



**ROODEPOORT CITY THEATRE (NPC)
Trading as
JOBURG PROMUSICA**

Registration No: 1981/005017/08

2013/14 Annual Report

(In terms of Section 121 of the
Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act, 2000)

ROODEPOORT CITY THEATRE (NPC)
Trading as
JOBURG PROMUSICA

(AN ASSOCIATION INCORPORATED UNDER SECTION 21 OF THE COMPANIES ACT)

COMPANY INFORMATION:

Registration number: 1981/005017/08

Registered Address: Civic Centre, Region C
100 Christian de Wet Road
Florida Park
ROODEPOORT

Postal Address: P O Box 1531
Florida
1710

Telephone number : (011) 674- 1356/7/8

Fax number : (011) 674-2365

Website : www.promusica.co.za

Bankers : Standard Bank

Auditors : Auditor-General

Vision

To be a world class Art Centre that seeks new ways of being relevant, by presenting diverse programmes that address all communities through music, theatre, poetry, dance and carnival arts

Mission

*To showcase creative talents of the City and in the South and Western regions.
To become a central feature of development initiatives in the Region and the City as a whole.
To continue to support, develop and offer original, innovative and relevant programming to the residents of the City of Johannesburg and beyond
To provide professional services to clients of the theatre
To ensure the future of the performing arts in the country by actively contributing to youth and child development efforts.*

Mandate

The entity endeavours to contribute to the overall 2040 GDS strategy of the City of Johannesburg in becoming a "World Class African City" – a city where community development, personal growth and social mobility are enhanced so that challenges of poverty, vulnerability, inequality and social exclusion are fundamentally addressed.

TABLE OF CONTENTS

STRUCTURE OF THE REPORT	4
CHAPTER ONE: LEADERSHIP & CORPORATE PROFILE	
Section 1: Foreword by Member of the Mayoral Committee	5
Section 2: Chairperson's Foreword	6
CHAPTER TWO: GOVERNANCE	7
Section 1: Corporate Governance Statement	8
Section 2: Board of Directors	9
Section 3: Board Committees	12
Section 4: Director's Remuneration	13
Section 5: Company Secretarial Function	13
CHAPTER THREE: FINANCIAL PERFORMANCE	14
Section 1: Statement of Financial Position and Notes	
Section 2: Statement of Financial Performance and Notes	
Section 3: Spending against capital budget	
Section 4: Cash Flow Statement	
Section 5: Statement of Changes in Net Assets	
Section 6: Report in irregular, fruitless and wasteful expenditure and legal process	
CHAPTER FOUR: AUDITOR-GENERAL FINDINGS	
Section 1: Auditor-General's Report for the Current year	
Section 2: Historical Audit Findings and Remedial Action	
Section 3: Commitment by the Board of Directors	
Section 4: Mitigation strategies on the assessment of the Integrated Reporting and MFMA Circular 63 (Nkonki report)	

STRUCTURE OF THE REPORT

National Treasury's MFMA Annual Report Circular 63 requires municipal entities to adopt the following format for an Annual Report:

Chapter 1: Mayor's Foreword and Executive Summary

Chapter 2: Governance

Chapter 3: Financial performance

Chapter 4: Auditor General's findings

Scope of report

Integrated Annual Report offers stakeholders and interested parties a comprehensive overview of the operations, activities and performance of Roodepoort City Theatre for 1 July 2013 to 30 June 2014 financial year. The Annual report is an integrated financial, social and economic report. Roodepoort City Theatre aligns itself local and international sustainability best reporting practices including the:

- Municipal Finance Management Act (MFMA)
- Public Finance Management Act (PFMA)
- Generally Recognised Accounting Principles (GAAP)
- Section 46(1) on the Municipal Systems Act (MSA)
- King III Code on Corporate Governance (KING III)
- Discussion papers issued by the South African Integrated Reporting Committee and the International Integrated Reporting Council (IIRC)
- International Financial Reporting Standards (IFRS)
- GRI Framework
- Millennium Development Goals
- Joburg 2040 Growth and Development Strategy (GDS)
- 2012/16 Integrated Development Plan (IDP)

As such, the content of the report is aligned with the strategic focus areas and underlying objectives of the City's Five-Year Integrated Development Plan, and is also informed by a number of other plans and documents produced by the various City directorates

The report considers economic, environmental, social and technical performance and is also available online on entity's website (www.roodepoorttheatre.com)

Materiality

The main areas covered in this report in terms of both current and future issues are based on what our stakeholders have said to us that they need to know, our business focus areas, priorities and the actively managed risks we face.

