

**THE CAPE TOWN OPERA COMPANY NPC  
(REGISTRATION NUMBER 1999/017712/08)  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**accounting · tax · statutory**

**JOHANNESBURG | CAPE TOWN | DURBAN**

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**DIRECTORS:** C.M Johnston | D. Sewnarain | N. Aldrighetti | R. Eales | R. van der Walt | A. Dewlal | G.I Bresler | E info@123consulting.co.za | W www.123consulting.co.za

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**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	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.
<b>Directors</b>	SM Smith ZA Melane CA Cupido WRE Duminy JM Dingaam CM Ras AJ Gabriel G Quixley
<b>Registered office</b>	The Artscape Theatre Centre 1-10 DF Malan Street Foreshore Cape Town 8001
<b>Business address</b>	The Artscape Theatre Centre 1-10 DF Malan Street Foreshore Cape Town 8001
<b>Postal address</b>	P O Box 4107 Cape Town 8000
<b>Auditors</b>	TGS South Africa Incorporated Chartered Accountants (S.A.) Registered Auditors
<b>Tax reference number</b>	9398043035
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act No.71 of 2008.
<b>Preparer</b>	The annual financial statements were independently prepared by: 1.2.3. Consulting Proprietary Limited represented by: A. Dewlal Professional Accountant (SAIPA)



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Index**

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

<b>Contents</b>	<b>Page</b>
Directors' Responsibilities and Approval	3
Independent Auditor's Report	4 - 5
Directors' Report	6 - 9
Statement of Financial Position	10
Statement of Comprehensive Income	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Accounting Policies	14 - 17
Notes to the Annual Financial Statements	18 - 22
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	23 - 24



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Directors' Responsibilities and Approval**

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The directors are required by the Companies Act No.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 auditors are 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 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.

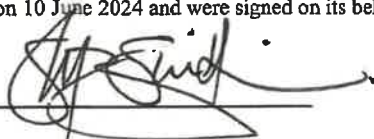
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial 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 2024 and, in the 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.

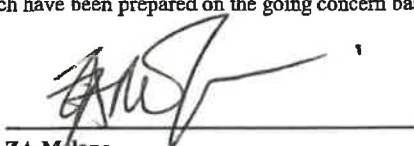
The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 10 to 24, which have been prepared on the going concern basis, were approved by the board of directors on 10 June 2024 and were signed on its behalf by:

SM Smith



ZA Melane



## Independent Auditor's Report

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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 10 to 22, which comprise the statement of financial position as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 2023, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act No.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 annual 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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 and the Detailed Income Statement, which we obtained prior to the date of this report. 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.

### 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 the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act No.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.

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Directors | F.L. Aldrighetti B.Comm, B.Acc, CA(SA), RA, CIMA, Dip.Prod.Mgmt | M.J. Le Roux, B.Comm, B.Comm (Hons), CA(SA), RA | M. Valente B.Compt, PG Dip (AAS), CA(SA), RA |

| J.R. Pinto B.Comm ACC, PG Dip (AAS), CA(SA), RA |

## Independent Auditor's Report

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### 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.

*TGS South Africa Inc.*

**TGS South Africa Incorporated**

**MJ le Roux**

**Director**

**Chartered Accountant (S.A.)**

**Registered Auditor**

**19 June 2024**



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Directors' Report**

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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 2023.

**1. Review of activities 2023**

Cape Town Opera experienced another exceptional year in 2023, further strengthening all aspects of its operations. It is the sole permanently active opera company on the African continent and one of South Africa's largest performing arts institutions. Cape Town Opera remains steadfast in safeguarding opera as part of the cultural heritage of South Africa through developing and showcasing the extraordinary singing talent of the country.

**Employment**

During the review period, Cape Town Opera provided permanent employment to 56 full-time staff members and part-time employment to four additional staff members, an increase of 13 staff over 2022.

The breakdown of permanent staff is as follows:

- Singers and artists: 35 (2022: 24)
- Administrative staff: 14 (2022: 14)
- Production staff: 5 (2022: 4)
- Creative staff: 2 (2022: 2)
- Part-time staff: 4 (2022: 3)

As can be seen from the above breakdown, the increase in staff was almost exclusively singers. The number of administrative staff remained constant.

