

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**(Registration number 2000/013032/07)**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

|                                 |   |
|---------------------------------|---|
| <b>Country of incorporation</b> | South Africa  |
| <b>Nature of business</b>       | Entertainment   |
| <b>Directors</b>                | Cas Coovadia<br>Alastair Moffat<br>Barbara Lombard<br>Marlene Hesketh<br>Zeona Motshabi<br>Paranthaman (Siva) Pillay<br>Yolisa Tyantsi<br>Bernard Jay |
| <b>Business address</b>         | 25 Loveday Street<br>Braamfontein<br>Johannesburg<br>2017   |
| <b>Postal address</b>           | P.O.Box 31900<br>Braamfontein<br>2017   |
| <b>Auditors</b>                 | The Office of the Auditor General   |
| <b>Secretary</b>                | Tobi Suttner cc   |
| <b>Company registration</b>     | 2000/013032/07  |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

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

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The following supplementary schedules do not form part of the financial statements, and are unaudited.

|                           |         |
|---------------------------|---------|
| Detailed income statement | 19 - 20 |
|---------------------------|---------|

**Approval and statement of responsibility**

The financial statements which appear on pages 3 to 18 were approved by the board of directors and signed on their behalf.

\_\_\_\_\_  
Cas Coovadia (Chairperson)

\_\_\_\_\_  
Bernard Jay (Chief Executive Officer)

\_\_\_\_\_  
Date

**Johannesburg**

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**REPORT OF THE DIRECTORS**  
**for the year ended 30 June 2005**

The directors present their report for the year ended 30 June 2005. This report forms part of the audited financial statements.

**1. General review**

The company's business and operations and the results thereof are clearly reflected in the attached financial statements.

**2. Statements of responsibility**

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with generally accepted accounting practice and in the manner required by the Companies Act, 1973 and the Municipal Finance Management Act, 2003.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

**3. Property, plant and equipment**

There have been additions in property, plant and equipment during the period, amounting to R749,792 (2004: R2,493,404) and disposal of assets amounting to R 74,740 (2004: R6,625). There were no changes in policy relating to their use.

**4. Subsequent events**

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report.

**5. Directors**

The directors of the company during the accounting period and up to the date of this report were as follows:

|                            |                                   |
|----------------------------|-----------------------------------|
| Cas Coovadia               | South African ( Chairperson)      |
| Barbara Lombard            | South African                     |
| Zeona Motshabi             | South African                     |
| Paranthamnan (Siva) Pillay | South African                     |
| Yolisa Tyantsi             | South African                     |
| Marlene Hesketh            | South African                     |
| Bernard Jay                | (Chief Executive Officer) British |

Mr Alastair Moffat resigned as director as of 01 February 2005.

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**REPORT OF THE DIRECTORS**  
**for the year ended 30 June 2005**

**6. Corporate governance**

- The board of directors 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 development of best practice. The Johannesburg Civic Theatre confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The board of directors discuss the responsibilities of management in this respect, at Board meetings and monitor the company's compliance with the code on a two monthly basis.

The salient features of The Johannesburg Civic Theatre's adoption of the Code is outlined below:

***Board of directors***

The Board:

- retains full control over the company, 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 company;
- is of a unitary structure comprising:
  - 6 non-executive directors, all of whom are independent directors as defined in the Code, and
  - 1 executive director.
- has established a Board directorship continuity programme.

***Chairman and Chief Executive***

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

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

***Remuneration***

The remuneration of the Chief Executive Officer, who is the only executive director of the company, is determined by the Board of directors. The members of the HR Sub committee are Ms Zeona Motshabi and Ms Barbara Lombard.

***Board meetings***

The Board has met on 6 separate occasions during the financial year. The Board schedules to meet at least 4 times per annum.

Non-executive directors have access to all members of management of the company.

***Audit committee***

The chairperson of the audit committee is Ms Marlene Hesketh, who is a non-executive director. The committee met 3 times during the 2005 financial year to review matters necessary to fulfill its role. Ms Barbara Lombard also joined the committee during the year.

