THE CAPE TOWN OPERA COMPANY NPC
(REGISTRATION NUMBER 1999/017712/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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(Registration number 1999/017712/08)
Annual Financial Statements for the year ended 31 December 2017

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The main business of the Company is to promote and/or present opera and musical theatre, including performances by and training of singers and choirs; to provide training and learning programmes for educational institutions; and to provide outreach programmes and educational enrichment for the poor and needy; in South Africa and elsewhere.
DIRECTORS	SM Smith A Melane E Brunelle VC Davids WRE Duminy DG Goosen FJ Malan
REGISTERED OFFICE	The Artscape Theatre Centre 1-10 DF Malan Street Foreshore Cape Town 8001
BUSINESS ADDRESS	The Artscape Theatre Centre 1-10 DF Malan Street Foreshore Cape Town 8001
POSTAL ADDRESS	P O Box 4107 Cape Town 8000
AUDITOR	Meredith Harington Incorporated Chartered Accountants (S.A.) Registered Auditors
COMPANY REGISTRATION NUMBER	1999/017712/08
LEVEL OF ASSURANCE	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
PREPARER	The annual financial statements were independently compiled under the supervision of: MJ le Roux Chartered Accountant (S.A.)

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

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act 71 of 2008, 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 their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and 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 company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards for internal control aimed at reducing the risk of error or loss 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2018 and, in light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 21, which have been prepared on the going concern basis, were approved by the board of directors on 21 June 2018 and were signed on its behalf by:

SM Smith

A Melane

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE CAPE TOWN OPERA COMPANY NPC

Opinion

We have audited the Annual Financial Statements of The Cape Town Opera Company NPC set out on pages 8 to 20, which comprise the Statement of Financial Position as at 31 December 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of The Cape Town Opera Company NPC as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report as well as the supplementary information set out on page 19. Other information does not include the Annual Financial Statements and our auditor's report thereon.

Our opinion on the Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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CHARTERED ACCOUNTANTS & BUSINESS ADVISORS SINCE 1979
MEREDITH HARINGTON INCORPORATED | Reg. no. 1999/023193/21
Directors: GI Brester CA (SA) • SI Robertson CA (SA)
Consultant: MW Purcell CA (SA)

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Annual Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MEREDITH HARINGTON INCORPORATED
Registered Auditors
Per: Struan Ian Robertson
Registered Auditor
Chartered Accountant (S.A.)
Director
21 June 2018

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of The Cape Town Opera Company NPC for the year ended 31 December 2017.

1. REVIEW OF ACTIVITIES

Main business and operations: the company continued to promote and develop opera, with 43 full and concert performances taking place in Cape Town, its surrounds and around the world. Significant outreach and educational initiatives were launched and completed in Western Cape and other communities nationwide, attended by over 2150 learners drawn from three South African provinces. The company toured internationally with productions and concerts in five countries including United Arab Emirates, China, Germany, England and South Africa. The directors are pleased with the company's performance standard overall, the investment in new, local productions and the diversity and geographic reach of overseas tours that took place during the period under review. The company's educational work in community schools reached a significant number of learners, providing music training at no cost for over 550 beneficiaries at rural and government schools.

Generous grants from the National Lotteries Commission and the Western Cape Government Department of Cultural Affairs and Sport were the principal sources of government funding. Altogether, grants and contributions from over 120 local and international patrons, trusts, foundations, corporate and government entities provided 38% of the company's income for the year under review. The remaining income was derived from local box office income and programme sales (11%) and international production sponsorhip and touring fees (51%).

A major portion of revenue is utilized to fund the cost of opera productions, which include in their casts singers of the Vocal Ensemble chorus, Staff Soloists and the Opera Studio program. Participation in these productions form an indispensable part of the training, development and education of the singers.

Cost of sales (productions) decreased by 27% from 2016 to 2017 due to significantly fewer international touring productions taking place. This also resulted in a 37% decrease of production sponsorship and touring fee income from the prior financial year. Two major international tours were cancelled mid-year due to technical and ownership issues of the host venues overseas. This had a significant impact on the company's profit for the year; however, the company was able to secure sufficient loans and new grant sources to continue operations through 2018. Excluding project-specific Lotteries grants, donated income from individuals, government, corporate, trust and foundations grew by 22% from the prior financial year. There was no change in aggregate operating expenses.

CTO developed noteworthy new international relationships with opera companies and festivals in Dubai and Hong Kong, a first for the company in the Middle East and Asia. Ties with the United Kingdom and Germany remained strong with Young Artist concerts in both countries. In conjunction with local operations, these relationships contributed to the development and growth of the staff, provided international exposure for CTO's productions and resulted in employment for 214 South African artists and performers during the year.

