15,000	55,370
3	Surykumarie Pillay	NED	14,233	27,133	16,000	57,366
4	Amos Hadebe	NED – Retired 26/01/10	4,313	-	17,250	21,563
5	Baheya Rae Mokhobo	NED	19,193	7,940	7,500	34,633
6	Pamela Mashiane	NED	19,193	4,960	7,500	31,653
7	Yvonne Mhinga	NED	4,313	-	4,000	8,313
8	Welcome Msomi	NED	19,193	4,960	4,000	28,153
			132,066	**76,090**	**105,750**	**313,906**

* Retainer fees for 2008/09 were paid out on August 31st 2009

INDEPENDENT AUDIT COMMITTEE MEMBERS REMUNERATION						
	Name	Designation	Meeting Fee R	Other Meetings R	Retainer R	Total R
1	Zukisani Samsam	Chairperson - Independent Audit Committee Member	38,385	48,306	-	86,691
2	Jacobus Froneman	Independent Audit Committee Member	19,193	-	-	19,193
3						-
4						-
TOTAL			57,578	48,306	-	105,884

SENIOR MANAGEMENT REMUNERATION										
Name	Designation	Salary	Pension	Medical Aid	Cell Phone	Travel	Leave Pay	Other Co. Contr.	Bonus	Total
Bernard Jay	Chief Executive Officer	1,263,378		30,171		38,000		14,425	236,614	1,586,166
Vilona Milicevic	Finance Manager	507,857		29,011	2,092	24,000	32,845	8,557	47,915	652,277
Simon James	Associate Producer/ Production Manager	498,820			3,600	27,000		7,104	41,470	577,995
Pierre Pretorius	General Manager: Building and Security	434,088	39,530	55,722	3,000	36,000		9,166	37,124	629,289
Justine Lipson	Customer Services Manager	297,360			2,400	30,000		5,091	24,530	359,381
Claire Pacariz	Associate Producer / Marketing Manager	328,272		13,458	3,600	27,000		5,317	27,903	405,550
Enos Ramoroko	Technical Manager	303,032		40,419	1,800	22,000		5,028	25,643	397,923
Bridget Mashika	Corporate and Human Resources Manager	318,000		16,409	1,500	14,000		4,849	27,499	382,257
Mogapi Mokgautsi	Theatre Manager	173,500		12,389	2,200	8,000		3,367	14,005	213,461
Total		**4,124,308**	**39,530**	**200,180**	**20,192**	**224,000**	**32,845**	**63,883**	**482,703**	**5,204,300**

* V Milicevic - Terminated 14/05/2010
* B Mashika effective 01/09/2009
* M Mokgautsi effective 01/08/2009

BOARD COMMITTEE

The following committees have been established:

- Human Resources Committee
- Audit & Risk Committee

Human Resources Committee

The Human Resources Committee consist of the following non-executive directors:

Ms Barbara Lombard - Chairperson
Ms Baheya Mokhobo
Ms Surykumarie Pillay

The Human Resources Committee advises the board on remuneration policies and other terms of employment for all directors and senior executives. Its specific terms of reference also include recommendations to the board on matters relating to, *inter alia, e*mployee retention schemes, general staff policy on remuneration, profit bonuses, executive remuneration and service contracts. The Corporate and Human Resources Manager for the company advises the committee. The committee met twice during the year under review.

Audit & Risk Committee

The Audit & Risk Committee consists of the following members:

Mr Zukisani Samsam – Independent Member / Chairperson
Ms Barbara Lombard – Non-executive Director
Ms Surykumarie Pillay – Non-executive Director
Mr Jacobus Froneman – Independent Member

The role of the audit and risk committee is to assist the board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. It exercises its functions through close liaison and communication with corporate management and the internal and external auditors. The committee met four times during the year under review.

The committee has been delegated the task of overseeing the quality, integrity and reliability of the company's risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed.

The audit and risk committee operates in accordance with a written charter authorised by the board, and provides assistance to the board with regard to:

- Ensuring compliance with applicable legislations and the requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies, reporting, risk management and disclosures;
- Internal and external audit policy;
- Activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- Review/ approval of external audit plans, findings, problems, reports and fees;
- Compliance with the Code of Corporate Practices and Conduct; and
- Compliance with the code of ethics.

The audit and risk committee addressed its responsibilities properly in terms of the charter during the year under review. An updated Audit and Risk Committee Charter was reviewed and approved during the year under review. Management has reviewed the financial statements with the audit and risk committee. The quality of the accounting policies was discussed with the external auditors.

The audit and risk committee considered the annual financial statements of Joburg Theatre to be a fair presentation of its financial position on June 30th 2010 and of the results of its operations, changes in equity and cash flow for the period ended then in accordance with General Recognised Accounting Practices (GRAP) and the Companies Act.

SUSTAINABILITY REPORT

Sustainability Vision

Joburg Theatre is committee to a sustainable approach to sustainable development.

The existence of the company is dependent on the continued ongoing support from its sole shareholder, the City of Joburg, by way of subsidy paid each year in terms of the service delivery agreement entered into between the company and the City of Joburg. Should the subsidy be withdrawn, the company would not be able to continue as a going concern.

RISK MANAGEMENT GOVERNANCE AND PROCESSES

The effective risk management is integral to the company's objective of consistently adding value to the business. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk involving segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting.

In order to meet its responsibility with respect to providing reliable financial information, Joburg Theatre maintains financial and operational systems of internal controls. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management authority, that the assets are adequately protected against material loss or unauthorised acquisition, use or disposal and those transactions are properly authorised and recorded. The system includes a documented organisation structure and areas of responsibility, established policies and procedures, including a Code of Ethics to foster a strong ethical climate, which are communicated to the parent municipality. It also includes the careful selection, training and development of people.

Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management, the audit committee and the board of directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are defined. The board of directors, operating through its audit and risk committee, provides supervisions of the financial reporting process and internal control systems. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of internal control systems can change with circumstances.

The entity assessed its internal control systems as at June 30th 2010 in relation to the criteria for effective internal control over financial reporting described in its Internal Control Manual. The internal control process has been in place up to the date of approval of the annual report and financial statements. Based on its assessment, the company believed that, as at June 30th 2010, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisitions, use or disposition, met those criteria.

Internal Audit Function

Joburg Theatre has outsourced its internal audit function in terms of section 165 (3) of the MFMA to the Johannesburg Risk and Audit Services. The Johannesburg Risk and Audit Services has a specific mandate from the audit and risk committee and independently appraises the adequacy and effectiveness of the company's systems, financial internal controls and accounting records, reporting its findings to the Auditor General as well as the Audit & Risk Committee. The Johannesburg Risk and Audit Services interacts with the Finance Manager and reports to the Audit and Risk Committee on a functional basis and has direct access to the Chairperson of the Board.