Additionally, we issued numerous ad-hoc employment contracts to creatives, singers, musicians, production staff and crew throughout the year, underscoring our pivotal role as a job creator within the artistic and theatrical ecosystem in South Africa.

**Artistic Projects**

We delivered an impressive 140 performances in total in 2023, highlighting the hard work and dedication of the entire Cape Town Opera team.

Below is a list of all the productions and concerts delivered in 2023. The number in brackets denotes the number of performances of that show.

• **Mainstage and Site Specific**

Kirstenbosch Botanical Gardens (1) • Maynardville Festival (3) • Oppiwater Gala Concerts (2) • *Master Class*: Theatre on the Bay/Montecasino/Woordfees (47) • Rossini *Stabat Mater*: Toringkerk, Paarl (1) • *Grace Notes*: tour in Germany (6) • Bizet's *The Pearl Fishers*: Artscape Theatre (4) • Viardot *Cendrillon/Cinderella*: Artscape Opera House (7) • Puccini *Tosca*: Nelson Mandela Theatre and Artscape Opera House (9) • Mozart *Requiem/Muyanga After Tears (Journeys of the Soul)*: Artscape Theatre (4) • Verdi *La traviata*: Artscape Theatre (4) • Rodgers & Hammerstein *The Sound of Music*: Artscape Opera House (33) [December performances only]

• **Chorus Concerts**

Asmara concerts: City Hall (4) • *Spirituals*: United Church Somerset West (1) • Golf Day: Erinvale Golf Club (1) • *Spirituals*: United Church Worcester (1)

• **Young Artists, House Soloists, Foundation Studio, Chorus**

UK Friends Fundraiser (1) • HCI event: Garden Court Hotel (1) • Sybill Fricke birthday: Erinvale Golf Club (1) • Lady Mary Hatch: Camps Bay (1) • Woodfees: Endler hall (1) • Foundation Studio Showcase: Artscape Arena (1)

• **Community Concerts**

Bonteheuwel Civic Centre (1) • Lentegeur Civic Centre (1) • Oceanview Civic Centre (1) • Nomzamo Community Hall (1)



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Directors' Report**

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• **Review of activities 2023 (continued)**

• **Opera Blocks**

Artscape Innovation Lounge (1) • Artscape Chandelier Foyer (1)

• **Competition**

*Operalia* (30<sup>th</sup> anniversary running of the competition), hosted in conjunction with Artscape and the Cape Town Philharmonic Orchestra

**Educational Projects**

We continued our unwavering commitment to development and education through the following programmes:

• **Judith Neilson Young Artist Programme**

The Judith Neilson Young Artist Programme continues to thrive, now hosting 11 participants, including two international students from South Korea and Spain. This year we also welcomed our first pianist (vocal coach) into the programme.

• **National Schools Tour**

The National Schools Tour team travelled 5773 kilometres by road, conducting 13 ABC Motsepe South African Choral Eisteddfod (SASCE) workshops across the country and engaging with 1494 learners.

• **Foundation Studio**

The Foundation Studio programme achieved notable successes: baritone Lilitha Nekwevha ranked third nationally in the bass solo category at the ABC Motsepe South African Schools Choral Eisteddfod (SASCE) and Lereko Motele was accepted to study towards a Performance Diploma in Opera at the University of Cape Town.

**Awards**

Our artists have been recognised with various awards, highlighting their extraordinary talents and contributions to the arts. These accolades are a source of pride for our Company and an inspiration to all.

- House Soloist Brittany Smith won the Fleur du Cap Theatre Award for *Best Female: Opera* for her performance as Susanna in Cape Town Opera's *Le nozze di Figaro* production.
- Brittany's significant contributions to entertainment and classical music were also recognised with an Artes Award.
- House Soloist Conroy Scott won the Fleur du Cap Theatre Award for *Best Male: Opera* for his performance as Figaro in Cape Town Opera's production of *Le nozze di Figaro*.
- Guest artist Sandra Prinsloo won the *Best Female Actress* award at Woordfees for her stunning portrayal of Maria Callas in Cape Town Opera's production of *Master Class*.

The production itself was also a finalist in the *Best Production* category.

- Chorus member Lusibalwethu Sesanti won the prize for *Special Recognition of Artistic and Creative Merit by a Young Composer* at the Songmakers' Guild & SA Composers' Symposium for her song cycle, *Love Letters to God*.
- Chorus member Christine Bam won first prize in the *FMR Bursary Competition for Classical Voice*.





**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Directors' Report**

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**Review of activities 2023 (continued)**  
**Financial overview**

It's been another positive year in terms of strengthening the financial position of the Company.

At face value, revenue increased by 18.9% from 2022 to 2023. If you exclude the extraordinary one-off noncash donation of R5.4m from The Ackerman Family Educational Trust from 2022 revenue, then the revenue increase from 2022 to 2023 is 46.11%. This compares favourably against an increase of 38.24% in total expenses.

*Revenue*

The main contributors to the increase in revenue are:

- An encouraging **366.46%** increase in box office and related income. All our shows have shown consistent growth in sales, and our co-production with Pieter Toerien Productions of *The Sound of Music* sold out the December 2023 portion of its run.
- A **124.99%** increase in individual and patron income, thanks to the hard work of our Development Department.
- A **221.01%** increase in income from outside engagements.
- A **693.92%** increase in local production sponsorship.

We are extremely thrilled to have secured a renewed 3-year funding commitment from the Judith Neilson Foundation from 2024. We are extremely grateful for their extraordinary generosity and support.

Provincial and local government revenue unfortunately dropped once again, this year by 20% overall. We thank the government for their continued support and understand the various financial pressures they are under.

The breakdown of sources of revenue is as follows:

- Non-government funding and grants: **39.57%** (2022: 57%)
- Box office, income from outside engagements, sundry income: **30.04%** (2022: 11%)
- Government: **17.78%** (2022: 26%)
- Individuals and patrons: **8.81%** (2022: 6%)
- Local production sponsorship: **3.80%** (2022: 1%)

*Operating expenses*

Operating expense increased by **43.55%**, almost exclusively accounted for by the increase in employee costs. This is due to the increase in the number of singers and young artists brought into the company, as well as efforts to raise average employee remuneration.

Cost of sales (production expenses) increased by **33.58%**, in line with the fuller production and concert schedule.

**Conclusion**

The Company's operations and financial status are detailed in these financial statements. The Company's surplus for the year ending 31 December 2023 was **R1 482 280**.



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Directors' Report**

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**2. Directors**

The directors in office at the date of this report are as follows:

<b>Directors</b>	<b>Changes</b>
SM Smith	
ZA Melane	
CA Cupido	
WRE Duminy	
JM Dinga	
CM Ras	
AJ Gabriel	
G Quixley	Appointed 31 May 2023

**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.

**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. Auditors**

TGS South Africa Incorporated have audited these annual financial statements for the period under review in terms of the 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 No.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 10 June 2024:

- SM Smith and ZA Melane



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Statement of Financial Position as at 31 December 2023**

Figures in Rand	Note	2023	2022
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	6 834 048	5 289 486
<b>Current Assets</b>			
Trade and other receivables	3	2 510 109	190 892
Cash and cash equivalents	4	11 183 560	6 376 470
		<b>13 693 669</b>	<b>6 567 362</b>
<b>Total Assets</b>		<b>20 527 717</b>	<b>11 856 848</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained surplus		7 113 658	5 631 378
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	5	44 934	49 984
<b>Current Liabilities</b>			
Trade and other payables	6	492 254	188 096
Income received in advance		12 876 871	5 987 390
		<b>13 369 125</b>	<b>6 175 486</b>
<b>Total Liabilities</b>		<b>13 414 059</b>	<b>6 225 470</b>
<b>Total Equity and Liabilities</b>		<b>20 527 717</b>	<b>11 856 848</b>



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Statement of Comprehensive Income**

Figures in Rand	Note	2023	2022
Revenue	7	34 528 025	29 031 725
Cost of sales	8	(17 151 175)	(12 839 501)
<b>Gross profit</b>		<b>17 376 850</b>	<b>16 192 224</b>
Operating expenses	9	(16 181 334)	(11 271 929)
<b>Operating surplus</b>		<b>1 195 516</b>	<b>4 920 295</b>
Investment revenue	10	331 992	234 454
Finance costs	11	(45 228)	(19 741)
<b>Surplus for the year</b>		<b>1 482 280</b>	<b>5 135 008</b>



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Statement of Changes in Equity**

Figures in Rand	Retained surplus	Total equity
<b>Balance at 01 January 2022</b>	<b>496 370</b>	<b>496 370</b>
Surplus for the year	5 135 008	5 135 008
<b>Balance at 01 January 2023</b>	<b>5 631 378</b>	<b>5 631 378</b>
Surplus for the year	1 482 280	1 482 280
<b>Balance at 31 December 2023</b>	<b>7 113 658</b>	<b>7 113 658</b>



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Statement of Cash Flows**

Figures in Rand	Note	2023	2022
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	6 888 035	9 785 284
Interest income		1 171 036	234 454
Finance costs		(45 228)	(19 741)
<b>Net cash from operating activities</b>		<b>8 013 843</b>	<b>9 999 997</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(3 201 703)	(1 336 702)
<b>Cash flows from financing activities</b>			
Movement in other financial liabilities		(5 050)	(5 468 816)
<b>Total cash movement for the year</b>		<b>4 807 090</b>	<b>3 194 479</b>
Cash and cash equivalents at the beginning of the year		6 376 470	3 181 991
<b>Total cash at end of the year</b>	4	<b>11 183 560</b>	<b>6 376 470</b>



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Accounting Policies**

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**1. Basis of preparation and summary of significant accounting policies**

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act No.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 is required to make critical judgments in applying accounting policies from time to time. The judgments, 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 makes judgments in allocating costs of scenery, props and costumes to the assets on initial recognition and subsequently on use in new productions.

Management makes judgments 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**

**Useful lives of property, plant and equipment**

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

**Impairment testing**

The company reviews and tests the carrying value of property, plant and equipment and intangible 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 assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

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 Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Accounting Policies**

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**1.2 Property, plant and equipment (continued)**

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

<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
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 surplus or deficit.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

**1.3 Financial instruments**

**Initial measurement**

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**Financial instruments at amortised cost**

These include loans, trade receivables and trade payables. They 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**

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

**Financial instruments at fair value**

All other financial instruments are measured at fair value through surplus or deficit.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.





**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Accounting Policies**

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**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.

**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.

Any contingent rents are expensed in the period they are incurred.

**1.5 Impairment of assets**

The company assesses at each reporting date whether there is any indication that assets 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 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 leave pay 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.

**1.7 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.

**1.8 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 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.



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Accounting Policies**

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**1.9 Revenue**

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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.

**1.10 Borrowing costs**

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



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Notes to the Annual Financial Statements**

Figures in Rand 2023 2022

**2. Property, plant and equipment**

	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Computer software	36 395	(36 395)	-	36 395	(36 395)	-
Costumes	6 465 740	(3 732 374)	2 733 366	6 526 558	(4 650 910)	1 875 648
Furniture and fixtures	346 101	(212 833)	133 268	280 133	(174 188)	105 945
IT equipment	545 275	(518 296)	26 979	533 508	(499 483)	34 025
Motor vehicles	1 074 052	(528 723)	545 329	561 860	(505 675)	56 185
Scenery and props	7 814 919	(4 419 813)	3 395 106	9 478 135	(6 260 452)	3 217 683
<b>Total</b>	<b>16 282 482</b>	<b>(9 448 434)</b>	<b>6 834 048</b>	<b>17 416 589</b>	<b>(12 127 103)</b>	<b>5 289 486</b>

**Reconciliation of property, plant and equipment - 2023**

	Opening balance	Additions	Depreciation	Impairment loss	Closing balance
Costumes	1 875 648	1 676 473	(794 658)	(24 097)	2 733 366
Furniture and fixtures	105 945	65 968	(38 645)	-	133 268
IT equipment	34 025	25 183	(32 229)	-	26 979
Motor vehicles	56 185	512 192	(23 048)	-	545 329
Scenery and props	3 217 683	921 887	(334 472)	(409 992)	3 395 106
	<b>5 289 486</b>	<b>3 201 703</b>	<b>(1 223 052)</b>	<b>(434 089)</b>	<b>6 834 048</b>