***Internal audit***

The company has an internal audit report which is done by the Johannesburg Risk Assurance Services. This is in compliance with the Municipal Finance Management Act, 2003.

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**BALANCE SHEET**  
for the year ended 30 June 2005

|                                     | Notes | 2005<br>R         | 2004<br>R         |
|-------------------------------------|-------|-------------------|-------------------|
| <b>Assets</b>                       |       |                   |                   |
| <b>Non-current assets</b>           |       |                   |                   |
| Property, plant and equipment       | 2     | 6,993,610         | 8,794,147         |
| Deferred tax                        | 7     | 6,819,970         | 8,794,147         |
|                                     |       | 173,640           | -                 |
| <b>Current assets</b>               |       |                   |                   |
| Inventories                         | 3     | 12,139,709        | 8,426,560         |
| Accounts receivable                 | 15    | 119,641           | 35,309            |
| Cash and cash equivalents           | 4     | 719,905           | 1,008,893         |
|                                     |       | 11,300,163        | 7,382,358         |
| <b>Total assets</b>                 |       | <u>19,133,319</u> | <u>17,220,707</u> |
| <b>Equity and liabilities</b>       |       |                   |                   |
| <b>Capital and reserves</b>         |       |                   |                   |
| Issued capital                      |       | 16,504,800        | 13,435,525        |
| Non-distributable reserve           | 5     | 1                 | 1                 |
| Distributable reserve               |       | 226,390           | 1,198,261         |
|                                     |       | 16,278,409        | 12,237,263        |
| <b>Non-current liabilities</b>      |       |                   |                   |
| Finance Lease                       | 6     | 76,852            | 684,565           |
| Deferred tax                        | 7     | 76,852            | 171,022           |
|                                     |       | -                 | 513,543           |
| <b>Current liabilities</b>          |       |                   |                   |
| Accounts payable                    | 16    | 2,551,667         | 3,100,617         |
| Provisions                          | 8     | 1,649,442         | 2,093,410         |
|                                     |       | 902,225           | 1,007,207         |
| <b>Total equity and liabilities</b> |       | <u>19,133,319</u> | <u>17,220,707</u> |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**INCOME STATEMENT**  
**for the year ended 30 June 2005**

|                               | Note | 2005<br>R               | 2004<br>R              |
|-------------------------------|------|-------------------------|------------------------|
| Gross revenue                 | 9    | 31,791,763              | 28,191,896             |
| Operating costs               |      | <u>29,379,125</u>       | <u>28,663,021</u>      |
| Operating profit/(loss)       | 10   | 2,412,638               | (471,125)              |
| Finance costs                 | 11   | <u>30,547</u>           | <u>42,687</u>          |
| Profit/(Loss) before taxation |      | 2,382,091               | (513,812)              |
| Taxation                      | 12   | <u>(687,184)</u>        | <u>(416,516)</u>       |
| Profit/(loss) after taxation  |      | <u><u>3,069,275</u></u> | <u><u>(97,296)</u></u> |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 30 June 2005**

|                                  | Share capital<br>R | Revaluation<br>reserve<br>R | Distributable<br>reserve<br>R | Total<br>R |
|----------------------------------|--------------------|-----------------------------|-------------------------------|------------|
| Balance at 01 July 2003          | 1                  | 2,170,132                   | 11,362,688                    | 13,532,821 |
| Net loss for the year            |                    |                             | (97,296)                      | (97,296)   |
| Transfer to the income statement |                    | (971,871)                   | 971,871                       | -          |
| Balance at 01 July 2004          | 1                  | 1,198,261                   | 12,237,263                    | 13,435,525 |
| Net profit for the year          |                    |                             | 3,069,275                     | 3,069,275  |
| Transfer to the income statement |                    | (971,871)                   | 971,871                       | -          |
| Balance at 30 June 2005          | 1                  | 226,390                     | 16,278,409                    | 16,504,800 |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**CASH FLOW STATEMENT**  
**for the year ended 30 June 2005**