The entity has applied the principle of materiality in pertinent content and disclosure. A matter is material if it is of such relevance and importance that it could substantially influence an assessment of the report and the entity's ability to create value in the short, medium and long term. The following internal and external criteria were used to identify material issues:

Section 5: Foreword by Member of the Mayoral Committee



It is with privilege to present a foreword of the Annual Report of Roodepoort City Theatre for the 2013/14 financial year as Member of Mayoral Committee: Community Development. The entity has been dormant from 31st December 2013 as a result of integration of theatres in Johannesburg.

Since January 1st 2013, the executive management of Joburg Theatre has been effectively operating the three theatres. The operational budget and cash flow for Roodepoort City Theatre and Soweto Theatre have been ring-fenced in accordance with the conditions of the draft Sale of Business Agreement. The governance, compliance, human resources, finance and supply chain management departments of Joburg Theatre serve as an executive support structure for all three theatres.

The Entity complied with the resolution of the Mayoral Committee when finalising the Annual Financial statement for 2013/14.

Two (2) Transfer Agreements were concluded and approved by the Board:

- (i) Transfer Agreement between Roodepoort City Theatre NPC t/a Joburg Promusica, Joburg Theatre SOC Ltd and the City of Johannesburg Metropolitan Municipality.
- (ii) Transfer Agreement between Joburg Theatre SOC Ltd and the City of Johannesburg Metropolitan Municipality on behalf of Soweto Theatre.

The entity has two (2) years from date of transfer to finalise the financial information and adjust the financials retrospectively in accordance with GRAP 105 principles.

Subsequent to the transfer date the legal processes for the amendment of the objectives of Roodepoort City Theatre will be attended to and the company will continue to exist until such time that its net asset value is negligible and the company can be wound-up. Anticipated period of deregistration is the 2014/15 financial year.

The shareholder resolved that the Board of Directors of Joburg Theatre will oversee the winding up process of Roodepoort City Theatre.

My thanks go to Dr Mongane Wally Serote and Board members, Ms Xoliswa Nduneni-Ngema and Management for fulfilling the integration process. I wish them the best in finalising the winding up of Roodepoort City Theatre.

**CLR CHRIS VONDO
MEMBER OF THE MAYORAL COMMITTEE
COMMUNITY DEVELOPMENT**

Section 6: Chairperson's Foreword



On behalf of the Board of Directors I present the annual report of Roodepoort City Theatre (Dormant) NPC, incorporating the financial statements, for the year ended 30 June 2014. With the unanimous agreement of all shareholders, the Company has taken advantage of the reporting concessions available to it under Section 211(3) of the Companies Act 1993.

In 2012, as an integral part of the city's ongoing process of institutional review, it was resolved that the three city operated theatres - Joburg Theatre, Roodepoort City Theatre t/a Joburg Promusica and the newly built Soweto Theatre - would be integrated into one institutional unit: Joburg City Theatres.

The purpose of the intergration was two-fold: to save institutional expenditure, by having one Board of Directors, one Audit & Risk Committee, one Social & Ethics Committee, one Chief Executive Officer, one Chief Financial Officer and one Company Secretary going forward; and to enable an overall creative strategy for the three theatres that would promote inclusivity and social cohesion throughout the city. Within the concept of Joburg City Theatres, it was agreed that each of the three theatres would retain its individual identity and public profile.

Roodepoort City Theatre will remain dormant from the effective date of the intergration, and as such will require a Board of Directors to ensure the winding up process is conducted – ten (10) non-executive directors who also serve on Joburg City Theatres Board were appointed at the AGM in 25 February 2014 for this purpose.

The Board and Management of Joburg City Theatre remains committed to finalising the winding up process of the dormant Roodepoort City Theatre (NPC).

**DR MONGANE WALLY SEROTE
CHAIRPERSON OF THE BOARD**

CHAPTER TWO

GOVERNANCE

Section 1: Corporate Governance Statement

To ensure accountability and governance arrangements are in place, Section 121(2) (c) of the MFMA supports the requirements of Section 18(1) (d) of the MSA: information on matters of governance should be communicated to communities. This should, according to Sections 65(1) (a) of the MFMA and 46 of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such an annual report is to promote accountability to communities for decisions taken by the Council and matters relating to administrative structures, throughout a financial year.

Application of King III

The entity applies the governance principles contained in King III and continues to further entrench and strengthen recommended practices in its governance structures, systems, processes and procedures. The Board of Directors and Executives recognise and are committed to the principles of openness, integrity and accountability advocated by the King III Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the entity's compliance with King III Code on Corporate Governance forms part of the Shareholder mandate of the audit committee. The entity has complied with the Code in all respects during the year under review.