**Reconciliation of property, plant and equipment - 2022**

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Closing balance
Costumes	1 915 451	349 169	(5 631)	(140 735)	(242 606)	1 875 648
Furniture and fixtures	15 226	96 809	-	(6 090)	-	105 945
IT equipment	77 991	19 465	-	(63 431)	-	34 025
Motor vehicles	56 185	-	-	-	-	56 185
Scenery and props	4 166 884	871 259	(710 973)	(329 800)	(779 687)	3 217 683
	<b>6 231 737</b>	<b>1 336 702</b>	<b>(716 604)</b>	<b>(540 056)</b>	<b>(1 022 293)</b>	<b>5 289 486</b>

**3. Trade and other receivables**

Trade receivables	53 905	69 669
Value-Added Taxation	-	96 875
Accrued income	2 287 532	-
Other receivables	168 672	24 348
	<b>2 510 109</b>	<b>190 892</b>

**4. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	13 158	3 353
Bank balances	11 170 402	6 373 117
	<b>11 183 560</b>	<b>6 376 470</b>



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Notes to the Annual Financial Statements**

Figures in Rand	2023	2022
<b>5. Other financial liabilities</b>		
<b>At amortised cost</b>		
Cape Town Opera Trust	44 934	49 984
The loan is unsecured, interest free and not subject to any fixed terms of repayment. It is anticipated that the loan will be converted into a donation to the company by the Cape Town Opera Trust on dissolution of the trust.		
<b>Non-current liabilities</b>		
At amortised cost	44 934	49 984
<b>6. Trade and other payables</b>		
Trade payables	78 845	30 555
Value-Added Taxation	32 861	-
Employee costs payable	246 402	19 741
Accrued audit and accounting fees	134 146	137 800
	<b>492 254</b>	<b>188 096</b>
<b>7. Revenue</b>		
Box office and related income	8 168 870	1 751 243
City of Cape Town	3 400 000	4 000 000
Individuals and patrons	3 043 575	1 352 740
Income from outside engagements	2 077 333	647 123
Local production sponsorship	1 312 506	165 320
National Arts Council	698 000	162 000
National Lotteries Commission	1 039 690	535 310
Non-government funding and grants	13 661 772	13 386 780
Sundry income	126 279	131 209
The Ackerman Family Educational Trust non-cash donation	-	5 400 000
Western Cape Government DCAS	1 000 000	1 500 000
	<b>34 528 025</b>	<b>29 031 725</b>
<b>8. Cost of sales</b>		
<b>Rendering of services</b>		
Local opera and other productions	17 151 175	12 839 501
<b>9. Operating expenses</b>		
Operating expenses include the following expenses:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	217 964	57 027
Loss on sale of assets and liabilities	-	716 604
Impairment on property, plant and equipment	434 089	1 022 293
Depreciation of property, plant and equipment	1 223 052	540 056
Employee costs (not allocated to production cost)	12 152 288	7 056 795
Employee cost (allocated to production cost)	6 910 108	6 151 830



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Notes to the Annual Financial Statements**

Figures in Rand	2023	2022
<b>10. Investment revenue</b>		
<b>Interest revenue</b>		
Interest received from bank accounts	331 992	234 454
<b>11. Finance costs</b>		
SARS penalties and interest	45 228	19 741

SARS penalties and interest of R45 228 in 2023 (R19 741 in 2022) were due to the late submission of the May, August and November 2023 (2022: November 2022) employee tax returns.

**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.

The Public Benefit Organisation has also been approved for purposes of section 18A(1)(a) of the Act and donations to the organisation will be tax deductible in the hands of the donors in terms of and subject to the limitation prescribed in section 18A of the Act.

**13. Auditor's remuneration**

Fees	172 042	74 110
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The Auditor's remuneration expense for 2022 incorporates a reversal of amounts over accrued in prior periods.

**14. Cash generated from operations**

Net surplus before taxation	1 482 280	5 135 008
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	1 657 141	540 056
Loss on disposal of property, plant and equipment	-	716 604
Impairment of property, plant and equipment	-	1 022 293
Investment income	(1 171 036)	(234 454)
Finance costs	45 228	19 741
<b>Changes in working capital:</b>		
Trade and other receivables	(2 319 217)	(172 402)
Trade and other payables	304 158	(353 952)
Income received in advance	6 889 481	3 112 390
	<b>6 888 035</b>	<b>9 785 284</b>

The variance in Trade and other receivables and Trade and other payables arises from the timing misalignment between production activities during the fiscal year and the corresponding calendar year in which invoice payments are due.