The operating results and state of affairs of the company are fully set out in the annual financial statements and do not required any further comment.

Net loss of the company in the 12 months ending 31 December 2017 was R2 680 559, due primarily to the loss of two income-generating international tours during the year as noted above.

DIRECTORS' REPORT

2. DIRECTORS

The directors in office during the period under review and up to the date of this report are as follows:

Directors	Changes
SM Smith, Chairperson	
A Melane, Vice Chairperson	
E Brunelle	Appointed 01 May 2018
VC Davids	
WRE Duminy	
DG Goosen	
FJ Malan	
EO Uliana	Resigned 14 June 2018
MR Williams	Resigned 30 April 2018

3. BORROWING POWERS

In terms of the Articles of Association of the company, the directors may exercise all powers of the company to borrow money as they consider appropriate.

4. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report other than any matters disclosed in the notes.

5. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. AUDITOR

Meredith Harington Incorporated have audited these annual financial statements for the period under review in terms of a resolution passed by the directors.

7. SECRETARY

The company had no secretary during the year under review.

8. LIQUIDITY AND SOLVENCY

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

9. APPROVAL

The annual financial statements were approved by the board of directors and are signed on their behalf by the following two directors on 21 June 2018:

- SM Smith
- A Melane

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	2017 R	2016 R
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	7 974 913	6 529 212
Current Assets			
Trade and other receivables	3	234 106	873 800
Cash and cash equivalents	4	4 568 578	4 251 339
		4 802 684	**5 125 139**
Total Assets		**12 777 597**	**11 654 351**
EQUITY AND LIABILITIES			
EQUITY			
Retained income		4 498 220	7 178 779
LIABILITIES			
Current Liabilities			
Trade and other payables	5	2 360 577	2 856 772
Other financial liabilities	6	5 918 800	1 618 800
		8 279 377	**4 475 572**
Total Equity and Liabilities		**12 777 597**	**11 654 351**

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2017 R	2016 R
Revenue	7	31 268 288	41 110 650
Cost of sales	8	(18 243 759)	(24 769 245)
Gross profit		**13 024 529**	**16 341 405**
Other income	9	1 961 860	3 062 566
Operating expenses		(17 838 481)	(17 852 409)
Operating (loss) / profit	10	**(2 852 092)**	**1 551 562**
Investment revenue	11	171 533	281 256
(Loss) / profit for the year		**(2 680 559)**	**1 832 818**

STATEMENT OF CHANGES IN EQUITY

	Accumulated surplus R	Total equity R
Balance at 01 January 2016	**5 345 961**	**5 345 961**
Profit for the year	1 832 818	1 832 818
Balance at 01 January 2017	**7 178 779**	**7 178 779**
Loss for the year	(2 680 559)	(2 680 559)
Balance at 31 December 2017	**4 498 220**	**4 498 220**

STATEMENT OF CASH FLOWS

	Notes	2017 R	2016 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(625 384)	5 410 197
Interest income		171 533	281 256
Net cash from operating activities		**(453 851)**	**5 691 453**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(3 628 910)	(4 091 632)
Sale of property, plant and equipment	2	100 000	-
Net cash used in investing activities		**(3 528 910)**	**(4 091 632)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement on other financial liabilities		4 300 000	(3 155 586)
Net cash from/(used in) financing activities		**4 300 000**	**(3 155 586)**
Total cash movement for the year		**317 239**	**(1 555 765)**
Cash at the beginning of the year		4 251 339	5 807 104
Total cash at end of the year	4	**4 568 578**	**4 251 339**

ACCOUNTING POLICIES

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

Property, plant and equipment

Management make judgements in allocating costs of scenery, props and costumes to the assets on initial recognition and subsequently on use in new productions.

Management make judgements annually in determining the probability of recurring future productions and, on that basis, estimate the average useful lives of scenery, props and costumes as well as whether impairment is necessary.

Key sources of estimation uncertainty

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic and other factors.

1.2 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for rental to others or for administrative purposes; and are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of 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.

ACCOUNTING POLICIES

1.2 Property, plant and equipment (continued)

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years
Costumes	Straight line	3 productions
Furniture and fixtures	Straight line	5 years
IT equipment	Straight line	3 years
Motor vehicles	Straight line	5 years
Scenery and props	Straight line	5 productions

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit and loss.