The internal audit coverage plan is based on risk assessment performed at each operating unit. The coverage plan is updated annually, based on the risk assessment and results of the audit work performed. This ensures that the audit coverage is focused on and identifies areas of high risk.

Response to the Auditor-General Report

The table below outlines the finding raised by the Auditor-General in 2008/09 and corrective actions taken by the theatre management team as at the end of the financial year. Implementation and progress has been reported to the City of Johannesburg Group Audit Committee meetings during the financial year.

Audit Issue	Executive(s) Responsible	Status
Non compliance with Supply Chain Management Policy	Finance Manager	Resolved
Revenue not recorded in the correct period	Finance Manager	Resolved

Socio-economic development

The Board of Directors approved a discretionary annual Social Awareness Programmes budget for the company's Chief Executive Officer to disburse in support of causes and institutions in need and aligned with the company's arts, culture, entertainment and community support policies.

In the financial year 2009-10, the Social Awareness Programme expenditure was R658,744. The following programmes / organisations were supported from the Social Awareness Programmes budget:

SA FEDERATION FOR MENTAL HEALTH	450.00
MAYORAL ROADSHOW	4,134
AVUSA MEDIA – SABT OUTREACH PROJECTS	5,702
COMMUNITY DEVELOPMENT – space.com	128,432
THE SOUTH AFRICAN BALLET THEATRE	500,000
THE STAR DESIGN-AN-AD 2009 FOR CHILDREN	18,010
PROTEA HOTELS (ASSISTING PERSON WITH AIDS)	2,016
TOTAL	**658,744**

TRANSFORMATION AND EMPOWERING EMPLOYEES

Human Resource Management

Joburg Theatre's overall objective as set out in its employment policy is to ensure that the company's employment practices and remuneration policies motivate and retain talented employees and create an attractive environment for all employees. The employment policy is periodically reviewed to ensure that it remains relevant and practical for the changing needs of current and potential employees.

On May 30th 2007 the Board of Directors approved the implementation of an Employee Retention Scheme, to which six critically-skilled members of the Senior Management Team were signed. The company set aside a sum of R4m from prior years' surplus operational funds and the payouts of R3.257m were made in July 2010 from the Scheme. It is hoped to widen the membership base of the Scheme on a self-sustainable basis in future years.

Organisational Structure

The company organogram outlined below, points out the different levels of the reporting structure. The theatre's management team is inclusive and representative of the demographics of the country. The members of the support management team comprise of staff members from a diverse background. 85% of the staff compliment is historically disadvantaged individuals and 32% is female.

Succession planning within the company has been implemented for all senior management with the exception of the CEO.

As at June 30th 2010, the company had a total of 84 permanent employees, nine of whom report directly to the Chief Executive Officer. Every employee of the theatre is trained to offer services to: the client, namely the entity renting a part of the complex for any relevant core or support business purpose; and the customer, i.e the patron choosing to participate in a core or support business of the theatre.

The company is divided into 4 (four) essential departments:

- The Administration Department (sixteen employees and one vacant position) works with the company's Chief Executive Officer in various roles. The finance office manages all day-to-day, weekly, monthly and annual financial aspects of the company, including supply chain management and compliance.

- The Building & Security Department (thirty employees) is responsible for the ongoing maintenance, safety and security of the 48 year old building, operating 24 hours per day.

- The Customer Services Department (eight employees) services the interests and needs of the tenants utilising various areas of the theatre: medium term - such as stage tenants; and long term - such as The South African Ballet Theatre, Headline Leisure Management, News Café and The Peoples Theatre Company.

  This Department also services the interests and needs of the patrons using the building, offering frontline service.

- The Stage Department (thirty-one employees) provides the services of skilled stage, sound, lighting and wardrobe technicians to assist the clients of the theatre and to maintain strict schedules of the day-to-day usage of the many stages within the complex.

Employment Equity

The company is committed to the principles of equity, anti-discrimination and diversity as enshrined in the Constitution and the Employment Equity Act. In this context, Joburg Theatre seeks to create an institution that reflects the diversity of South African society, and which contributes to maximising the human resource potential of all its people.

The Company has employment policies that it believes are appropriate to the business and the market in which it trades. Equal employment opportunities are offered to all employees. The company firmly endorses the four key areas of employment equity identified by the Employment Equity Act:

- elimination of discrimination in decision-making;
- promotion of employee diversity;
- reduction of barriers to advancement of the disadvantaged; and
- introduction of measures and procedures for transformation.

All the relevant employment equity reports have been submitted to the Media Advertising-Publishing-Printing-Packaging (MAPPP) SETA and the Department of Labour. The company receives SETA rebates on a regular, fully monitored basis. The Chief Executive Officer, together with the Corporate and Human Resources Manager, is responsible for the monitoring of the implementation of the employment equity plan.

The table below outlines the actual employment figures by race and gender as at June 30th 2010.

84 Permanent Employees – Actual by race as at end June 2010

Categories	Actual - Male				Actual – Female				Total	PDI Total Actual	PDI % Actual
	A	C	I	W	A	C	I	W			
Theatre Management	3	0	0	3	1	0	0	2	9	6	67%
Support Management	7	0	0	5	0	1	0	2	15	10	67%
Theatre Team	33	0	1	5	17	2	0	2	60	55	92%
TOTALS	**43**	**0**	**1**	**13**	**18**	**3**	**0**	**6**	**84**	**71**	**85%**

The company employs casual staff members, who perform such duties as theatre attendants, dressers, spotlight operators, salespeople etc. Some of these employees are students who have never before been exposed to the working environment. The company has offered many of these employees' permanent positions over the nine years of operation. All of these casual employees are from historically disadvantaged communities and most live within the inner City of Johannesburg.

Skills Development and Training

Joburg Theatre is committed to sustaining a continuous programme of training and development for its management and staff to improve either job performance and/or competitiveness for promotion. The company has a policy in respect of paid assistance for skills development courses, which help in enhancing the skills of previously disadvantaged individuals. The policy also includes access to training by members of designated groups, structured training and development programmes. Company retention strategies include the promotion of diverse organisational cultures, interactive communication and feedback and ongoing labour turnover analysis.

The company's skills development programmes are in line with the requirements of the Skills Development Act and its workplace plan (WSP) is aligned to the business plan and focus is placed on occupational specific programmes, management development and legally required training.