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

The Protocol is premised on the principles enunciated in the King III Report for Corporate Governance for South Africa 2009 (King III). The Company steadfastly consolidated its position in respect of adherence to the King III report on Corporate Governance. The entity practices are, in most material instances, in line with the principles set out in the King III Report. Ongoing steps are however taken to align practices with the Report's recommendations and the Board continually reviews its progress to ensure improvement of Corporate Governance. During the year under review the Company entrenched its risk management reviews and reporting and compliance assessments were conducted in terms of the Companies Act, the Municipal Systems Act (MSA) and the Municipal Finance Management Act (MFMA).

Ethical Leadership

The board provides effective leadership based on a principled foundation and the entity subscribes to high ethical standards. Responsible leadership, characterised by the values of responsibility, accountability, fairness and transparency, has been a defining characteristic of the entity since the company's establishment in 2000.

The fundamental objective has always been to do business ethically while building a sustainable company that recognises the short- and long-term impact of its activities on the economy, society and the environment. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company's stakeholders.

Corporate Citizenship

The board and management recognise that the entity is formed under a political structure. As such, it has a social and moral standing in society with all the attendant responsibilities. The board is therefore responsible for ensuring that the entity protects, enhances and invests in the well-being of the economy, society and natural environment, and pursues its activities within the limits of social, political and environmental responsibilities outlined in international conventions on human rights.

Compliance with laws, rules, codes and standards

The board is responsible for ensuring that the entity complies with applicable laws and considers adhering to non-binding rules, codes and standards.

Through its audit and risk and social and ethics committees the board ensures that structures and systems, with appropriate checks and balances, are established to help it discharge its legal responsibilities and oversee legal compliance. Processes are also in place in consultation with the shareholder's Group Governance to ensure the board is conversant with significant developments in applicable laws, rules, codes and standards.

Section 2: Board of Directors

The Joburg Theatre Board of Directors was mandated to deal with all matters relating to the winding up of the Roodepoort City Theatre (NPC). The Board comprises of ten (10) Non-Executive Directors



DR MONGANE WALLY SEROTE (CHAIRPERSON)

Age: 70

Mongane Wally Serote was born in Sophiatown, north of Johannesburg, in 1944. He is renowned as one of the Soweto poets who embodied the literary revival of black voices in the 1970s.

In 1973, after having published his first anthology of poems called *Yakhal'nkomo* the year before, Serote won the Ingrid Jonker Poetry Prize. The following year, he was granted a Fulbright Scholarship and travelled to Columbia University to complete a master's degree in Fine Arts. His poems, particularly those from his first two anthologies, have been lauded as pivotal to the rise of the Black Consciousness movement in South Africa.

Dr Mongane Wally Serote spent his lifetime expressing the injustices and harsh realities of life for black people under apartheid. He was an active member of the Liberation Army, Umkhonto We Sizwe. His work has inspired, and continues to inspire generations of youth throughout South Africa, Africa and the world. He has been awarded several National and International awards, including the Noma Award for Publishing in Africa (1993); the Pablo Neruda award from the Chilean government (2004) and the Order of Ikhamanga in Silver (South Africa). His contribution to the South African literary arena has been invaluable. His thought-provoking poetry not only expressed the effects that oppression had on South Africans, but it also stands as a timeless body of work that marks an important period in South Africa's history.



MS SURY PILLAY

Age: 52

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



MR WELCOME MSOMI

Age: 71

Welcome has won international acclaim as a playwright, choreographer, composer, director and businessman. His many works include *Mntanami Nomhlangano Mntanami*, *Qondeni*, *Charrie Ntimbane*, *Phezulu*, *Black And White Is Beautiful*. Mr. Msomi's significant success, *Umabatha* has toured the world.

Other presentations he has created or produced are: *Sina*; *Journey Back Home*; *From Soweto To Selma*; *Bongi's Journey*, *Buya Africa*, *Tamburlaine The Great*, most of Mr Nelson Mandela's Birthday Celebration; designed and directed the 10th May 1994 INAUGURATION.



MR MAVUSO SHABALALA

Age: 45

Mavuso Shabalala has 18 years operational and strategic level experience as a Human Resource Practitioner, which was obtained mainly in the Financial Services and Public Sector, including Liberty Life and Stanbic Africa, and the International NGO sector, for Oxfam Great Britain and Oxfam International. He has consulted for the City of Tshwane Metropolitan Municipality, Rustenburg Local Municipal Municipality and the City of Joburg and Special Investigating Unit, which has provided him an appreciation of some of the challenges faced by public sector entities. He has served for over 5 years on the Board of

Directors of the City of Joburg's Roodepoort City Theatre, where he also served as Chairperson of Board Committee on Human Resources and was a member of the Audit Committee.