1.3 Financial instruments

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as instruments measured at amortised cost, are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit or loss.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

1.4 Leases (continued)

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

1.5 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.6 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.7 Government grants and other funding

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants and other funding received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

ACCOUNTING POLICIES

1.8 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by services performed to date as a percentage of total services to be performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.9 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R

2. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software	36 395	(13 141)	23 254	36 395	(1 011)	35 384
Costumes	6 313 172	(4 390 824)	1 922 348	5 993 418	(4 068 625)	1 924 793
Furniture and fixtures	182 730	(176 032)	6 698	182 730	(164 034)	18 696
IT equipment	312 195	(286 890)	25 305	304 002	(253 689)	50 313
Motor vehicles	687 860	(229 008)	458 852	327 837	(300 085)	27 752
Scenery and props	12 348 938	(6 810 482)	5 538 456	10 494 140	(6 021 866)	4 472 274
Total	**19 881 290**	**(11 906 377)**	**7 974 913**	**17 338 522**	**(10 809 310)**	**6 529 212**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Computer software	35 384	-	-	(12 130)	-	23 254
Costumes	1 924 793	783 454	(158 380)	(454 051)	(173 468)	1 922 348
Furniture and fixtures	18 696	-	-	(11 998)	-	6 698
IT equipment	50 313	8 193	-	(33 201)	-	25 305
Motor vehicles	27 752	561 860	(24 388)	(106 372)	-	458 852
Scenery and props	4 472 274	2 275 403	(133 976)	(774 601)	(300 644)	5 538 456
	6 529 212	**3 628 910**	**(316 744)**	**(1 392 353)**	**(474 112)**	**7 974 913**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Computer software	-	36 395	-	(1 011)	-	35 384
Costumes	1 379 984	1 306 490	-	(444 932)	(316 749)	1 924 793
Furniture and fixtures	35 206	-	-	(16 510)	-	18 696
IT equipment	24 281	47 653	-	(21 621)	-	50 313
Motor vehicles	54 236	-	-	(26 484)	-	27 752
Scenery and props	3 387 557	2 701 094	(634 588)	(792 405)	(189 384)	4 472 274
	4 881 264	**4 091 632**	**(634 588)**	**(1 302 963)**	**(506 133)**	**6 529 212**

3. TRADE AND OTHER RECEIVABLES

	2017	2016
Other receivables	40 472	20 182
Prepaid expenses	54 569	268 479
Trade receivables	26 112	336 701
VAT	112 953	248 438
	234 106	**873 800**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2017 R	2016 R
Cash on hand	9 505	2 697
Bank balances	4 559 073	4 248 642
	4 568 578	**4 251 339**

5. TRADE AND OTHER PAYABLES

	2017 R	2016 R
Accrued audit fees	108 000	101 080
Amounts received in advance	71 272	1 764 126
Amounts received in advance - National Lotteries Commission	1 996 053	-
Employee costs payable	19 233	27 733
Trade payables	166 019	963 833
	2 360 577	**2 856 772**

6. OTHER FINANCIAL LIABILITIES

At amortised cost

	2017 R	2016 R
The Ackerman Family Educational Trust	4 000 000	1 500 000
The loan is unsecured, interest free and is expected to be repaid within 12 months after year end. The opening balance of R 1 500 000 was forgiven during the year ended 31 December 2017.		
Cape Town Opera Trust	118 800	118 800
The loan is unsecured, interest free and not subject to any fixed terms of repayment. It is anticipated that this loan will be donated to the company by the Cape Town Opera Trust on dissolution of the trust.		
Cape Town Opera Endowment Trust	1 800 000	-
The loan is unsecured, has no fixed terms of repayment and interest is charged as determined between the parties from time to time.		
	5 918 800	**1 618 800**

Current liabilities

	2017 R	2016 R
At amortised cost	5 918 800	1 618 800

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R
7. REVENUE		
Box office and related income	3 308 709	2 887 658
Individuals and patrons	2 840 178	1 396 990
National Lotteries Commission	687 947	3 911 242
Non-government funding and grants	6 513 474	6 038 396
Production sponsorship and touring fees	15 951 264	25 200 519
Sundry income	336 170	76 986
Western Cape Government DCAS	1 630 546	1 500 000
Western Cape Government DCAS (Expanded Public Works Programme)	-	98 859
	31 268 288	**41 110 650**
8. COST OF SALES		
Rendering of services		
Opera and other productions	18 243 759	24 769 245
9. OTHER INCOME		
Accrual reversals	-	6 980
Donation of loan	1 500 000	3 055 586
Other donations received	461 860	-
	1 961 860	**3 062 566**

A donation of R 1 500 000 was received from The Ackerman Family Educational Trust during the year under review, when a portion of the loan owing to them was forgiven.

10. OPERATING (LOSS) / PROFIT

Operating (loss) / profit for the year is stated after accounting for the following:

	2017 R	2016 R
Operating lease charges		
Premises		
• Contractual amounts	268 548	271 286
Loss on sale of property, plant and equipment	(216 744)	(634 588)
Impairment on property, plant and equipment	474 112	506 133
Profit/(loss) on exchange differences	-	33 474
Depreciation on property, plant and equipment	1 392 353	1 302 963
Employee costs	13 218 144	12 068 393
11. INVESTMENT REVENUE		
Interest revenue		
Bank	171 533	281 256

12. TAXATION

In terms of section 10(1)(cN) of the Income Tax Act 1962 as amended, the company has been approved by the Commissioner of the South African Revenue Services as a Public Benefit Organisation. Accordingly, it is exempt from taxation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R

13. AUDITOR'S REMUNERATION

	2017 R	2016 R
Fees	108 000	106 862
Fees paid on behalf of Cape Town Opera Endowment Trust	69 380	-
Fees paid on behalf of Cape Town Opera Trust	15 830	-
Tax, secretarial and other services	18 427	7 413
	211 637	**114 275**

14. CASH (USED IN) / GENERATED FROM OPERATIONS

	2017 R	2016 R
(Loss) / profit before taxation	(2 680 559)	1 832 818
Adjustments for:		
Depreciation	1 392 353	1 302 963
Loss on sale of assets	216 744	634 588
Interest received	(171 533)	(281 256)
Impairment loss	474 112	506 133
Changes in working capital:		
Trade and other receivables	639 693	504 900
Trade and other payables	(496 194)	910 051
	(625 384)	**5 410 197**

15. DIRECTORS' REMUNERATION

Executive

2017

	Emoluments	Total
Salaries (MR Williams)	893 044	893 044

2016

	Emoluments	Total
Salaries (MR Williams and C Crouse)	1 316 882	1 316 882

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. RELATED PARTIES

Relationships	
Company controlled by director	Musicmakers
Member of the company	Cape Town Opera Trust

Related party balances and transactions

Related party balances

	2017 R	2016 R
Loan accounts - Owing to related parties		
Cape Town Opera Trust	118 800	118 800
Cape Town Opera Endowment Trust	1 800 000	-

Related party transactions

	2017 R	2016 R
Royalties paid to related parties		
Musicmakers	274 420	-
Directing fees paid to related parties		
Musicmakers	55 000	140 000

DETAILED INCOME STATEMENT

	Notes	2017 R	2016 R
REVENUE			
Box office and related income		3 308 709	2 887 658
Individuals and patrons		2 840 178	1 396 990
National Lotteries Commission		687 947	3 911 242
Non - governmental funding and grants		6 513 474	6 038 396
Production sponsorship and touring fees		15 951 264	25 200 519
Sundry income		336 170	76 986
Western Cape Government DCAS		1 630 546	1 500 000
Western Cape Government DCAS (Expanded Public Works Programme)		-	98 859
	7	**31 268 288**	**41 110 650**
COST OF SALES			
Opera and other productions		(18 243 759)	(24 769 245)
Gross profit		**13 024 529**	**16 341 405**
OTHER INCOME			
Donations received		1 961 860	3 055 586
Interest received	11	171 533	281 256
Recovered costs		-	6 980
		2 133 393	**3 343 822**
OPERATING EXPENSES			
Auditor's remuneration	13	211 637	114 275
Bank charges		15 341	18 079
Bursaries		-	322 500
Computer expenses		231 240	222 579
Depreciation and impairments		1 866 465	1 809 096
Employee costs		13 218 144	12 068 393
Foreign grant expense		138 529	187 642
Institutional marketing		249 179	473 688
Insurance		68 909	88 846
Legal expenses		25 208	26 574
Loss on disposal of assets		216 744	634 588
Office expenses		199 149	210 485
Payroll administration fees		58 522	56 887
Printing and stationery		207 122	203 588
Profit and loss on exchange differences		-	33 474
Rent and related operating expenses		268 548	271 286
Repairs and maintenance		31 347	7 590
Staff welfare		24 365	18 529
Telephone and fax		150 165	133 471
Travel		572 122	813 867
Wardrobe and design consumables		85 745	136 972
		17 838 481	**17 852 409**
(Loss) / profit for the year		**(2 680 559)**	**1 832 818**

The supplementary information presented does not form part of the annual financial statements and is unaudited