During the period July 1st 2009 to June 30th 2010, the following skills development programmes were undertaken by the employees:-

<u>Refrigeration Course – 04/04/2009 to 31/07/2009</u>
Alfred Mkanywa

<u>Ms Word 2003 Introduction – 04/08/2009</u>
Irvin Sigubudu
Abraham Hlangu
Lesley Sithole
Winston Manganve
Glorius Mgetyengana
Bafana Jiyane

<u>Ms Word 2003 Intermediate – 08/10/2009</u>
George Hadebe

<u>Ms Excel 2003 Intermediate – 09/10/2009</u>
George Hadebe

<u>Ms Word 2003 Introduction – 07/10/2009</u>
Petrus Dlamini

BCom in Financial Management
Jeanett Keele

CIS International Qualifying Board at Chartered Secretaries SA
Bridget Mashika

Certificate in Marketing and Sales Management (Full Program 2 Years Duration, Since February 2009
Natasha Groenewald

Pastel Evolution Assets – February 2010
Motheo Moses

Caseware Training – February 2010
Zakhele Mpungose
Motheo Moses

Pastel Evolution HR and Payroll Level 1 and 2 – March 2010
Zelda van Heerden
Jeanett Keele

In-House Training – Mechanist (Mocon Systems)
Bongani Ngwenya
Daniel Mukhari
Sabelo Twala
Ntobeko Magxwalisa
Lufuno Ratshilumela
Cedric Mulaudzi
Sam Mametsa
Clive Lewis
Bruce Buck
Adriaan Schoeman
Adrian del Greco

Performance Management

The performance management scheme is designed to reward superior performance and is deliberately flexible to adapt to the changing needs of Joburg Theatre.

The company has a performance evaluation system in place and this is applicable to the Heads of Department and all the employees. In terms of the system, the employee's performance evaluation is based on the employee's job description as relevant at the time of valuation, which would assist in determining the level of output as well as behaviours such as initiative, optimism, service orientation, leadership, flexibility, integrity and passion. Furthermore, the Chief Executive Officer and the Head of Department will analyse the employee's performance evaluation and create dialogue on issues that may need addressing, thereby providing opportunities together to assess expectation, set realistic goals and manage performance on a continuous basis.

HIV/AIDS in the Workplace

The management of HIV/AIDS is an important challenge facing every organisation in the country. Joburg Theatre is committed to maintaining the health and welfare of all its employees as well as providing a safe and hygienic working environment. Joburg Theatre's policy on HIV/AIDS ensures that no employee, or applicant, is discriminated against based on their HIV status. The company's policy is aligned with the City of Johannesburg's AIDS Strategy.

Joburg Theatre has adopted the following core principles as a basis for its HIV/AIDS policy:

- Continuously assess the risks posed by HIV/AIDS on the business;
- Limit the number of new infections among employees. During the financial year the company distributed approximately 9,000 free condoms to its employees and visitors. The company distributed pamphlets internally to its employees relating to HIV/AIDS.
- Ensure employees living with HIV/AIDS are aware of their rights and that their rights are respected and protected.

Employee Benefits

Joburg Theatre strives to pay salaries that are not disparate with the standard and has in place strategies and practices to deal with remuneration management and salary parity resolution.

The Company is a participating employer in one or more of the various retirement benefit schemes through which the City of Johannesburg Metropolitan Municipality and its associated Municipal Entities (MEs) provide post-employment benefits to their permanent employees. The following funds provide pension benefits for the Group employees.

Defined Benefit Funds

- Johannesburg Municipal Pension Fund
- City of Johannesburg Pension Fund

Supply Chain Management and Black Economic Empowerment

The procurement requirements of the company are being met in accordance with the amended Supply Chain Management Policy which was approved by the Board of Directors at its meeting on May 30th 2007 and updated on May 14th 2009. The amended Supply Chain Management Policy is consistent with the City of Johannesburg Supply Chain Management Policy and the Municipal Supply Chain Management Regulations promulgated in terms of the Local Government: Municipal Finance Management Act, 2003 (MFMA).

Joburg Theatre's policy covers the purchase and supply of goods, services (tangible and intangible), capital and operational expenditure, fixed assets, as well as the disposal of all surplus, redundant and obsolete stock and assets. Joburg Theatre seeks to develop and maintain positive, long-term relationships based on mutual performances, trust and respect with those suppliers who demonstrate their commitment to Joburg Theatre's shared goals.

The company's Finance Manager is responsible for Supply Chain Management procedures.

Joburg Theatre actively promotes the effective and efficient development of suppliers and contractors from historically disadvantage communities. Data on affirmative procurement spend is being recorded and reported upon on a quarterly basis.

No unsolicited bids were made by the company to any person or institution.

Due to the lack of appropriate internal systems the entity cannot quantify the number and value of awards made to spouses, children or parent of persons in the service of the state or has been in the service of the state in the previous twelve months as required by Regulation 45 of the Local Government: Supply Chain Management regulations, 2005.

ANNUAL FINANCIAL STATEMENTS

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

ABBREVIATIONS

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
ME's	Municipal Entities
MFMA	Municipal Finance Management Act

Directors' Responsibilities and Approval

The directors are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors were engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the entity's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the City of Johannesburg Metropolitan Municipality for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the City of Johannesburg Metropolitan Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 50.

The annual financial statements set out on pages 51 to 75, which have been prepared on the going concern basis, were approved by the board of directors on 01 December 2010 and were signed on its behalf by:

Cas Coovadia
(Chairperson)

Bernard Jay
(Chief Executive Officer)

The directors submit their report for the year ended 30 June 2010.

1. INCORPORATION

The entity was incorporated on 15 June 2000 and obtained its certificate to commence business on the same day.

2. REVIEW OF ACTIVITIES

Main business and operations

The entity is engaged in entertainment and operates principally in South Africa.

During the year there were no major changes in the activities of the business.
Net deficit of the entity was R 5,527,822 (2009: deficit R 3,478,233), after taxation of R (1,908,882) (2009: R (1,162,309)).

3. GOING CONCERN

We draw attention to the fact that at 30 June 2010, the entity had accumulated surplus of R 4,730,425 and that the entity's total assets exceed its liabilities by R 17,018,164.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The existence of the company is dependant on the continued support of its sole shareholder, The City of Johannesburg Metropolitan Municipality by way of management fees paid each year in terms of a service delivery agreement entered into between the company and The City of Johannesburg Metropolitan Municipality. This agreement is for 20 years and the remaining period of the agreement is 10 years. Should management fees/subsidies be withdrawn it is highly unlikely that the company will be able to continue as a going concern.

4. SUBSEQUENT EVENTS

The directors are not aware of any matter or circumstance arising since the end of the financial year, unless otherwise dealt with in financial statements, which significantly affect the financial position of the company or the results of its operations that would require adjustments to or disclosure in the annual financial statements.

5. DIRECTORS' INTEREST IN CONTRACTS

A service provider of Joburg Theatre, Sign-A-Rama Randburg is a close family member of Executive Director and CEO.

6. ACCOUNTING POLICIES

The annual financial statements prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003).