|  | Notes | 2005<br>R           | 2004<br>R           |
|--|-------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>            |       | 4,701,626           | 1,709,072           |
| Cash receipts from customers                           |       | 32,453,111          | 14,226,292          |
| Cash paid to suppliers and employees                   |       | <u>(28,807,822)</u> | <u>(13,620,595)</u> |
| Cash generated by operating activities                 | 18.1  | 3,645,289           | 605,697             |
| Interest received                                      |       | 1,086,884           | 1,146,062           |
| Interest paid  |       | (30,547)            | (42,687)            |
| <b>Cash flows from investing activities</b>            |       | (689,652)           | (2,493,404)         |
| <i>Expenditure to maintain operating capacity</i>      |       |                     |                     |
| Property, plant and equipment acquired                 |       | (749,792)           | (2,493,404)         |
| Proceeds of disposals of Property, plant and equipment |       | 60,140              | -                   |
| <b>Cash flows from financing activities</b>            |       |                     |                     |
| Finance lease  |       | (94,170)            | 171,022             |
| Increase/(decrease) in cash and cash equivalents       |       | 3,917,804           | (613,310)           |
| Cash and cash equivalents at beginning of the year     |       | 7,382,358           | 7,995,668           |
| Cash and cash equivalents at end of the year           |       | <u>11,300,163</u>   | <u>7,382,358</u>    |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

**1 Basis of preparation**

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties.

**1.1 Revenue recognition**

Revenue from Civic Theatre Productions, functions and retail activities are recorded in the financial statements at the date the goods are delivered to customers or services are performed.

Government subsidies are recognised at their fair value where there is reasonable assurance that the subsidy will be received and all attaching conditions will be complied with. When the subsidy relates to an expense item, it is recognised as income over the periods necessary to match the subsidy on a systematic basis to the costs that it is intended to compensate.

Rental income are accounted for on a straight-line basis over the lease term on ongoing leases.

Interest is recognised on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

**1.2 Property, plant and equipment**

Property, plant and equipment are initially recorded at cost.

Property, plant and equipment are revalued at three-year intervals to their fair value in existing use. Revaluations are accounted for on the net replacement method. Transfers are made from the revaluation reserve in respect of the realised portion thereof.

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of Property, plant and equipment are as follows:

|                        |         |
|------------------------|---------|
| Motor vehicles         | 20 %    |
| Furniture and fittings | 16.67 % |
| Stage equipment        | 12.5 %  |
| Artworks               | 0 %     |
| Computer equipment     | 33.3 %  |
| Leasehold improvements | 20 %    |

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

Gains and losses on disposal of Property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in revaluation and other reserves relating to that asset are transferred to retained earnings.

**1.3 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective inventories.

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

**1.4 Taxation**

Deferred taxation is provided at legislated future rates using the balance sheet liability method. Full provision is made for all temporary differences between the tax base of an asset or liability and its balance sheet carrying amount.

No deferred tax liability is recognised in those circumstances where the initial recognition of an asset or liability has no impact on accounting profit or taxable income.

Assets are not raised in respect of the deferred taxation on assessed losses unless it is probable that future taxable profits will be available against which the deferred tax asset can be realised in the foreseeable future.

Secondary Taxation on Companies is provided in respect of expected dividend payments net of dividends received or receivable and is recognised as a taxation charge for the year.

**1.5 Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**1.6 Financial instruments**

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, trade creditors, leases and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**1.7 Cash and cash equivalents**

Cash and cash equivalents consists of cash on hand and balances with banks.