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Notes to the Annual Financial Statements**

Figures in Rand	2023	2022
<b>15. Commitments</b>		
<b>Operating leases – as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	437 197	445 590
- in second to fifth year inclusive	1 150 209	1 560 543
- later than five years	-	26 863
	<b>1 587 406</b>	<b>2 032 996</b>

Operating lease payments represent rentals payable by the company for certain of its office properties and office equipment. The property lease has been negotiated for an average term of ten years and an annual increase of 7% is applicable. The lease for office equipment is negotiated for an average term of five years with an annual increase of 10%. No contingent rent is payable. The operating leases are presented exclusive of VAT.

**16. Related parties**

**Relationships**

Member of the company

The Cape Town Opera Trust  
The Cape Town Opera Endowment Trust  
Opera Training Trust  
AJ Gabriel

Managing Director

**Related party balances and transactions**

**Related party balances**

**Loan accounts - Owing (to) by related parties**

Cape Town Opera Trust	44 934	49 984
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**Related party transactions**

**Audit/Accounting fees incurred on behalf of related parties**

Cape Town Opera Endowment Trust	30 790	990
Cape Town Opera Trust	-	1 683
Opera Training Trust	5 350	5 208

**Audit/Accounting fees recovered from related parties**

Cape Town Opera Trust	-	68 816
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**Compensation paid to key management**

Short-term employee benefits	914 286	840 120
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**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Detailed Income Statement**

Figures in Rand	Note	2023	2022
<b>Revenue</b>			
Box office and related income		8 168 870	1 751 243
City of Cape Town		3 400 000	4 000 000
Individuals and patrons		3 043 575	1 352 740
Income from outside engagements		2 077 333	647 123
Local production sponsorship		1 312 506	165 320
National Arts Council		698 000	162 000
National Lotteries Commission		1 039 690	535 310
Non-government funding and grants		13 661 772	13 386 780
Sundry income		126 279	131 209
The Ackerman Family Educational Trust non-cash donation		-	5 400 000
Western Cape Government DCAS		1 000 000	1 500 000
	7	<b>34 528 025</b>	<b>29 031 725</b>
<b>Cost of sales</b>			
Local opera and other productions		(17 151 175)	(12 839 501)
<b>Gross profit</b>		<b>17 376 850</b>	<b>16 192 224</b>
<b>Expenses (Refer to page 24)</b>		<b>(16 181 334)</b>	<b>(11 271 929)</b>
<b>Operating surplus</b>		<b>1 195 516</b>	<b>4 920 295</b>
Investment income	10	331 992	234 454
Finance costs	11	(45 228)	(19 741)
		<b>286 764</b>	<b>214 713</b>
<b>Surplus for the year</b>		<b>1 482 280</b>	<b>5 135 008</b>



**The Cape Town Opera Company NPC**  
**(Registration number: 1999/017712/08)**  
**Annual Financial Statements for the year ended 31 December 2023**

**Detailed Income Statement**

Figures in Rand	Note	2023	2022
<b>Operating expenses</b>			
Auditor's remuneration	13	172 042	74 110
Bank charges		25 262	24 000
Board expenses		30 836	28 703
Computer expenses		305 757	285 098
Depreciation and impairment of property, plant and equipment		1 657 141	1 562 349
Employee costs		12 152 288	7 056 795
Filming and recording expenses		-	118 642
Fundraising expenses		291 232	56 589
Furniture and equipment expenses		33 919	31 516
Institutional marketing		355 769	443 718
Insurance		120 537	103 956
Loss on disposal of property, plant and equipment		-	716 604
Loss on exchange difference		5 000	3 585
Office expenses		150 815	124 534
Printing and stationery		237 160	204 968
Rent and related operating expenses		217 964	57 027
Site cleaning cost		68 025	32 093
Staff welfare		49 849	51 422
Telephone and fax		91 880	101 150
Travel - local		168 678	94 055
Wardrobe and design consumables		47 180	101 015
		<b>16 181 334</b>	<b>11 271 929</b>