7. SHARE CAPITAL

There were no changes in the authorised or issued share capital of the entity during the year under review.

8. BORROWING LIMITATIONS

In terms of the sale of business agreement, Joburg Theatre (Proprietary) Limited does not have the authority to borrow funds on its own behalf. All external funding is managed under the auspices of the The City of Johannesburg Metropolitan Municipality Asset and Liability Committee.

9. NON-CURRENT ASSETS

There were no major changes in the nature of the non-current assets of the entity during the year.

10. DIVIDENDS

No dividends were declared or paid to shareholder during the year.

11. BOARD

The directors of the entity during the year and to the date of this report are as follows:

Name	**Nationality**	**Changes**
Cas Coovadia (Chairperson)	South African	
Bernard Jay (Chief Executive Officer)	British	
Barbara Lombard	South African	
Amos Hadebe	South African	Retired 26 January 2010
Surykumarie Pillay	South African	
Welcome Themba Msomi	South African	
Pamela Mashiane	South African	
Baheya Rae Mokhobo	South African	
Yvonne Mhinga	South African	

12. SECRETARY

Tobi Suttner resigned as secretary of the entity on 31 August 2009 and Bridget Mashika was appointed in her stead on 01 September 2009.

The secretary of the entity is Bridget Mashika of:

Business address	Joburg Theatre Complex 25 Loveday Street Braamfontein Johannesburg 2017
Postal address	P O Box 31900 Braamfontein Johannesburg 2017

13. CORPORATE GOVERNANCE

General

The board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the board supports the highest standards of corporate governance and the ongoing development of best practice.

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - - non-executive directors, all of whom are independent directors as defined in the Code; and
  - - executive directors.
- has established a Board directorship continuity programme.

Chairperson and Chief Executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Remuneration

The remuneration of the Chief Executive Officer, who is the only executive director of the entity, is determined by the Board of directors.

Internal audit

The entity has outsourced its internal audit function to Johannesburg Audit and Risk Services (JRAS) who was the entity's previous internal auditors. This is in compliance with the Municipal Finance Management Act, 2003.

14. CONTROLLING ENTITY

The entity's controlling entity is The City of Johannesburg Metropolitan Municipality.

15. SPECIAL RESOLUTIONS

On 29 July 2009 it was resolved that the name of the company be changed to Joburg Theatre (Proprietary) Limited.

16. BANKERS

Nedbank Limited
Investec Limited

17. AUDITORS

Auditor-General: Gauteng will continue in office for the next financial period.

STATEMENT BY COMPANY SECRETARY

Certificate by Company Secretary for the year ended 30 June 2010

In terms of Section 268 G(d) of the Companies Act of South Africa, 1973, as amended, I certify that company has lodged with the Registrar all such returns as required by the Companies Act and that all such returns are true, correct and up to date.

____

Bridget Mashika
Company Secretary

Joburg Theatre
2010

REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the financial year ended 30 June 2010 as recommended by the King III Report on Corporate Governance and Regulation 27 of the Treasury Regulations. The audit and risk committee performs its functions in accordance with section 270A(1) of the Companies Act, 61 of 1973, and has adopted appropriate formal terms of reference as its Audit Committee Charter and has regulated its affairs in compliance with this Charter. The audit and risk committee has discharged all its responsibilities as contained therein.

In the conduct of its duties, the audit and risk committee has, *inter alia*, reviewed the following:

- the effectiveness of the internal control systems;
- the risk areas of the entity's operations covered in the scope of internal and external audits;
- the adequacy, reliability and accuracy of financial information provided by management and other users of such information;
- accounting and auditing concerns identified as a result of internal and external audits;
- the entity's compliance with legal and regulatory provisions;
- the effectiveness of the corporate audit department;
- the activities of the audit department, including its annual work programme, co-ordination with external auditors, the reports of significant investigations and the responses of management to specific recommendation;
- the independence and objectivity of the external auditors

The audit and risk committee is of the opinion, based on the information and explanations given by management and the audit department and discussion with the independent external auditors on the results of their audits, that the internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the financial statements and accountability for assets and liabilities is maintained. The committee is of the opinion that the financial management function was performed adequately for the year under review.

Having considered the matters set out in section 270A(5) of the Companies Act as amended by the Company Law Amendment Act, the audit committee is satisfied with the independence and objectivity of the external auditors

Nothing significant, other than reported in the directors' report, has come to the attention of the audit and risk committee to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The audit and risk committee is satisfied that the annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The audit and risk committee has evaluated the annual report for the year ended 30 June 2010 and considers that it complies, in all material respects, with the requirements of the Companies Act, 61 of 1973, as amended, and International Financial Reporting Standards. The audit and risk committee has therefore recommended the adoption of this annual report by the Board of Directors at its meeting on 17 November 2010.

Zukisani Samsam

Chairman: Audit and Risk Committee
Joburg Theatre (Pty) Ltd

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE AND COUNCIL OF CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY ON THE JOBURG THEATRE (PTY) LTD

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Joburg Theatre, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting officer's report as set out on pages xx to xx.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice and in the manner required by South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act, 2003 (Act No.56 of 2003) (MFMA) and Companies Act of South Africa, 2008 (Act No.71 of 2008). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No.108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No.25 of 2004) my responsibility are to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the

auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Joburg Theatre (Pty) Ltd as at year ended 30 June 2010, and its financial performance and its cash flows for the year then ended, in accordance with S A Standards of GRAP and in the manner required by MFMA and Companies Act.

Additional matter

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

Unaudited supplementary schedules

8 The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9 As required by the PAA and in terms of General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009, I include below my findings on the report on predetermined objectives, compliance with the following key laws and regulations MFMA, Municipal Regulations (Regulations – GNR/GN), Division of Revenue Act, 2009 (Act No. 12 of 2009) (DoRA), Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA), Companies Act, 2008 (Act No. 71 of 2008) (Co Act), Municipal Structures Act, 1998 (Act No. 117 of 1998), and financial management (internal control).

Predetermined objectives

10 There were no material findings on the report on predetermined objectives as set out on pages xx to xx

Compliance with laws and regulations

11 There were no material findings concerning noncompliance with the key laws and regulations.

INTERNAL CONTROL

12 I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with MFMA, Companies Act, Municipal Systems Act, but not for the purpose of expressing an opinion on the effectiveness of internal control.

13 The matters reported are limited to the significant deficiencies that gave rise to the unqualified opinion paragraph, the findings on the report on predetermined objectives and the findings on compliance with laws and regulations.

There were no material findings to report with regard to the aforementioned.