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

**2. Property, plant and equipment**

|                                  | 2005              |                          |                  | 2004              |                          |                  |
|----------------------------------|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
|                                  | Cost / valuation  | Accumulated depreciation | Carrying value   | Cost / valuation  | Accumulated depreciation | Carrying value   |
| <i>Owned assets</i>              |                   |                          |                  |                   |                          |                  |
| Stage Equipment                  | 15,127,970        | 12,148,991               | 2,978,979        | 15,135,115        | 10,190,532               | 4,944,583        |
| Motor vehicles                   | 71,857            | 31,138                   | 40,719           | 71,857            | 16,767                   | 55,090           |
| Furniture and fittings           | 2,760,392         | 2,060,502                | 699,890          | 2,549,032         | 1,615,537                | 933,495          |
| Artworks                         | 1,882,700         | -                        | 1,882,700        | 1,882,700         | -                        | 1,882,700        |
| Computer equipment               | 889,794           | 282,296                  | 607,498          | 318,995           | 144,990                  | 174,005          |
| Leasehold improvements           | 439,162           | -                        | 439,162          | 573,848           | -                        | 573,848          |
|                                  | <u>21,171,875</u> | <u>14,522,927</u>        | <u>6,648,948</u> | <u>20,531,547</u> | <u>11,967,826</u>        | <u>8,563,721</u> |
| <i>Capitalised leased assets</i> |                   |                          |                  |                   |                          |                  |
| Office equipment                 | 230,426           | 59,404                   | 171,022          | 307,235           | 76,809                   | 230,426          |
|                                  | <u>21,402,301</u> | <u>14,582,331</u>        | <u>6,819,970</u> | <u>20,838,782</u> | <u>12,044,635</u>        | <u>8,794,147</u> |

The carrying amounts of Property, plant and equipment can be reconciled as follows:

| 2005                             | Carrying value at beginning of year | Additions      | Disposals       | Depreciation       | Carrying value at end of year |
|----------------------------------|-------------------------------------|----------------|-----------------|--------------------|-------------------------------|
|                                  |                                     |                |                 |                    |                               |
| <i>Owned assets</i>              |                                     |                |                 |                    |                               |
| Stage Equipment                  | 4,944,583                           | 1,955          | (9,100)         | (1,958,459)        | 2,978,979                     |
| Motor vehicles                   | 55,090                              | -              | -               | (14,371)           | 40,719                        |
| Furniture and fittings           | 933,495                             | 211,360        | -               | (444,965)          | 699,890                       |
| Artworks                         | 1,882,700                           | -              | -               | -                  | 1,882,700                     |
| Computer equipment               | 174,005                             | 536,477        | (55,640)        | (47,344)           | 607,498                       |
| Leasehold improvements           | 573,848                             | -              | -               | (134,686)          | 439,162                       |
|                                  | <u>8,563,721</u>                    | <u>749,792</u> | <u>(64,740)</u> | <u>(2,599,825)</u> | <u>6,648,948</u>              |
| <i>Capitalised leased assets</i> |                                     |                |                 |                    |                               |
| Office equipment                 | 230,426                             | -              | -               | (59,404)           | 171,022                       |
|                                  | <u>8,794,147</u>                    | <u>749,792</u> | <u>(64,740)</u> | <u>(2,659,229)</u> | <u>6,819,970</u>              |

Capitalised leased assets are encumbered as per note 6.

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

|   | <b>2005</b>       | <b>2004</b>      |
|---|-------------------|------------------|
|   | <b>R</b>          | <b>R</b>         |
| <b>3. Inventories</b>   |                   |                  |
| The amounts attributable to the different categories are as follows:  |                   |                  |
| Merchandise   | <u>119,641</u>    | <u>35,309</u>    |
| <b>4. Cash and cash equivalents</b>   |                   |                  |
| Cash and cash equivalents is made up of the following balances:   |                   |                  |
| Nedbank current   | 462,735           |                  |
| 154,925   |                   |                  |
| Nedbank call account  | 5,444,872         |                  |
| 7,210,432   |                   |                  |
| Investec call account   | 5,364,443         |                  |
| -   |                   |                  |
| Petty cash  | 28,113            | 17,001           |
| Total   | <u>11,300,163</u> | <u>7,382,358</u> |
| <b>5. Non-distributable reserve</b>   |                   |                  |
| Balance at beginning of year  | 1,198,261         | 2,170,132        |
| Movement during year:   |                   |                  |
| - Transfer to the income statement  | <u>(971,871)</u>  | <u>(971,871)</u> |
| Balance at end of year  | <u>226,390</u>    | <u>1,198,261</u> |
|   | <b>2005</b>       | <b>2004</b>      |
|   | <b>R</b>          | <b>R</b>         |
| <b>6. Finance Lease</b>   |                   |                  |
| Liabilities under capitalised finance leases are payable over periods from June 2004 to May 2007 years at effective interest rate of 15% (varies with prime ) per annum. ( See note 2.) |                   |                  |
| Current portion included in accounts payable  | 171,022           | 243,880          |
|   | 94,170            | 72,858           |
| Finance lease liabilities - minimum lease payments:   |                   |                  |
| Not later than 1 year   | 109,440           | 109,440          |
| Later than 1 year and not later than 5 years  | <u>100,320</u>    | <u>209,760</u>   |
|   | 209,760           | 319,200          |
| Future finance charges on finance leases  | <u>38,738</u>     | <u>75,320</u>    |
| Present value of finance lease liabilities  | <u>248,498</u>    | <u>394,520</u>   |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