MR BHEKI ZUNGU

Age: 41

Bheki is a BCom graduate and a Certified Internal Auditor with extensive experience in risk management, compliance, auditing and governance, gained from the private and public sector. He is the founder and managing member of Mabedlana Group, which is involved in management consulting, staffing and publishing. He has previously worked for amongst others: MTN, Vodacom, Transnet, Deloitte, Ernst & Young, Johannesburg Development Agency and Ezemvelo KZN Wildlife. He is currently contracted to Transnet Property as the Program Manager in the office of the CEO. Bheki has been on the audit committee of the Joburg Zoo for 5 years.



MS LORRAINE MALEBO

Age: 49

Lorraine Malebo worked for the Namibian Solidarity Committee which was established by the then UDF. She later joined government as the Municipal Manager for a District municipality; Deputy Director for Department of Public Works as a Programme Manager for Community Based Projects managing 3 provinces Limpopo, Mpumalanga and Free State; and Assistant Director Implementing Rapid Land Programme for the Gauteng Dept of Development Planning and Housing. She is currently contracted with the Gauteng Department of Community Safety, implementing a turnaround strategy for the Gauteng Traffic Training College, Pretoria.



DR ALI MONADJEM

Age: 38

Dr. Ali Matthew Monadjem is a Founding Partner of Accompany Advisory, a niche firm focused on collaborative management consulting and capability building around leadership effectiveness. He is also non-executive Director of Nomanini, a growing company in the informal sector distribution space. He previously studied medicine at UCT, Cape Town, and practiced as a Medical Doctor. He was awarded the Class Gold Medal for Distinctive Achievement on his MBA at UCT's Graduate School of Business. He then spent over 3 years at McKinsey and Company, where he worked with senior executives as an Engagement Manager across various functions, industries and projects. Although Ali is no longer much of a stage performer, before medical school he toured 16 countries in Europe as a dancer, choreographer and audio-visual coordinator, in an international dance group called Diversity Dance Theatre.



MR MABUTHO KID SITHOLE

Age: 62

Mabutho has over 30 years experience in all forms of public speaking and performing arts. He is aptly described as a man for all seasons. He has a long history of stage acting and is a well-known stand-up comedian. Mabutho has played roles in various television films, series, talk shows and educational programmes, as well as various local and international films. He is President of the Creative Workers Union of South Africa.



MS TODD TWALA

Age: 59

Todd is a well-known South African actor, singer, dancer, producer and choreographer. Her career in musical theatre, both in her home country and abroad, spans nearly 3 decades. She has run dance workshops in disadvantaged communities and townships since 1996. Todd is currently the director and organiser of a school for professional dancing and singing training.



MR ISHMAEL MKHABELA

Age: 63

Ishmael holds a BA Degree (University of the North/Limpopo) and Management Advancement Programme (Wits Business School). He is a freelance professional community organiser, conflict and disputes resolution practitioner, social entrepreneur and activist, development and scenarios-based strategic conversations facilitator. He serves and has served and chaired numerous company boards and trusts.

The function and operations of Roodepoort City Theatre NPC were transferred into Joburg Theatre SOC LTD and have operated as one entity known as Joburg City Theatres effective 1st January 2013. Further the Board appointed a Chief Executive Officer to head the integrated entity; effective as of June 1st 2013. The transfer agreement between the two entities was finalised and signed by all parties in November 2013.

At the Annual General Meeting held on February 25th 2014, the City of Johannesburg, the sole Shareholder of Joburg City Theatres, announced the Directors of the Company, in line with the policy on Directorships. No changes were made in the composition of the Board of Directors. The Shareholder passed a special resolution that the Joburg Theatre Board of Directors be appointed to deal with all matters relating to the winding up of the Roodepoort City Theatre (NPC) (Registration number: 1981/005017/08) in terms of the transfer agreement signed on 27 November 2013.

The entity has a unitary board, which consist of executives and non-executives directors. The Board is chaired by the non-executive director, Dr Mongane Wally Serote. The board meets regularly, at least quarterly and retain full control over the company. The Board remains accountable to City of Johannesburg Metropolitan Municipality, the sole member and its stakeholders, the citizens of Johannesburg. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity' relationship with the City of Johannesburg. The Board provides Monthly, Quarterly, Bi-Annually and Annual Reports on its performance and service delivery to the parent municipality as prescribed in the SDA, the MFMA and the MSA.

Non-executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board. The roles of Chairperson and Chief Executive Officer are separate, with responsibilities divided between them. The Chairperson has no executive functions. Members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Company Rules and Procedures, statutory regulations and best corporate practices.