Auditor-General

Johannesburg

29 November 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of Financial Position as at 30 June 2010

Figures in Rand	Note(s)	2010	2009
ASSETS			
Current Assets			
Inventories	3	252,171	1,745,545
Trade and other receivables	4	465,734	399,153
Cash and cash equivalents	5	12,951,622	19,848,468
		13,669,527	**21,993,166**
Non-Current Assets			
Property, plant and equipment	6	15,204,196	11,933,152
Intangible assets	7	35,276	26,275
		15,239,472	**11,959,427**
Total Assets		**28,908,999**	**33,952,593**
LIABILITIES			
Current Liabilities			
Finance lease obligation	9	76,983	96,720
Trade and other payables	10	3,773,606	6,554,003
Provisions	11	563,400	741,919
		4,413,989	**7,392,642**
Non-Current Liabilities			
Finance lease obligation	9	-	64,500
Deferred tax	8	7,476,846	7,863,574
		7,476,846	**7,928,074**
Total Liabilities		**11,890,835**	**15,320,716**
Net Assets		**17,018,164**	**18,631,877**
NET ASSETS			
Share capital	12	10	10
Revaluation reserve	13	12,287,729	8,373,620
Accumulated surplus		4,730,425	10,258,247
Total Net Assets		**17,018,164**	**18,631,877**

Statement of Financial Performance for the year ended 30 June 2010

Figures in Rand	Note(s)	2010	2009
Revenue			
VIP Ticketing		286,456	388,246
Restaurants and Bars		943,443	1,427,512
Theatre Rental		4,565,243	6,293,320
Hospitality		837,302	1,329,171
Sponsorship		7,164,454	-
In-House Ticket Sales		14,699,961	12,436,520
	14	**28,496,859**	**21,874,769**
Cost of sales			
Purchases		-	-
Cost of manufactured goods		-	-
		-	**-**
Other income			
Other income	15	358,519	278,709
Interest received	19	1,784,610	3,191,212
Subsidy		17,464,000	17,259,000
		19,607,129	**20,728,921**
Expenses (Refer to notes 16;17;18 &20)		**(55,540,692)**	**(47,243,743)**
Operating deficit		**(7,436,704)**	**(4,640,053)**
Finance costs	21	-	(489)
Deficit before taxation		**(7,436,704)**	**(4,640,542)**
Taxation	22	(1,908,882)	(1,162,309)
Deficit for the year		**(5,527,822)**	**(3,478,233)**

Statement of Changes in Net Assets for the year ended 30 June 2010

Figures in Rand	Note(s)	Share capital	Revaluation reserve	Accumulated surplus	Total equity
Balance at 01 July 2008		**1**	**8,373,620**	**13,736,480**	**22,110,101**
Changes in net assets					
Deficit for the year		-	-	(3,478,233)	(3,478,233)
Assets found depreciation		9	-	-	9
Total changes		9	-	(3,478,233)	(3,478,224)
Balance at 01 July 2009		**10**	**8,373,620**	**10,258,247**	**18,631,877**
Changes in net assets					
Deficit for the year		-	-	(5,527,822)	(5,527,822)
Revaluation		-	3,914,109	-	3,914,109
Total changes		-	3,914,109	(5,527,822)	(1,613,713)
Balance at 30 June 2010		**10**	**12,287,729**	**4,730,425**	**17,018,164**

Cash flow statement for the year ended 30 June 2010

Figures in Rand	Note(s)	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		28,855,378	14,067,788
Grants		17,464,000	21,874,769
Interest income		1,784,610	3,191,212
		48,103,988	39,133,769
Payments			
Employee costs		(17,903,236)	(15,990,844)
Suppliers		(36,843,753)	(23,068,205)
Finance costs		-	(489)
Taxes	26	-	4,640
		(54,746,989)	(39,054,898)
Net cash flows from operating activities	25	**(6,643,001)**	**78,871**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	(135,530)	(620,756)
Proceeds from sale of property, plant and equipment	6	-	141,972
Purchase of other intangible assets	7	(34,081)	(28,327)
Proceeds from sale of other intangible assets	7	-	2,531
Net cash flows from investing activities		**(169,611)**	**(504,580)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on share issue	12	-	9
Finance lease payments		(84,237)	(72,096)
Net cash flows from financing activities		**(84,237)**	**(72,087)**
Net increase/(decrease) in cash and cash equivalents		**(6,896,846)**	**(497,796)**
Cash and cash equivalents at the beginning of the year		19,848,468	20,346,264
Cash and cash equivalents at the end of the year	5	**12,951,622**	**19,848,468**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act (Act 56 of 2003).These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

These accounting policies are fully compliant with GRAP and not SA GAAP and GRAP as it was in the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include: Discounting and Provisions made on bonuses. The rate of discounting provided by the City is 11%.

Fair value estimation

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The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Management used the higher of value-in-use and fair value less cost to sell to determine the recoverable amount of intangible assets with an indefinite useful life and identifying assets that may have been impaired.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives of assets

The entity's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Furniture and fixtures	6 years
Motor vehicles	5 years
IT equipment	3 years
Computer software	2 years
Leasehold improvements	5 years
Artwork	0 years
Stage equipment	8 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

It is the company's policy to have the assets revalued every three (3) years. The company also has a policy to inspect the asset on an annual basis for any impairment.

1.3 Intangible assets

An asset is identified as an intangible asset when it:
- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the entity or from other rights and obligations.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and comprise accounting, payroll and Microsoft licensing software. Computer software is capitalised to computer equipment where it forms an integral part of computer equipment.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	**Useful life**
Computer software	2 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.4 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

1.4 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.5 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.5 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred. The company has one finance lease under note 9, this is a photocopying machine that is rented from Canon for a period of 5 years beginning February 2006 and ending February 2011.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.8 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into.

Equity instruments issued by the company are recorded a the proceeds received, net of direct issue costs.

Issued

10 Ordinary shares of R1 each

This represents the contribution by owner (City of Johannesburg Metropolitan Municipality), as reflected in the company's share certificate.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

The only provision for 2009-10 financial for the company is for Bonus.

Accounting Policies

1.11 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.12 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.13 Comparative figures

Where necessary, the comparative figures have been reclassified to conform to changes in presentation in the current year.

1.14 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

The company did not have any fruitless and wasteful expenditure in the current year.

1.16 Irregular expenditure

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Bearers Act (Act No. 20 of 1998) or in contraventions of the Supply Chain Management Policy. Irregular expenditure is an accounted for expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue.

1.17 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 12: Inventories

The effective date of the standard is for years beginning on or after 01 April 2009.

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 13: Leases

The effective date of the standard is for years beginning on or after 01 April 2009.

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 14: Events after the reporting date

The effective date of the standard is for years beginning on or after 01 April 2009.

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 17: Property, Plant and Equipment

The effective date of the standard is for years beginning on or after 01 April 2009.

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 19: Provisions, Contingent Liabilities and Contingent Assets

The effective date of the standard is for years beginning on or after 01 April 2009.

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

GRAP 102: Intangible Assets

The effective date of the standard is for years beginning on or after 01 April 2009.

The entity has adopted the standard for the first time in the 2010 annual financial statements.

The impact of the standard is not material.

2.2 Standards and interpretations issued, but not yet effective

GRAP 24: Presentation of Budget Information in the Financial Statements

The entity expects to adopt the standard for the first time in the 2011 annual financial statements.

2. NEW STANDARDS AND INTERPRETATIONS (continued)

GRAP 103: Heritage Assets

The entity expects to adopt the standard for the first time in the 2011 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 25: Employee benefits

The effective date of the standard is for years beginning on or after 01 April 2011.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

Figures in Rand	2010	2009

3. INVENTORIES

	2010	2009
Work in progress	122,059	1,608,520
Consumable stores	130,112	137,025
	252,171	**1,745,545**

Work in progress represents the amount spent on future productions. The amount of WIP is made up of the 2010 Pantomime: Robinson Crusoe.

Consumable stores represent cleaning materials, grocery items, lighting, tapes, paints and stationery. These items are utilised by the company in the daily business operations. The amount used is recognised as expenses when the consumables are requisitioned from the stores.

The amount of write-offs for inventory in the current year was zero (0).

4. TRADE AND OTHER RECEIVABLES

	2010	2009
Trade debtors	327,541	158,796
Sundry debtor	3	95,791
Related party debtors	138,190	144,566
	465,734	**399,153**

Trade Debtors – represents the bookings of rental facilities to clients.

The amount recognised is measured as the difference between the asset's carrying amount and the present value of future estimated future cash flows discounted at the effective interest rate computed at initial recognition. Trade debtors to the value of R 27,628 were written off as bad debt.

Related party Debtors - represents to the amounts owed to Joburg Theatre by the City of Johannesburg and Municipal Owned Entities.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2010	2009
Cash on hand	38,967	21,500
Bank balances	9,236,057	1,324,640
Call investment deposits	3,676,598	18,502,328
	12,951,622	**19,848,468**

The big cash movements were caused by the company using cash reserves to meet the shortfall caused by the lack of a viable subsidy from the City of Johannesburg Metropolitan Municipality and the economic recession.

6. PROPERTY, PLANT AND EQUIPMENT

	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	4,168,996	(2,017,355)	2,151,641	3,027,213	(1,450,687)	1,576,526
Motor vehicles	299,774	(112,242)	187,532	238,502	(33,520)	204,982
Office equipment	359,358	(287,487)	71,871	359,358	(215,615)	143,743
IT equipment	401,996	(307,576)	94,420	359,692	(219,019)	140,673
Leasehold improvements	302,604	(235,359)	67,245	280,188	(168,113)	112,075
Artwork	2,102,900	(931,600)	1,171,300	2,015,900	-	2,015,900
Stage equipment	17,664,602	(6,204,415)	11,460,187	12,263,813	(4,524,560)	7,739,253
Total	**25,300,230**	**(10,096,034)**	**15,204,196**	**18,544,666**	**(6,611,514)**	**11,933,152**

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Transfers	Revaluations	Depreciation	Impairment loss	Total
Furniture and fixtures	1,576,526	64,995	-	1,076,788	(512,366)	(54,302)	2,151,641
Motor vehicles	204,982	-	1,929	28,707	(48,086)	-	187,532
Office equipment	143,743	-	-	-	(71,872)	-	71,871
IT equipment	140,673	37,660	1,820	2,824	(78,649)	(9,908)	94,420
Leasehold improvements	112,075	-	-	11,208	(56,038)	-	67,245
Artwork	2,015,900	-	-	87,000	-	(931,600)	1,171,300
Stage equipment	7,739,253	32,875	-	5,367,914	(1,535,867)	(143,988)	11,460,187
	11,933,152	**135,530**	**3,749**	**6,574,441**	**(2,302,878)**	**(1,139,798)**	**15,204,196**

Reconciliation of property, plant and equipment - 2009

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2,062,226	119,978	(106,842)	(498,836)	1,576,526
Motor vehicles	15,809	214,084	(1,930)	(22,981)	204,982
Office equipment	215,615	-	-	(71,872)	143,743
IT equipment	137,208	126,254	(33,200)	(89,589)	140,673
Leasehold improvements	168,113	-	-	(56,038)	112,075
Artwork	2,015,900	-	-	-	2,015,900
Stage equipment	9,103,527	160,440	-	(1,524,714)	7,739,253
	13,718,398	**620,756**	**(141,972)**	**(2,264,030)**	**11,933,152**

Revaluations

The effective date of the revaluations was 30 June 2010. Revaluations were performed by the entity's management and internal technical personnel who have the knowledge and expertise of the assets, due to the complex nature of the assets.

The valuation was performed using general industry trends, knowledge of the business, and the following assumptions were used:

Quotations from service providers,

Value in use,

These assumptions were based on current market conditions.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations were made with sufficient regularity such that the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised is surplus or deficit in the current period.

Figures in Rand	2010	2009

7. INTANGIBLE ASSETS

	2010			2009		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software	132,827	(97,551)	35,276		(73,216)	26,275

Reconciliation of intangible assets - 2010

	Opening balance	Additions	Transfers	Revaluations	Amortisation	Impairment loss	Total
Computer software	26,275	34,081	(3,749)	3,004	(22,951)	(1,384)	35,276

Reconciliation of intangible assets - 2009

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	37,087	28,327	(2,531)	(36,608)	26,275

8. DEFERRED TAX

Deferred tax asset / (liability)

	2010	2009
At beginning of the year	(7,863,574)	(9,021,243)
Revaluation of property, plant and equipment	(1,522,154)	-
Taxation for the year via Statement of Financial Performance	1,908,882	1,157,669
	(7,476,846)	**(7,863,574)**

	2010	2009
Deferred Tax Summary		
Deferred tax liability	(7,476,846)	(7,863,574)

9. FINANCE LEASE OBLIGATION

	2010	2009
Non-current liabilities	-	64,500
Current liabilities	76,983	96,720
	76,983	**161,220**

It is entity policy to lease certain equipment under finance leases. The entity has one finance lease under and it expires during 2010/11 financial year as a result there is no longer long term liability under the lease.

10. TRADE AND OTHER PAYABLES

	2010	2009
Trade payables	343,779	550,454
Payments received in advance	158,088	112,086
Other payables	-	4,424,410
Sundry Creditors	3,756,073	1,528,931
South African Revenue Services	(484,334)	(436,338)
Related party creditor	-	374,460
	3,773,606	**6,554,003**

Payments received in advance represents deposits for rental of facilities, including show deposits.
Sundry creditors represents accrued creditors as at 30 June 2010.