**7. Deferred tax**

|  |                  |                |
|--|------------------|----------------|
| Balance at beginning of year                         | 513,543          | 930,059        |
| Movements during year attributable to:               |                  |                |
| - Temporary differences -Revaluation of fixed assets | (416,516)        | (416,516)      |
| - Provisions   | (270,667)        | -              |
| Balance at end of year                               | <u>(173,640)</u> | <u>513,543</u> |
| <br>The balance comprises:                           |                  |                |
| - Capital allowances                                 | 97,027           | 513,543        |
| - Provisions   | (270,667)        | -              |
|  | <u>(173,640)</u> | <u>513,543</u> |

**8. Provisions**

|                       | Carrying<br>amount at<br>beginning of<br>year<br>R | Additional<br>provisions<br>R | Used during<br>the year<br>R | Carrying<br>amount at end<br>of year<br>R |
|-----------------------|--|-------------------------------|------------------------------|---|
| Leave pay benefits    | 285,175  | 41,171                        | (30,673)                     | 295,673                                   |
| Provision for bonuses | 462,762  | 843,811                       | (700,021)                    | 606,552                                   |
| Other                 | 259,270  | -                             | (259,270)                    | -   |
|                       | <u>1,007,207</u>                                   | <u>884,982</u>                | <u>(989,964)</u>             | <u>902,225</u>                            |

|             |                |                  |
|-------------|----------------|------------------|
| Non-current | -              | -                |
| Current     | <u>902,225</u> | <u>1,007,207</u> |
|             | <u>902,225</u> | <u>1,007,207</u> |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

**9. Gross revenue**

Gross revenue comprises turnover, which excludes value-added tax and represents the invoiced value of goods and services supplied.

Major classes of revenue comprise:

|                           |                          |                          |
|---------------------------|--------------------------|--------------------------|
| Civic Theatre Productions | 7,902,852                | 6,555,954                |
| Functions                 | 818,929                  | 663,418                  |
| Theatre Rentals           | 5,100,892                | 4,289,260                |
| Interest Received         | 1,086,884                | 1,146,062                |
| Retail Income             | 1,930,342                | 1,557,359                |
| Subsidy Received          | 13,300,000               | 13,000,000               |
| Other Income              | 1,192,737                | 740,728                  |
| Rent Received             | 74,910                   | 78,617                   |
| Restaurant Rentals        | <u>384,217</u>           | <u>160,498</u>           |
|                           | <u><u>31,791,763</u></u> | <u><u>28,191,896</u></u> |
|                           | <b>2005</b>              | <b>2004</b>              |
|                           | <b>R</b>                 | <b>R</b>                 |

**10. Operating profit/(loss)**

Operating profit/(loss) is stated after:

*Income*

|                   |           |           |
|-------------------|-----------|-----------|
| Interest received | 1,086,884 | 1,146,062 |
|-------------------|-----------|-----------|

*Expenditure*

|  |           |           |
|--|-----------|-----------|
| Auditors' remuneration                 | 255,472   | 241,888   |
| - Audit fee                            | 155,653   | 72,379    |
| - Other services                       | 99,819    | 169,509   |
| Depreciation                           |           |           |
| - Property, plant and equipment        | 2,659,229 | 2,529,528 |
| Amortisation of leasehold improvements | 153,026   | 153,026   |

**11. Finance costs**

|                            |               |               |
|----------------------------|---------------|---------------|
| Interest on finance leases | <u>30,547</u> | <u>42,687</u> |
|----------------------------|---------------|---------------|

**12. Taxation**

|                          |                  |                  |
|--------------------------|------------------|------------------|
| South African normal tax |                  |                  |
| - Deferred tax           |                  |                  |
| Current year             | <u>(687,184)</u> | <u>(416,516)</u> |

**13. Related parties**

*Purchases of goods and services/Creditors*

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| City Treasurer                 | 463,642          | 412,080          |
| City Power                     | 1,536,651        | 1,358,487        |
| COJ Corporate Services Finance | 21,600           | 23,696           |
| Johannesburg Water             | 602,521          | 533,431          |
| Pikitup                        | 7,903            | 64,757           |
|                                | <u>2,632,317</u> | <u>2,392,451</u> |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

**13. Related parties continued**

|  | <b>2005</b>       | <b>2004</b>       |
|--|-------------------|-------------------|
|  | <b>R</b>          | <b>R</b>          |
| <i>Sales of goods and services/Debtors</i> |                   |                   |
| COJ Insurance                              | -                 | 1,616             |
| COJ Human Resources                        | 17,652            | 2,000             |
| COJ Development Comm                       | -                 | 8,649             |
| COJ Comm, Market                           | 1,200             | 18,838            |
| COJ Food & Beverage                        | 3,200             | 3,696             |
| COJ Admin Support                          | 1,200             | 700               |
| COJ City Managers Office                   | 1,574             | 2,774             |
| COJ Fin & Economic                         | 1,490             | 14,751            |
| COJ Revenue Shared                         | 12,744            | 15,360            |
| COJ Development Plan                       | -                 | 14,536            |
| COJ Chief Operations                       | 6,734             | 1,000             |
| COJ Support Services                       | 1,200             | 3,648             |
| COJ Dev Housing                            | 10,513            | 1,000             |
| COJ Dev Enviro Planning                    | 41,640            | 6,264             |
| COJ Economic Dev                           | 4,250             | 8,968             |
| Johannesburg Road Agency                   | 13,948            | 2,000             |
| Johannesburg Water                         | -                 | 1,244             |
| COJ Contract Management Unit               | 25,220            | 2,066             |
| COJ Contract Management Unit               | -                 | 2,000             |
| Johannesburg Development Agency            | 26,168            | 584               |
| COJ Revenue Shared                         | 7,662             | 360               |
| COJ Tourism Co                             | -                 | 1,600             |
| Fresh Produce Market                       | -                 | 1,120             |
| COJ Office of the speaker                  | -                 | 1,520             |
| Shareholder Unit                           | 2,000             | 28,959            |
| Subsidy 2003/4 COJ Fin & Economic          | 13,300,000        | 13,000,000        |
| Grant / Economic Development Unit          | -                 | 180,000           |
| COJ Dept of Development Management         | 1,380             | -                 |
| COJ Innovation and Knowledge               | 1,686             | -                 |
| COJ -IT Department                         | 5,660             | -                 |
|  | <u>13,510,045</u> | <u>13,325,253</u> |

During the year the company, in the ordinary course of business, entered into various sale and purchase transactions with the City of Johannesburg and other Utility Agency Companies. These transactions occurred under terms that are no less or more favourable than those arranged with third parties. The transactions entered into during the year are listed above.

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

|   | <b>2005</b>      | <b>2004</b>      |
|---|------------------|------------------|
|   | <b>R</b>         | <b>R</b>         |
| <b>14. Director's emoluments</b>  |                  |                  |
| <i>Emoluments received</i>  |                  |                  |
| Directors and past directors - Executive                                    |                  |                  |
| For services as directors and in connection with the affairs of the company |                  |                  |
| Mr Bernard Jay:   |                  |                  |
| - Services as director  | 689,183          | 514,893          |
| - Allowances  | 108,000          | 108,000          |
| - Bonus   | <u>150,000</u>   | <u>150,000</u>   |
| Total   | <u>947,183</u>   | <u>772,893</u>   |
| Directors and past directors - Non-executive                                |                  |                  |
| - For services as directors   |                  |                  |
| Mr. C Coovadia  | 22,924           | 23,310           |
| Mr. A Moffat  | 4,012            | 23,484           |
| Ms. Z Motshabi  | 13,520           | 17,080           |
| Ms. B Lombard   | 17,040           | 14,080           |
| Ms. M Hesketh   | 22,275           | 12,038           |
| Mr. P Pillay  | 11,020           | 14,080           |
| Ms. Y Tyantsi   | <u>17,040</u>    | <u>14,080</u>    |
| Total   | <u>107,831</u>   | <u>118,152</u>   |
| - For other services  |                  |                  |
| Mr. A Moffat  | 2,682            | 4,392            |
| Ms. Z Motshabi  | 3,000            | -                |
| Ms. B Lombard   | 2,000            | -                |
| Ms. M Hesketh   | <u>10,436</u>    | <u>3,596</u>     |
| Total   | <u>18,118</u>    | <u>7,988</u>     |
| Senior Management   |                  |                  |
| Ms. C Pacariz   | 195,624          | 168,107          |
| Mr. P Pretorius   | 226,300          | 209,750          |
| Ms. V Milicevic   | 382,407          | 373,040          |
| Mr. M Letshwiti   | 229,706          | 213,580          |
| Ms. J Lipson  | 145,580          | 132,167          |
| Mr. S James   | 361,660          | 330,600          |
| Ms. T Fernades  | 174,573          | 167,728          |
| Mr. T Ntuli   | <u>44,343</u>    | <u>-</u>         |
| Total   | <u>1,760,193</u> | <u>1,594,972</u> |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

|  | <b>2005</b>      | <b>2004</b>      |
|--|------------------|------------------|
|  | <b>R</b>         | <b>R</b>         |
| <b>15. Accounts receivable</b>   |                  |                  |
| Trade debtors  | 453,398          | 141,917          |
| Royalties  | -                | 149,570          |
| Sundry debtors   | -                | 19,845           |
| Salary advances and staff loans  | 1,000            | 43,043           |
| Work in process  | -                | 307,051          |
| Production debtors   | 265,507          | 347,467          |
|  | <u>719,905</u>   | <u>1,008,893</u> |
| <b>16. Accounts payable</b>  |                  |                  |
| Trade creditors  | 695,843          | 588,489          |
| Production creditors   | 16,553           | 34,500           |
| Deposits   | 414,440          | 171,372          |
| Sundry creditors   | 428,436          | 1,226,191        |
| Short term portion of finance lease  | 94,170           | 72,858           |
|  | <u>1,649,442</u> | <u>2,093,410</u> |
| <b>17. Commitments</b>   |                  |                  |
| <i>Capital expenditure</i>   |                  |                  |
| Approved by the directors and contracted for   | <u>1,100,000</u> | <u>1,100,000</u> |
| <p>This committed expenditure relates to an agreement between the company and Qdos International Limited. The agreement relates to the rental of costumes and sets for an annual pantomine. It is intended to finance this expenditure from internally generated funds. Further expenditure of a similar amount may be utilised for other annual pantomines. The final agreement has been received and approved. The agreement runs over a period of 5 years, with an amount of R1,100 000 per year.</p> |                  |                  |
| <i>Operating lease commitments</i>   |                  |                  |
| <p>The future minimum lease payments under non-cancellable operating leases are as follows:</p>  |                  |                  |
| Not later than 1 year  | 39,132           | 31,987           |
| Later than 1 year and not later than 5 years   | 66,803           | 105,935          |
|  | <u>105,935</u>   | <u>137,922</u>   |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2005**

|  | <b>2005</b>             | <b>2004</b>           |
|--|-------------------------|-----------------------|
|  | <b>R</b>                | <b>R</b>              |
| <b>18. Notes to the cash flow statement</b>        |                         |                       |
| <i>18.1 Cash generated by operating activities</i> |                         |                       |
| Net profit/(loss) before taxation                  | 2,382,091               | (513,812)             |
| Adjustments for:                                   |                         |                       |
| Depreciation                                       | 2,659,229               | 2,529,528             |
| Interest received                                  | (1,086,884)             | (1,146,062)           |
| Finance costs                                      | 30,547                  | 42,687                |
| Movement in provisions                             | (104,982)               | 192,564               |
| Loss on disposals of Property, plant and equipment | 4,600                   | 6,625                 |
| Other non-cash items-amortisation                  | <u>158,478</u>          | <u>153,026</u>        |
|  | 3,884,601               | 1,264,556             |
| Movements in working capital                       |                         |                       |
| Increase in inventories                            | (84,332)                | (4,626)               |
| Decrease in accounts receivable                    | 288,988                 | 554,872               |
| Decrease in accounts payable                       | <u>(443,968)</u>        | <u>(1,209,105)</u>    |
|  | <u><u>3,645,289</u></u> | <u><u>605,697</u></u> |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**DETAILED INCOME STATEMENT**  
**for the year ended 30 June 2005**

|                                       | <b>2005</b>             | <b>2004</b>            |
|---------------------------------------|-------------------------|------------------------|
|                                       | <b>R</b>                | <b>R</b>               |
| <b>Gross revenue</b>                  | 31,791,763              | 28,191,896             |
| Civic Theatre productions             | 7,902,852               | 6,555,954              |
| Functions                             | 818,929                 | 663,418                |
| Theatre rentals                       | 5,100,892               | 4,289,260              |
| Interest received                     | 1,086,884               | 1,146,062              |
| Retail income                         | 1,930,342               | 1,557,359              |
| Subsidy received                      | 13,300,000              | 13,000,000             |
| Other income                          | 1,192,737               | 740,728                |
| Rent received                         | 74,910                  | 78,617                 |
| Restaurant rentals                    | 384,217                 | 160,498                |
| <b>Expenditure</b> (Refer to page 20) | <u>29,409,672</u>       | <u>28,705,708</u>      |
| <b>Profit/(loss) before taxation</b>  | 2,382,091               | (513,812)              |
| Taxation                              | <u>(687,184)</u>        | <u>(416,516)</u>       |
| <b>Profit/(loss) after taxation</b>   | <u><u>3,069,275</u></u> | <u><u>(97,296)</u></u> |

**THE JOHANNESBURG CIVIC THEATRE (PROPRIETARY) LIMITED**  
**DETAILED INCOME STATEMENT**  
**for the year ended 30 June 2005**

|                                    | <b>2005</b> | <b>2004</b> |
|------------------------------------|-------------|-------------|
|                                    | <b>R</b>    | <b>R</b>    |
| <b>Expenditure</b>                 | 29,409,672  | 28,705,708  |
| Depreciation                       | 2,659,229   | 2,529,528   |
| Entertainment and social awareness | 290,168     | 496,776     |
| Insurance                          | 147,705     | 293,151     |
| Stage expenses                     | 246,285     | 292,756     |
| Information technology             | 197,071     | 146,126     |
| Repairs & maintenance              | 1,786,887   | 1,299,453   |
| Retail expenses                    | 496,047     | 384,453     |
| Functions                          | 96,162      | 87,133      |
| Marketing & publicity              | 1,200,647   | 1,358,902   |
| Utilities                          | 2,851,236   | 2,637,032   |
| Human resources                    | 10,974,486  | 10,901,448  |
| Consultants fees                   | 525,276     | 657,924     |
| In house productions               | 5,888,959   | 5,245,444   |
| Tenant productions                 | 934,152     | 1,769,851   |
| Other expenses                     | 171,622     | 6,834       |
| Printing and stationery            | 472,260     | 506,943     |
| Security                           | 366,776     | -           |
| Travel - overseas                  | 104,704     | 91,954      |