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

The term of office of the non-executive directors is subject to review at the Annual General Meeting. Attendance at meetings held during the year was as follows:

Directors	Board	Audit and Risk
No. of meetings held	3	2
Mongane Wally Serote (Chairperson)	3	-
Todd Twala	3	-
Lorraine Malebo	3	-
Ishmael Mkhabela	3	-
Ali Monadjem	2	-
Bheki Zungu	3	2
Mabutho Kid Sithole	3	-

Surykumarie Pillay	1	2
Welcome Themba Msomi	2	-
Mavuso Shabalala	3	1

The Board of Directors has adopted the Board Charter which encapsulates the City of Johannesburg Governance Protocol and includes matters of ethics, procedure and the conduct of committee members. Registers are kept and updated on the disclosure and declaration of interests of directors and senior management. The Board and Senior Management ensure that there is full material compliance to all relevant legislation. The Company Secretary has certified in terms of section 268(d) of the Companies Act that all statutory returns have been submitted to the Registrar of Companies.

Section 3: Board Committees

The following committees have been formed, each of which is chaired by a non-executive director.

- Audit and Risk Committee

3.1 Audit and Risk Committee

The Audit and Risk committee consist of three independent audit committee members and two non-executive directors:

- Mr Zukisani Samsam* (Chairperson – and Independent member of the Audit and Risk Committee)
- Mr Jacobus Froneman (Independent Audit Committee Member)
- Ms Janine Vergotine (Independent Audit Committee Member)
- Ms Tshidi Molala** (Independent Audit Committee Member)
- Mr Bheki Zungu (Non-Executive Director)
- Mr Mavuso Shabalala (Non-Executive Director - Chairperson)

* Retired February 25th 2014

** Appointed February 25th 2014

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

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

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

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

The audit and risk committee addressed its responsibilities properly in terms of the charter during the year under review. No changes to the charter were adopted during the year under review. Management has reviewed the annual financial statements with the audit and risk committee.

The audit and risk committee considers the annual financial statements of the entity to be a fair presentation of its financial position on June 30th 2014 and of the results of its operations, changes in equity and cash flow for the period ended then in accordance with GRAP and the Companies Act.

Section 4: Director's Remuneration

4.1 Entity's remuneration policy

The company's policy in determining an employee's remuneration is based on:

- a) fairness and parity within company departments;
- b) consideration of the successful applicant's previous earnings and level of experience;
- c) available market-related data; and
- d) the limitations of the company's approved budget for Human Resources within its annual Business Plan.

Remuneration of non-executive directors and independent audit committee members for all City of Johannesburg municipal entities is determined in terms of the group policy on the shareholder governance of boards of directors.

The non-executive directors and independent audit committee members appointed for the winding up process of Roodepoort City Theatre were remunerated by Joburg Theatre as Roodepoort City Theatre remains dormant.

Section 5: Company Secretarial Function

Primary function of the company secretary is to act as the link between the board and management and to facilitate good relationships with the shareholders. The company secretary is responsible for the general administration, more specifically to ensure compliance to good corporate governance practices and to provide guidance to the directors on corporate governance principles and applicable legislation.

Non-executive and executive directors have access to the Acting Company Secretary, who acts as an advisor to the Board and its Committees on matters including compliance with Company Rules and Procedures, statutory regulations and sound corporate governance.

The position of the Company Secretary became vacant subsequent to the promotion of the former Company Secretary to Chief Operations Officer of the organisation during the year under review. The Acting Company Secretary is responsible for the following areas of Roodepoort City Theatres' business:

- Corporate Governance
- Legal
- Contracts Management

CHAPTER FIVE

FINANCIAL PERFORMANCE

CHAPTER SIX

AUDITOR-GENERAL AUDIT FINDINGS

Section 1: Auditor-General's Report for the Current Year

The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

	2010/11	2011/12	2012/13	2013/14
Audit Opinion	Unqualified	Unqualified	Unqualified	

Section 2: Historical Audit Findings and Remedial Action

This section should deal with the corrective actions and the progress made in relation to the issues raised in the previous financial years. This section highlights the repetitive nature of the audit findings and requires comment by the leadership on the actions that are or will be put in place to resolve them.

ANALYSIS OF 2013/14 AUDIT FINDINGS

	NEW IN 2013/14	REPEAT FINDING	ACTIONS TO RESOLVE
Matters affecting Audit opinion	18	20	List actions taken to resolve the matters
Important Matters			
Administrative Matters			

Section 3: Commitment by the Board of Directors

This section should provide a statement/clause from the Board that it has satisfied itself that the remedial actions taken or to be taken on matters raised by the Auditor-General are adequate.