11. PROVISIONS

Reconciliation of provisions - 2010

	Opening Balance	Additions	Utilised during the year	Total
Bonus Provision	741,919	1,843,276	(2,021,795)	563,400

Reconciliation of provisions - 2009

	Opening Balance	Additions	Utilised during the year	Total
Leave pay	638,025	840,000	(736,106)	741,919

The provision is management's best estimate of the future bonus payout in respect of the past year based on past experience.

12. SHARE CAPITAL

	2010	2009
Issued		
Ordinary	10	10

10 Ordinary shares of R1 each, as reflected in the company's share certificate.

13. REVALUATION RESERVE

	2010	2009
Opening balance	8,373,620	8,373,620
Revaluation of property, plant and equipment	5,436,263	-
Taxation	(1,522,154)	-
	12,287,729	**8,373,620**

The movement in revaluation reserve is as a result of revaluation of assets in the current year in line with the entity's accounting policy on assets.

14. REVENUE

	2010	2009
VIP Ticketing	286,456	388,246
Restaurants and Bars	943,443	1,427,512
Theatre rentals	4,565,243	6,293,320
Income from agency services	837,302	1,329,171
Sponsorships	7,164,454	-
In-house ticket sales	14,699,961	12,436,520
	28,496,859	**21,874,769**

	2010	2009
The amount included in revenue arising from exchanges of goods or services are as follows:		
VIP Ticketing	286,456	388,246
Restaurant	943,443	1,427,512
Theatre Rentals	4,565,243	6,293,320
Income from agency services	837,302	1,329,171
Sponsorships	7,164,454	-
In-house ticket sales	14,699,961	12,436,520
	28,496,859	**21,874,769**

Figures in Rand	2010	2009

15. OTHER INCOME

Sundry revenue	358,519	278,709

Included in sundry revenue is receipts from:
Insurance claims
Backstage canteen
Miscellaneous income including management fees for The Boys In The Photograph
Computicket interest received

16. GENERAL EXPENSES

Accounting fees	-	328,006
Advertising	101,187	-
Auditors remuneration	434,032	217,738
Bank charges	43,065	49,371
Cleaning	1,034,139	1,055,477
Consulting and professional fees	413,589	340,139
Consumables	210,930	343,804
Community Development	665,083	279,080
Entertainment	90,809	146,341
Gifts	43,475	-
Office Equipments	30,617	45,711
Insurance	159,154	174,281
IT expenses	174,005	128,712
Marketing	1,955,140	2,425,741
Motor vehicle expenses	28,226	25,754
Productions	20,509,270	12,827,280
Printing and stationery	152,220	124,231
Repairs and maintenance	487,385	505,506
Show Contributions	2,438,829	2,858,472
Security	583,481	554,683
Subscriptions and membership fees	66,258	104,191
Telephone and fax	138,452	156,464
Business travel	119,303	301,702
Electricity	3,313,543	2,605,611
Gas	290,289	213,187
Sewerage and waste disposal	305,518	569,360
Assessment Rates	540,001	539,115
Community Development	-	281,425
Building & Safety	955,998	1,077,662
	35,283,998	**28,279,044**

17. EMPLOYEE RELATED COSTS

Salaries and Wages	17,270,357	15,289,108
Employee Related Costs	204,464	387,209
Less: Employee costs included in other expenses	428,415	314,527
	17,903,236	**15,990,844**

Remuneration of non-executive directors

Annual Remuneration	428,415	314,452

Figures in Rand	2010	2009

18. DEBT IMPAIRMENT

Bad debts	27,628	4,400

19. INVESTMENT REVENUE

Interest revenue		
Bank	1,784,610	3,191,212

The amount included in Interest revenue is arising from the following company's investments

Investec Ltd - Fixed Deposit

Nedbank Ltd - Call Account

Interest income is calculated using the effective interest rate.

The movement in interest was caused by reduction of cash balance due to the utilisation of the sponsorship for THE BOYS IN THE PHOTOGRAPH.

20. DEPRECIATION AND AMORTISATION

Property, plant and equipment	2,325,830	2,300,638

21. FINANCE COSTS

Bank	-	489

22. TAXATION

Major components of the tax income

Current		
CGT	-	(4,640)
Deferred		
Other deferred tax	(1,908,882)	(1,157,669)
	(1,908,882)	**(1,162,309)**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Under provision in prior years	(13,866)	-
Tax charged on Income Statement	1,922,748	1,772,407

23. AUDITORS' REMUNERATION

Fees	434,032	217,738

24. CONTRACTED SERVICES

Other Contractors	-	668,817

Notes to the Annual Financial Statements

Figures in Rand	2010	2009

25. CASH (USED IN) GENERATED FROM OPERATIONS

	2010	2009
Deficit	(7,436,704)	(4,640,543)
Adjustments for:		
Depreciation and amortisation	2,325,830	2,300,638
Debt impairment	27,628	4,400
Movements in provisions	(178,519)	103,894
Movement in tax receivable and payable	-	(6,960)
Changes in working capital:		
Inventories	1,493,374	(1,259,690)
Trade and other receivables	(66,581)	458,717
Consumer debtors	(27,628)	(4,400)
Trade and other payables	(2,780,401)	3,122,815
	(6,643,001)	**78,871**

26. TAX REFUNDED

	2010	2009
Current tax for the year recognised in surplus or deficit	-	4,640

Figures in Rand	2010	2009

27. RELATED PARTIES

Relationships	
Controlling entity	The City of Johannesburg Metropolitan Municipality
	City of Johannesburg Property Company (Pty) Ltd
	City of Johannesburg Metropolitan Municipality
	City Power Johannesburg (Pty) Ltd
	Johannesburg City Parks
	Johannesburg Development Agency (Pty) Ltd
	Johannesburg Metropolitan Bus Services (Pty) Ltd
	Johannesburg Roads Agency (Pty) Ltd
	Johannesburg Tourism Company
	Johannesburg Water (Pty) Ltd
	Metropolitan Trading Company (Pty) Ltd
	Pikitup Johannesburg (Pty) Ltd
	Roodepoort City Theatre
	The Johannesburg Civic Theatre (Pty) Ltd
	The Johannesburg Fresh Produce Market (Pty) Ltd
	The Johannesburg Zoo
	Joshco JV
Close family member of key management	Sign-A-Rama Randburg

Related party balances

	2010	2009
Amounts included in Loans, Trade and other receivables regarding related parties		
City of Johannesburg Metropolitan Municipality	116,990	75,631
Pikitup Johannesburg (Pty) Ltd	-	3,971
Johannesburg City Parks	2,748	4,141
Johannesburg Roads Agency (Pty) Ltd	18,453	60,823
	138,191	**144,566**

	2010	2009
Amounts included in Loans, Trade and other payables regarding related parties		
City of Johannesburg Metropolitan Municipality	-	2,052
Pikitup Johannesburg (Pty) Ltd	-	4,805
City Power Johannesburg (Pty) Ltd	310,846	312,442
Johannesburg Water (Pty) Ltd	-	54,939
Metropolitan Trading Company (Pty) Ltd	-	222
	310,846	**374,460**

Related party transactions

	2010	2009
Sales to related parties		
City of Johannesburg Metropolitan Municipality	21,229,450	21,448,588
Johannesburg Social Housing Company (Pty) Ltd	1,774	4,619
Johannesburg Metropolitan Bus Services (Pty) Ltd	2,803	-
Pikitup Johannesburg (Pty) Ltd	33,685	10,249
City Power Johannesburg (Pty) Ltd	16,080	-
City of Johannesburg Property Company (Pty) Ltd	-	23,293
Johannesburg Zoo	-	37,193
Metropolitan Trading Company (Pty) Ltd	-	3,025
Johannesburg City Parks	24,857	35,807
Johannesburg Development Agency (Pty) Ltd	3,544	-
Johannesburg Roads Agency (Pty) Ltd	-	219,603
	21,312,193	**21,782,377**

	2010	2009
Purchases from related parties		
City of Johannesburg Metropolitan Municipality	25,854	21,600
Pikitup Johannesburg (Pty) Ltd	48,594	27,225
City Power Johannesburg (Pty) Ltd	3,238,842	2,607,152
Johannesburg Water (Pty) Ltd	217,083	538,791
Sign-A-Rama	186,325	487,484
	3,716,698	**3,682,252**

28. DIRECTORS' EMOLUMENTS

Executive

2010	Basic salaries	Bonus	Allowances and Contributions	Total
Chief executive officer	1,253,519	236,614	96,033	1,586,1
Finance officer	502,008	47,915	102,354	652,2
Senior management	2,334,694	198,174	433,080	2,965,9
	4,090,221	**482,703**	**631,467**	**5,204,3**

Non-executive

2010	Meeting fee	Retainer	Other	Total
For services as directors	280,614	114,375	33,426	428,415

29. RISK MANAGEMENT

Capital risk management

The entity's objectives when managing capital are to safeguard the entity's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the entity consists of cash and cash equivalents disclosed in note 5, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Liquidity risk

The entity’s risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

As the entity has no significant interest-bearing assets, the entity’s income and operating cash flows are substantially independent of changes in market interest rates.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Notes to the Annual Financial Statements

29. RISK MANAGEMENT (continued)

Fair value interest rate risk

Risk Management

No	Description	Held For Trading	Loans and Receivables	Held To Maturity	At amortized cost	Total Carrying	Fair Value Total
1	Related Debtors	-	125,856	-	-	125,856	125,856
2	Trade Debtors	-	105,921	-	-	105,921	105,921
Total		**-**	**231,777**	**-**	**-**	**231,777**	**231,777**

Past due not impaired debtors

The theatre separates its debtors between Government and Trade Debtors There are no special terms entered into with government debtors.

Trade Debtors

Debtors	**Total**	**Current (0- 30)**	**30 days**	**60 days**	**Over 60 days**
Balance at 30 June 2010	387,921	240,918	3,251	24,996	77,674

Trade debtors amounting to R27 628 were written off as irrecoverable.

Related party Debtors (City and Municipal Owned Entities)

Debtors	**Total**	**Current (0- 30)**	**30 days**	**60 days**	**Over 60 days**
Balance at 30 June 2010	138,190	12,334	68,989	18,304	38,563

None of the debtors at year-end were considered past due and not recoverable.

30. GOING CONCERN

We draw attention to the fact that at 30 June 2010, the entity had accumulated surplus of R 4,730,425 and that the entity's total assets exceed its liabilities by R 17,018,164.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

31. ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

Refer to Appendix E for the comparison of actual operating expenditure versus budgeted expenditure.

Notes to the Annual Financial Statements

32. DEVIATION FROM SUPPLY CHAIN MANAGEMENT REGULATIONS

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the board and includes a note to the annual financial statements.

Sets and costumes for The Boys in the Photograph; minor breaches of the procurement processes of goods and services between July 2009 to October 2009 as listed in deviation approval; goods and services from R2,000 to R5,000 (inclusive of VAT) between November 01st 2009 to January 31st 2010; outsourcing of hospitality services offered by the theatre; appointment of Starcoded Solutions as IT consultant; were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the board of directors who considered them and subsequently approved the deviation from the normal supply chain management regulations.

Notes to the Annual Financial Statements

Appendix E: Actual versus Budget (Revenue and Expenditure)

	Actual Balance (000's)	Original Budget (000's)	Variance (000's)	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Theatre Rentals	4,565	4,606	(41)	(0.9)	
Income from agency services	837	-	837	-	This category of revenue mostly relates to the income derived from commission earned by collecting vehicle licence renewal fees on behalf of the Provincial Government and is over budget by R45, 2 million (12%) as a result of an increase in the turnover.
Sponsorships	7,164	6,508	656	10.1	Difference in monthly accounting against budget in allocating sponsorship funds for July 2010
In-House ticket sales	14,700	16,217	(1,517)	(9.4)	
VIP Ticketing	286	428	(142)	(33.2)	Reflects lack of group ticket sales (corporate entertaining) for the theatre due to the recession
Restaurants and Bars	943	1,228	(285)	(23.2)	Severe decrease in revenue due to recession, resulting in minimal lunch time trading.
Hospitality	-	1,207	(370)	(30.7)	Outsourced from May 2010. Decrease in revenue due to recession.
	28,495	30,194	(862)	(2.9)	
Other income					
Other income including Subsidy	17,823	17,693	130	0.7	
Interest received - investment	1,785	1,852	(67)	(3.6)	
	19,608	19,545	63	0.3	
Gross Profit	48,103	49,739	(799)	(1.6)	
Expenses					
Employee related costs	(17,903)	(16,836)	148	(0.9)	
Bad debts	(28)	-	(28)	-	
Depreciation	(2,326)	(2,325)	1	-	
Repairs and maintenance	(487)	(550)	(4)	0.7	
General expenses	(34,797)	(36,565)	1,958	(5.4)	
	(55,541)	(56,276)	2,075	(3.7)	
Other revenue and costs					
Net surplus/ (deficit) for the year	(7,438)	(6,537)	1,276	(19.5)	
Taxation					
Deferred tax	1,909	-	1,909	-	
	1,909	-	1,909	-	
Profit /(Loss) for the year	(5,529)	(6,537)	3,185	(48.7)	Increase in shortfall due to effects of the recession and the FIFA World Cup soccer matches.