Chairperson

Section 4: Mitigation strategies on the assessment of the Integrated Reporting and MFMA Circular 63 (Nkonki report)

(The entity should provide mitigation strategies in relation to the Nkonki report on the assessment of the City's entity's annual reports in terms of integrated reporting and MFMA circular 63 requirements for the 2012/13 financial year)



JOBURG

PROMUSICA

maestros in the making

ROODEPOORT CITY THEATRE
Trading as Joburg Promusica
Annual Financial Statements
for the year ended 30 June 2014

Auditor-General: Gauteng
Registered Auditors

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Theatre entertainment and education in arts and culture
REGISTERED OFFICE	Roodepoort City Theatre Christiaan de Wet Road Florida Roodepoort 1710
BUSINESS ADDRESS	Roodepoort City Theatre t/a Joburg Promusica Christiaan de Wet Road Florida 1710
POSTAL ADDRESS	P O Box 1531 Florida Roodepoort South Africa 1709
CONTROLLING ENTITY	The City of Johannesburg Metropolitan Municipality
BANKERS	ABSA Bank Limited
AUDITORS	Auditor-General: Gauteng Registered Auditors
SECRETARY	Vincent Motau
COMPANY REGISTRATION NUMBER	1981/005017/08

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

Index

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

Index	Page
's Responsibilities and Approval	17
's Report	18 - 19
Company Secretary's Certification	20
Statement of Financial Position	21
Statement of Changes in Net Assets	23
Statement of Financial Performance	22
Cash Flow Statement	24
Appropriation Statement	25 - 24
Notes to the Annual Financial Statements	25 - 28

Abbreviations

SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
CA	Companies Act 71 of 2008

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognized Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The director acknowledges that he is ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment.

The day to day operations of Roodepoort City Theatre were integrated into Joburg City Theatres with effective from 01 January 2013. Roodepoort City Theatre uninterruptedly operated by Joburg Theatre and it is expected that the operations will not be materially impacted by the integration. The Roodepoort City Theatre remained dormant from the effective date of the integration. The Joburg Theatre Board of Directors were appointed to deal with all matters relating to the winding up of the Roodepoort City Theatre (NPC) (Registration number: 1981/005017/08) in terms of the transfer agreement signed on 27 November 2013 at the AGM held on 25 February 2014. The Board and Management of Joburg City Theatre remains committed to finalising the winding up process of the dormant Roodepoort City Theatre (NPC).

On 1 January 2013, Roodepoort City Theatre (NPC) transferred the function as a going concern to Joburg Theatre SOC Limited as an indivisible income earning activity for no consideration in accordance with the provisions of the transfer agreement.

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

's Report

The director submits his report for the year ended 30 June 2014.

1. INCORPORATION

The company was incorporated on 29 April 1981 and obtained its certificate to commence business on the same day.

2. REVIEW OF ACTIVITIES

Main business and operations

The company is a Municipal Owned Entity. It's principal activity is theatre entertainment and education in arts and culture through community development projects and operates principally in South Africa.

There were no operational activities of the company during the year.

The operating results and state of affairs of the company for the year are fully set out in the attached annual financial statements.

Net surplus of the company was R - (2013: net surplus R -).

3. GOING CONCERN

On 30 June 2014, the company had accumulated surplus of R - and that the company's total assets exceed its liabilities by R -.

The business of Roodepoort City Theatre (NPC) was transferred into Joburg Theatre SOC Ltd in accordance with the terms of transfer agreement on 01 January 2013. The accounting principles of GRAP 105: transfer of functions between entities under common control were applied to account for the transaction.

4. DIRECTORS' PERSONAL FINANCIAL INTEREST IN CONTRACTS

There were no contracts awarded during the financial year.

5. CONTRIBUTION OF THE OWNER

Transferred in accordance with the agreement on 01 January 2013

6.

At the Annual General Meeting held on 25 February 2014 a special resolution was passed to appoint the Joburg Theatre Board of Directors to deal with all matters pertaining to the winding up of Roodepoort City Theatre in terms of the transfer agreement signed on 27 November 2013

7. SECRETARY

The acting secretary of the entity is Vincent Motau of:

Business address

163
Civic Boulevard
Braamfontein
Johannesburg
2017

Postal address

P.O. Box
31900
Braamfontein
Johannesburg
2017

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

's Report

8. CONTROLLING ENTITY

The company's parent is The City of Johannesburg Metropolitan Municipality.

9. BANKERS

Absa Bank Limited and Standard Bank

10. AUDITORS

The Auditor-General: Gauteng will continue in office in accordance with the Public Audit Act, 2004 (Act no. 25 of 2004), section 92 of the MFMA and section 270 (2) of the Companies Act, 2008 (Act no 71 of 2008).

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act 91 of 2008

In terms of the relevant sections of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Vincent Motau
Company Secretary (Acting)

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013
ASSETS			
Current Assets			
Non-Current Assets			
LIABILITIES			
Current Liabilities			
Non-Current Liabilities			
NET ASSETS			

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Revenue			
Sale of goods		-	691,845
Rendering of services		-	49,770
Royalty income		-	197,648
Municipal Revenue UD1		-	1,155,000
Government grants		-	10,067,000
Interest received - investment		-	419,933
Other transfer revenue 1		-	230,586
Total revenue		-	12,811,782
Expenditure			
Employee costs	7	-	(4,804,618)
Depreciation and amortisation	9	-	(216,416)
Repairs and maintenance		-	(92,354)
General Expenses	6	-	(3,956,364)
Total expenditure		-	(9,069,752)
Surplus for the year		-	3,742,030

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

					Note(s)	Share premium
Figures in Rand						
Balance at 01 July 2012	1,784,049	-	2,575,759	4,359,808	-	4,359,808
Changes in net assets						
Surplus for the year	-	-	3,742,030	3,742,030	-	3,742,030
Entity combinations	(1,784,049)	-	(6,317,789)	(8,101,838)	-	(8,101,838)
Total changes	(1,784,049)	-	(2,575,759)	(4,359,808)	-	(4,359,808)
Balance at 01 July 2013	-	-	-	-	-	-
Undefined Difference	-	-	-	-	-	-
Balance at 30 June 2014	-	-	-	-	-	-

Note(s)

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Receipts			
Cash receipts from customers		-	5,789,671
Cash receipt from City of Johannesburg: Subsidy		-	20,134,000
Interest income		-	419,933
		-	26,343,604
Payments			
Cash paid to suppliers and employees		-	(9,121,805)
Other payments		-	(19,369,200)
		-	(28,491,005)
Net cash flows from operating activities	11	-	(2,147,401)
Net increase/(decrease) in cash and cash equivalents		-	(2,147,401)
Cash and cash equivalents at the beginning of the year		-	2,147,401
Cash and cash equivalents at the end of the year		-	-

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

2014

2013

1. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of property, plant and equipment - 2014

Reconciliation of property, plant and equipment - 2013

	Opening balance	Transfers	Depreciation	Total
Music Instruments	482,132	(461,725)	(20,407)	-
Furniture and fittings	1,009,696	(900,562)	(109,134)	-
Motor vehicles	108,646	(96,885)	(11,761)	-
Computer equipment	427,664	(365,962)	(61,702)	-
Crockery and theatre costumes	16,664	(12,373)	(4,291)	-
	2,044,802	(1,837,507)	(207,295)	-

2. INTANGIBLE ASSETS

Reconciliation of intangible assets - CORE - 2013

Reconciliation of intangible assets - 2013

	Opening balance	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	73,612	-	(64,490)	(9,122)	-	-

3. REVENUE

Sale of goods	-	691,845
Rendering of services	-	49,770
Royalty income	-	197,648
Municipal Revenue UD1	-	1,155,000
Government grants	-	10,067,000
Interest received - investment	-	419,933
Other transfer revenue 1	-	230,586
	-	12,811,782

The amount included in revenue arising from exchange and non exchange of goods or services are as follows:

Sale of goods	-	691,845
Rendering of services	-	49,770
Royalty income	-	197,648
Municipal Revenue UD1	-	1,155,000
Government grants	-	10,067,000
Interest received - investment	-	419,933
	-	12,581,196

Taxation revenue

Direct taxes (Income tax, estate duty)	-	-
Transfer revenue		
Other transfer revenue 1	-	230,586
	-	230,586

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
4. COST OF SALES		
Sale of goods		
Cost of goods sold	-	306,028
5. OTHER REVENUE		
Subsidy: City of Johannesburg Metropolitan Municipality	-	10,067,000
The amount included in other revenue arising from non-exchange of goods or services are as follows:		
Subsidy	-	10,067,000
6. GENERAL EXPENSES		
Advertising	-	88,654
Auditors remuneration	-	230
Bank charges	-	26,102
Cleaning	-	317,039
Computer expenses	-	2,937
Consulting and professional fees	-	226,680
Consumables	-	(761)
Entertainment	-	28,199
Insurance	-	18,479
Community development and training	-	239,462
IT expenses	-	55,455
Lease rentals on operating lease	-	46,734
Fuel and oil	-	35,976
Printing and stationery	-	23,842
Security (Guarding of municipal property)	-	438,000
Staff welfare	-	12,303
Subscriptions and membership fees	-	57,065
Telephone and fax	-	70,220
Travel - local	-	61,400
Assets expensed	-	7,843
Performance fees, orchestra fees and overtime	-	1,666,622
Other expenses	-	227,855
Cost of sales	-	306,028
	-	3,956,364
7. EMPLOYEE RELATED COSTS		
Employee related costs : Salaries and wages	-	4,416,274
Overtime payments	-	89,244
Leave pay accrual	-	13,300
Company contributions	-	285,800
	-	4,804,618
8. INVESTMENT REVENUE		
Interest revenue		
Bank	-	419,933

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
9. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	-	216,416
10. AUDITORS' REMUNERATION		
External audit fees	-	230
11. CASH USED IN OPERATIONS		
Surplus	-	3,742,030
Adjustments for:		
Depreciation and amortisation	-	216,416
Other non-cash items	-	(6,199,843)
Changes in working capital:		
Inventories	-	35,774
Receivables from exchange transactions	-	1,050,584
Payables from exchange transactions	-	(1,430,020)
VAT	-	437,658
	-	(2,147,401)
12. RELATED PARTIES		
Relationships		
Director		Refer to directors' report
Controlling entity		The City of Johannesburg Metropolitan Municipality
Other members of the group		Johannesburg Social Housing Company SOC Ltd
		City of Johannesburg Property Company SOC Ltd
		City Power Johannesburg SOC Ltd
		Johannesburg City Parks NPC
		Johannesburg Development Agency SOC Ltd
		Johannesburg Metropolitan Bus Services SOC Ltd
		Johannesburg Roads Agency SOC Ltd
		Johannesburg Tourism Company NPC
		Johannesburg Water SOC Ltd
		Metropolitan Trading Company SOC Ltd
		Pikitup Johannesburg SOC Ltd
		Joburg Theatre SOC Ltd
		The Johannesburg Fresh Produce Market SOC Ltd
		The Johannesburg Zoo NPC
Related party balances		
Amounts included in Loans, Trade and other payables regarding related parties		
Treasury	-	2,726,846
Related party transactions		
Purchases from related parties		
Treasury	-	2,726,846

ROODEPOORT CITY THEATRE

(Registration number 1981/005017/08)

Trading as Joburg Promusica

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

2014

2013

13. GOING CONCERN

On 1 January 2013, Roodepoort City Theatre (NPC) transferred the function as a going concern to Joburg Theatre SOC Limited as an indivisible income earning activity for no consideration in accordance with the provisions of the transfer agreement.

14. IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure

Opening balance	-	4,581,459
Payments made without board approval	-	2,421,720
Transferred to Joburg Theatre	-	(7,003,179)

- -



Auditing to build public confidence

**AUDITOR-GENERAL
SOUTH AFRICA**

Auditor's report

Roodepoort City Theatre

30 June 2014

Report of the auditor-general to Gauteng Provincial Legislature and the council on the City of Johannesburg Metropolitan Municipality on Roodeport Theatre

Report on the financial statements

Introduction

1. I have audited the financial statements of Roodeport Theatre set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008)(Companies Act), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of Roodeport Theatre as at 30 June 2014, and its financial performance and cash flows for the year then ended, in accordance with Generally Recognised Accounting Practice and the requirements of the MFMA.

Additional matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters:

Unaudited supplementary schedules

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

Unaudited disclosure notes

9. In terms of section 125(2)(e) of the MFMA the municipality entity is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

Other reports required by the Companies Act

10. As part of our audit of the financial statements for the year ended 30 June 2013, I have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

11. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Preetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2014:
 - Development Priority 1 – Financial Sustainability & Resilience pp. xx - xx
 - Development Priority 4 – Active and Engaged Citizenry pp. xx - xx
 - Development Priority 5 – Smart City pp. xx - xx
 - Development Priority 6 – Investment , Attraction , Retention
Expansion pp. xx - xx
13. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
14. I evaluated the usefulness of the reported performance information to determine whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned development priorities. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information.
15. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings relating to the usefulness and reliability of the reported performance information for the selected development priorities.

Compliance with legislation

17. I performed procedures to obtain evidence that the municipal entity had complied with applicable legislation regarding financial matters, financial management and other related matters.
18. I did not identify any instances of material non-compliance with specific matters in key applicable legislations as set out in the general notice issued in terms of the PAA.

Internal control

19. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. I did not identify any significant deficiencies in internal control.

AUDITOR - GENERAL

Johannesburg

30 November 2014



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence