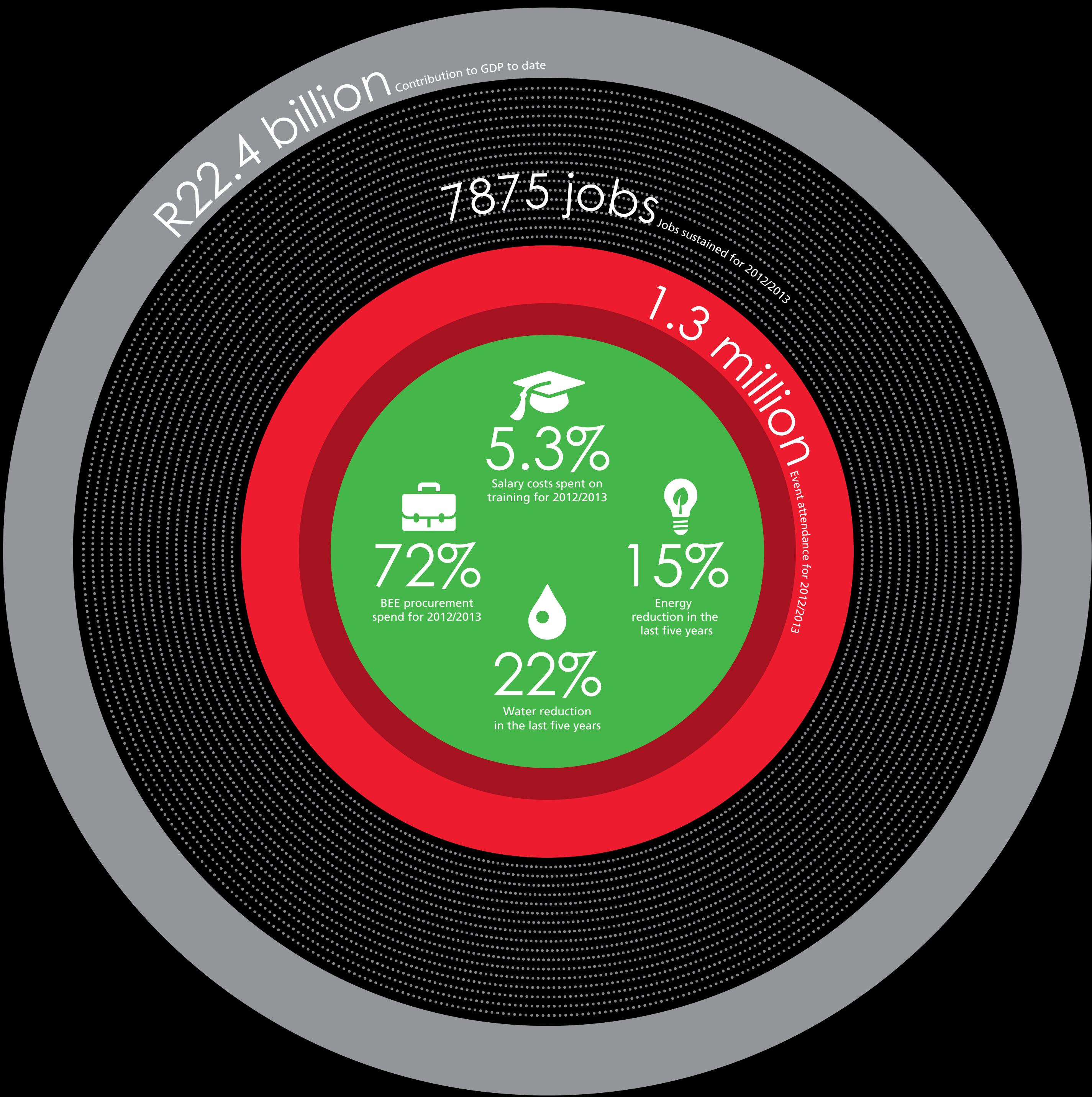
CTICC

2013
Integrated Annual Report



Cape Town International Convention Centre

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INTRODUCTION

This is the Cape Town International Convention Centre's (CTICC) first Integrated Annual Report. It follows, and builds on, the centre's annual reporting for the 2011/2012 financial year, which was contained in separate Annual and Sustainability Reports.

This 2012/2013 Integrated Annual Report covers the operations and performance of the CTICC for the financial year from 1 July 2012 to 30 June 2013 and integrates the four components of economic, environmental, social and organisational sustainability for this reporting period.

For the past two years, the CTICC has produced a separate Sustainability Report, so in addition to reporting on sustainability issues of the past financial year, this 2013 report also covers trends for the past three years.

The content of this Integrated Annual Report is aligned to the framework and reporting standards of the Global Reporting Initiative (GRI) with the objective of providing all stakeholders with a comprehensive and transparent overview of the business policies and practices, performance and achievements of the CTICC.

While the CTICC is aware of the launch of the GRI's G4 indicators in 2013, a decision was made to align this report to GRI G3.1 as the centre's key performance indicators and operations have been aligned to these indicators for the past year. The CTICC will consider aligning its future integrated reports to the G4 GRI parameters.

Scope and boundary

As a municipal entity owned by the City of Cape Town, the Provincial Government of the Western Cape and SunWest International the CTICC has to adhere to the Municipal Finance Management Act 56 of 2003 (MFMA).

"While planning for the proposed expansion of the CTICC is well underway, this report only takes into consideration the existing building and related business activities."

The scope and boundary of the 2013 Integrated Annual Report do not differ substantially from the previous Annual and Sustainability Reports, however the assessment methods have been refined to fulfil the requirements of a GRI Level B+ application, with additional reporting indicators included for this purpose as well as external assessment.

While planning for the proposed expansion of the CTICC is well underway, this report only takes into consideration the existing building and related business activities. As the centre is a single entity with clear boundaries, determining the reporting scope is a relatively straightforward 'decision tree' process, which is confirmed by the centre's executive management.

As the CTICC is not involved in any joint ventures and has no subsidiaries or other entities, these do not represent material issues and are not included in the scope of this report.

While the Marimba Restaurant is located within the CTICC building, it is externally owned and managed, so performance data for this entity has been excluded from this report.

During the financial year under review, there were no restatements of previously reported information.

Materiality and performance indicator determination

The CTICC's Nurture Our World (NOW) Team includes representation from all the organisation's departments and meets on a monthly basis. This team drives the identification and implementation of sustainability projects and principles within the CTICC and is also tasked with monitoring the specific performance indicators for reporting purposes.

The NOW Team completed the materiality assessment for this report, and was assisted in doing so by an external sustainability consultant. The key material issues were identified using the recommended GRI materiality process, following the 'identify, prioritise and validate' approach.

"The identification of material issues was informed by feedback and input from the CTICC's primary stakeholders."

The identification of material issues was also significantly informed by feedback and input from the CTICC's primary stakeholders. These are listed, along with the key material issues they identified, under the Stakeholder Engagement section of this report.

Once identified and prioritised, the key material issues and performance indicators were assessed, validated and approved by the CTICC's senior leadership, including the CEO, who takes ultimate responsibility for the definition of material issues and communication of these to the board.

The performance indicators were reviewed at the start of the financial year and some additional social indicators were included relating to performance reviews, anti-corruption and discrimination. An enterprise development indicator was also developed for measuring the payments made by the CTICC to small, medium and macro enterprises (SMMEs).

A specific decision was made not to report on EN20, which refers to NOx, SOx, and other significant air emissions by type and weight. Given the very low levels of such emissions by the CTICC this indicator is not deemed material to the business.

A total of 33 GRI performance indicators are covered in this report, of which 26 are fully disclosed.

Performance data for this report was collected through existing systems such as utility accounts and meter readings, with additional data gathered via standard

INTRODUCTION

Building strong relationships with clients remains a key CTICC focus

business practices and organisational internal statistical information. Internal systems were adapted to reflect the GRI indicator requirements and to align with international standards of best practice.

Quarterly reporting of relevant indicators was implemented as standard practice in the CTICC and this has not only resulted in a marked improvement in data quality, but also serves as a proactive way for the business to address concerns throughout the year, rather than relying on a single annual review. These quarterly reviews are also useful in terms of ensuring ongoing monitoring and effective management of resources.

Stakeholder process

The CTICC's stakeholder process was reviewed to ensure that all internal and external stakeholders have full access to the centre's communication and feedback structures.

As a state-owned company, the CTICC has a mandate to actively engage with its stakeholders and keep them informed of its successes and challenges. This is done through a number of communication channels, including stakeholder engagement sessions, all of which are managed by a dedicated communications team. This two-way communication ensures that stakeholders have a clear say in the material issues and performance indicators used by the centre in its reporting.

"This is the first year that CTICC has obtained limited assurance over its self-declaration application level in terms of the Global Reporting Initiative Sustainability Reporting Guideline 3.1."

External assurance and benchmarking

This is the first year that CTICC has obtained limited assurance over its self-declaration application level in terms of the Global Reporting Initiative Sustainability Reporting Guideline 3.1 (GRI 3.1), which was applied in the preparation of the Integrated Report.

Deloitte & Touche carried out limited assurance in accordance with the International Standards on Assurance Engagements 3000: Assurance engagements other than audits or reviews of historical financial information (ISAE 3000), and confirmed CTICC's GRI self-declaration of an application level B+ as per the GRI Guidelines. The limited assurance opinion can be found on the CTICC website.

Actual performance indicator values were assessed by the CTICC management team and were found to be a fair reflection of the performance for the year. The CTICC Board of Directors has applied its collective mind to the integrated report as a whole and has found it to be fairly presented in all material respects.

As an industry pioneer in terms of sustainability reporting, the CTICC experiences some difficulty benchmarking its reporting against its peers. Despite this lack of opportunities for accurate peer comparison, the fact that the CTICC garnered international recognition by winning the Global Association of the Exhibition Industry (UFI) Award for Sustainability Reporting in 2012, attests to the centre's leading role in sustainability reporting for the global exhibitions, events and conferencing industries.

FOREWORDS

FOREWORDS

Helen Zille,
Premier of the Western Cape

"It has been a pleasure to watch the steady growth of the Cape Town International Convention Centre (CTICC) since it first opened its doors for business in 2003."

Message from the Premier of the Western Cape

It has been a pleasure to watch the steady growth of the Cape Town International Convention Centre (CTICC) since it first opened its doors for business in 2003 and started to establish a track record that we can be proud of at this ten-year milestone.

Under the steady guidance of its board, the management and staff of the CTICC have ensured that it remains a well-run centre that continues to raise the profile of Cape Town and the Western Cape as a world-class destination for conferencing, business tourism and entertainment events.

The reputation of the CTICC has become that of delivering 'excellent experiences' through providing excellent facilities and exceptional service, which has earned it global recognition from its industry peers. By maintaining the highest levels of professionalism and hospitality, the CTICC has been able to contribute over R22 billion to our national GDP over the past 10 years, making it a vital asset to the local, regional and national economy.

The contribution of the CTICC extends beyond the direct and indirect financial injections that it attracts. It also facilitates job creation and helps to market Cape Town and the Western Cape to the rest of Africa and the world, making it a place of pride for all our people.

The CTICC continues to present a compelling value offering to those in need of its venues and services. I am confident that it can steadily improve its positioning in the market to maintain its consistently solid and sustainable annual results. Both the centre and Cape Town are desirable destinations and are constantly striving to maximise their opportunities to weather future global economic turmoil and market downturns with their unique advantages.

Congratulations to the CTICC for their excellent work and well-deserved accolades so far. May the next ten years of evolution be even more prosperous!

Helen Zille
Premier of the Western Cape

Patricia de Lille,
Executive Mayor of
Cape Town

"I look forward to witnessing the CTICC's continued growth over the next decade and beyond."

Message from the Executive Mayor of Cape Town

The vision of the City of Cape Town is built on five key pillars. These are to be the opportunity city, the caring city, the safe city, the inclusive city, and the well-run city.

These five strategic focus areas form the foundation of the City's five-year Integrated Development Plan and, along with their underlying objectives and programmes represent the blueprint by which this administration is striving to build a Cape Town that meets the needs, expectations and future desires of all its citizens and stakeholders.

As one of the city's strategic assets, the Cape Town International Convention Centre has a crucial role to play in the realisation of a number of these focus areas, in particular the transformation of Cape Town into an opportunity and inclusive city. The CTICC is central to the success of the City's broader plans to establish Cape Town as the events capital of the continent.

The planned expansion of the centre, will once completed, position the CTICC as one of the world's premier centres for hosting events with global appeal.

It is appropriate therefore, that a core component of the vision and mission of the CTICC has long been the creation of opportunities, for its clients, guests and all its stakeholders.

The performance and results outlined in this 2013 Integrated Annual Report offer extensive evidence that the CTICC is consistently creating extensive opportunities to grow the local economy and ultimately empower local residents.

I would like to congratulate Rashid Toefy, his Executive Team, the Convenco Board and every CTICC staff member for their contribution to the excellent results that the CTICC has achieved over the past financial year, and consistently over the past ten years.

The CTICC has grown and evolved into an iconic monument on the City's landscape. Not just because of its highly visible position at one of the main entrances to the city, but more so because of its proven ability to bring people together, create opportunities for all, and contribute to the economic growth and development of Cape Town and all its people.

I look forward to witnessing the CTICC's continued growth over the next decade and beyond.

Alderman Patricia de Lille
Executive Mayor: City of Cape Town

Ashley Seymour, Chairman of Convenco

"Over the past 10 years, the CTICC has amply demonstrated that it is a force to be reckoned with in the international events and conferencing industry."

Message from the Chairman of Convenco

I am exceedingly pleased with the privilege of writing my maiden foreword for the CTICC Integrated Annual Report as Chairman of Convenco, especially at such an exciting time in the history of the centre.

Over the past 10 years, the CTICC has amply demonstrated that it is a force to be reckoned with in the international events and conferencing industry. In just one short decade, the centre has gone from a new convention centre with hopes of success to a respected pioneer on the global events stage.

Apart from the financial achievements and significant economic contribution of the CTICC over the past year and, indeed the past 10 years, for me the true success of this exceptional centre has been its ability to so quickly become a recognised leader in terms of every aspect of its business – from service and environmental sustainability to community upliftment and industry development. Seen in the context of the global financial turmoil and its impact on developing economies such as ours, events in North Africa, and recessionary conditions at home, these achievements are truly a South African success story.

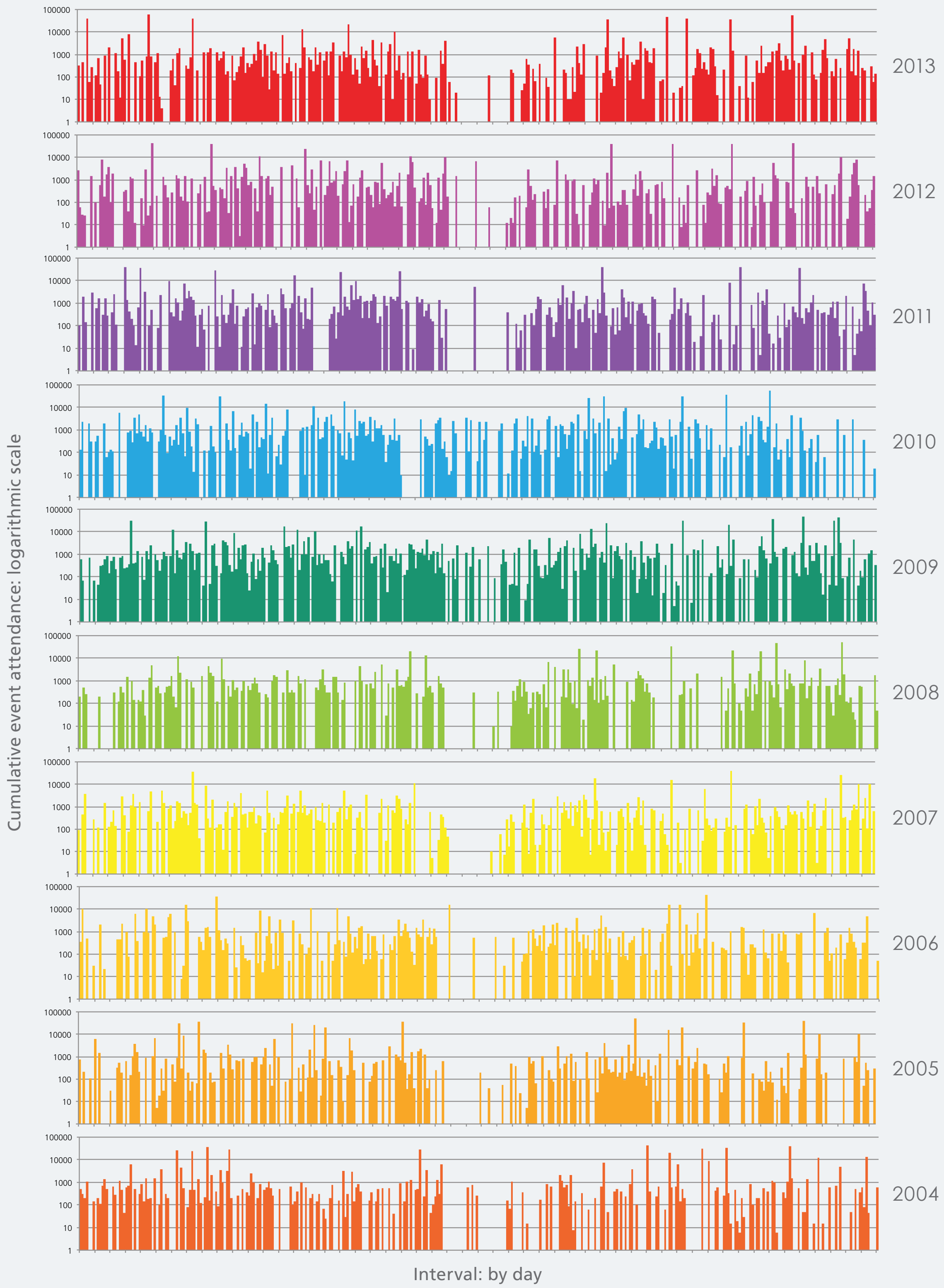
While the past year has not been without its challenges, the content of this 2013 Integrated Annual Report shows that, in everything the CTICC does, it strives for excellence, innovation, and leadership that looks beyond those challenges. While my tenure as Chairman has been relatively short, I have been a member of the board for several years and I have had the pleasure of participating in this journey and witnessing this fact first hand. It is a commitment that has resulted in a values-driven, excellence-based culture that permeates every corner of the organisation and drives its employees, managers and executives to ever-higher levels of outperformance. And the results are clear for all to see.

My thanks and congratulations go to Rashid Toefy and his management team and my fellow board members, all of who continue to inspire me with their passion, dedication and commitment. I also extend my appreciation to past board members for their contribution during this journey and welcome the new board members, who joined the CTICC Board at this significant time. I look forward to their contribution as we take the CTICC to even greater heights. Thank you also to all the CTICC staff members, business partners, and suppliers for the part you have played in yet another year of exceptional achievements.

Finally, my heartfelt thanks to all the CTICC's clients and visitors, whose loyalty and support remain the lifeblood of this organisation.

Ashley Seymour
Chairman: Convenco

Event 'heartbeat' of the CTICC



The graph above shows the cumulative daily attendance at CTICC events over the past 10 years. It uses a logarithmic scale to ensure the visibility of attendance figures on days in which there were fewer or smaller events hosted at the centre.

INTRODUCTION BY THE CEO

Rashid Toefy,
Chief Executive Officer of the CTICC

One of the chief consequences of the global economic crisis has been a complete shift in the way people interact, companies do business, and countries develop. This is not a temporary situation, or a short-term trend that will eventually reverse so that the world returns to business as usual. This is business as usual from now on and, as a result, the sustainable success of any business now depends on how well it is able to adapt, innovate and transform.

At the CTICC we have always known this – even long before the onset of the international financial crisis. That's the reason why we have spent the last 10 years building innovation and adaptability into the way we work.

The results we have achieved over the past financial year and, indeed, over the past decade since we first opened our doors, show our grasp of, and commitment to, these concepts. As a result, despite the lag effect of the financial crisis on South Africa's economy, the CTICC capped its first decade in business with one of its best performances in the 2012/2013 financial year. In the process, we not only delivered a net profit before tax of R27 million for the year under review, we also continued to build on our contribution to South Africa's Gross Domestic Product (GDP) - adding almost R3 billion to bring our cumulative contribution to the country's economic growth to over R22 billion.

In addition, the CTICC has now created almost 3 500 direct jobs for the people of the Western Cape and over 4 400 indirect jobs across South Africa.

Delivering success through a solid strategy

The ability of the CTICC to deliver this level of sustainable success is the direct consequence of our continued focus on moving towards our vision through a single-minded strategic approach. To make sure we do just that, we revisited our five-year strategy during the past year to ensure that it is still relevant, effective and fully aligned with the objectives of the City of Cape Town's five-year Integrated Development Plan.

The result of this review process is a strategy that reaffirms the importance of talented and passionate people, a values-driven culture, a sustainable mindset, and an unfailing commitment to innovation as key contributors to the CTICC's success. I believe it is a solid blueprint for the CTICC's success as it enters its second decade of operation.

Innovation is still king

As a company that builds its success on facilitating and enhancing the business and social interactions of others, the CTICC remains focused on entrenching innovation as a core business component and a significant strategic differentiator. We sincerely believe that an ability to innovate is the one critical business skill that will always be a true competitive differentiator for our business for many years to come.

INTRODUCTION BY THE CEO

Developing people for a competitive advantage

The other vital success ingredient for any business is having the right people in the right jobs and being committed to developing those people professionally and personally. After 10 years in business, the CTICC has an incredibly strong core team of talented and dedicated people who share the same vision, operate according to the same values and are committed to contributing to the success of their organisation.

The CTICC is committed to repaying the loyalty and hard work of these valued employees by continuing to invest significantly into their development so that they enjoy every opportunity to create the career paths they desire.

At the same time, we remain aware of the value that can be unlocked by regularly refreshing our talent pool with skilled and innovative new team members that share our vision and values and complement our culture. We will therefore continue to strive to be an employer of choice in South Africa.

The CTICC Executive Management team: (L to R) Miranda Thirion, Rashid Toefy, Aage Hansen, Fairoza Parker, Megan Arendse

From acting sustainably to being sustainable

As will be clear from the content of this report, sustainability at the CTICC is no longer about acting sustainably, but rather about being sustainable. We are succeeding in changing our view of sustainability from something we do to the essence of who we are. Now we look forward to the opportunity to share all that we have learned with our stakeholders so that we can all move forward on our sustainability journeys together.

"A central component of our own sustainability as a business is our ability and willingness to grow the industry in which we operate."

Growing our industry, growing our business

At the CTICC, we believe that a central component of our own sustainability as a business is our ability and willingness to grow the industry in which we operate. Key to this is a commitment to raising the profile of Cape Town and the Western Cape as viable, affordable and unforgettable global business destinations.

According to the 2013 International Congress and Convention Association (ICCA) rankings, South Africa leads the way in terms of the total number of international meetings hosted on the continent, while Cape Town remains the highest ranked African and South African destination.

We know that the best way to advance our own business is to keep on working to retain this leadership position and raise the bar for the entire local and national meetings and events industry, and we are committed to continuing to do so in the years ahead.

Expanding our horizons, and our building

Of course, as we succeed in raising the profile and appeal of Cape Town as an events destination, we also need to ensure that we have capacity to meet the inevitable accompanying growth in demand. This is the rationale behind the proposal to expand the CTICC and it remains the driving motivation behind the plans to do so.

While the past year has not seen the expansion progressing as quickly as we may have liked, the plans for the creation of an expansive convention precinct remain on track. In line with our belief that anything worth doing is worth doing well, we have chosen not to rush any aspect of the expansion, but rather ensure that every component of the plan is thoroughly and accurately completed before the first brick is put in place. After all, as a public-owned entity it is our responsibility to ensure that the money invested in this project results in enhanced long-term returns for all its stakeholders.

The expansion will effectively double the size of the centre and allow it to increase its economic, employment and social contributions to the region and country.

Appreciation

Thank you to the Convenco Board and the CTICC's shareholders for your support and encouragement over the past financial year. Thank you, also, to my talented and exceptional executive management team, the CTICC staff members, and our business partners and suppliers – all of who have remained steadfast, committed and focused on moving our business steadily forward toward the realisation of the vision we all share.

Finally, my sincere thanks to the CTICC's valued clients, visitors and its many supporters. You continue to inspire us to deliver exceptional experiences.

Rashid Toefy
Chief Executive Officer
@ Rashid_Toefy

INTRODUCTION BY THE CEO

Rashid Toefy, Chief Executive Officer of the CTICC

World Economic Forum 2013

ABOUT THE CTICC

"The focus has shifted to encouraging ongoing growth and development of the South African events industry."

Organisational profile

The Cape Town International Convention Centre Company SOC Ltd (Convenco) owns and manages the business of the CTICC and was formed in 1999 as a result of collaboration between the City of Cape Town, the Provincial Government of the Western Cape and the business sector. It is jointly owned by the City of Cape Town (50.2% shareholding), the Provincial Government of the Western Cape (25.1% shareholding), and SunWest International (Pty) Ltd (24.7% shareholding).

The CTICC was established with the aim of delivering a world-class international convention centre in Cape Town that would provide meeting, convention and exhibition services and facilities for local and international organisations and their guests. The CTICC head office and its events and conferencing premises are based in Cape Town, South Africa. It services clients and guests from South Africa, Africa and around the world.

While the first few years of its existence saw the CTICC focus primarily on establishing itself as a world-class convention centre in Cape Town, in recent years the focus has shifted to encouraging ongoing growth and development of the South African events industry and, in so doing, firmly establishing Cape Town and the CTICC as premier international business tourism destinations.

For the 10 years since it first opened its doors for business, the CTICC, through its operations, has been a key contributor to the Gross Geographic Product (GGP) of the Western Cape and the Gross Domestic Product (GDP) of South Africa.

A strategy for sustainable success

The CTICC aspires to change the world of conferences and events through innovation and creating unique customer experiences. To this end, innovation and experiences are the metaphorical bricks and mortar from which the business is built. By ensuring that these form the cornerstones of the CTICC, it positions itself to achieve ever-higher levels of performance and success and realise its vision to become the best long-haul international convention centre by 2020.

The objectives underpinning the achievement of this vision are:

- Maximising economic spin-off and job creation
- Focusing on innovation and exceeding expectations
- Service excellence by building capable and quality staff
- Being a world leader in sustainability

In 2010, the Board of Directors added a fifth business objective requiring the CTICC to ensure that it remains a fully self-sufficient organisation. This now forms an integral part of the centre's strategy and mission.

These strategic pillars are the framework by which the CTICC works to achieve its financial and non-financial targets, deliver sustainable economic, social and environmental benefits, and keep on raising the profile of Cape Town and the Western Cape.

Staff receive training at the CTICC Resource Centre

"Central to the CTICC's mission and vision is the achievement of an industry leadership position."

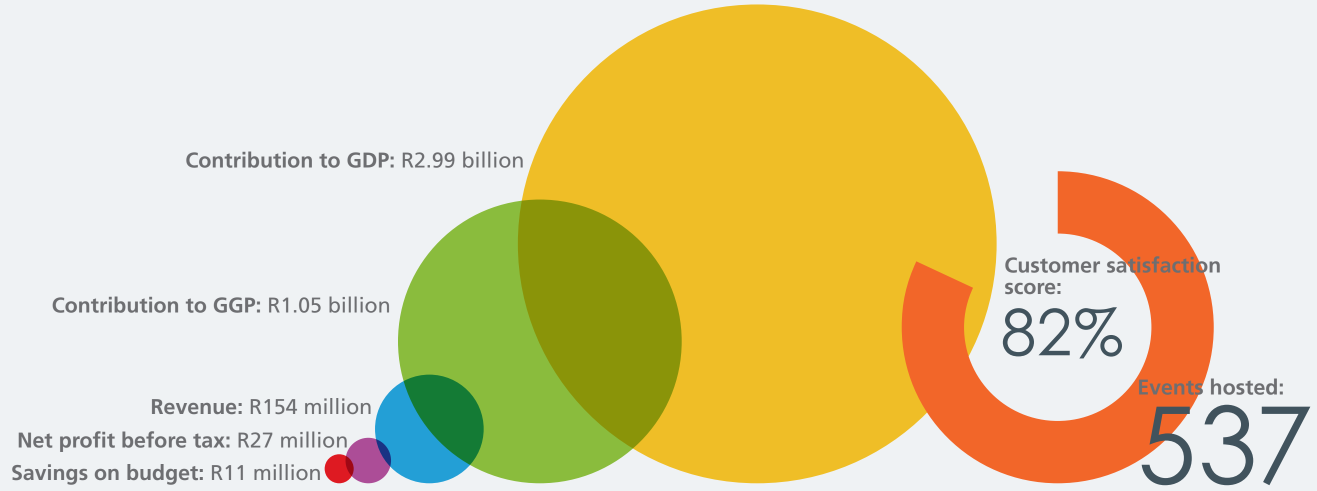
Central to the CTICC's mission and vision is the achievement of an industry leadership position in terms of organisational, environmental, social and economic sustainability. To this end, the organisation has identified the following sustainability objectives:

- **Business Development** - To develop products and services, which address the needs of clients, while also encouraging local economic development.
- **Corporate Social Responsibility** - To co-ordinate a Corporate Social Responsibility (CSR) programme that includes both social and environmental requirements.
- **Eco Procurement** - To encourage the inclusion of environmental and social criteria in all procurement and supplier requirements.
- **Environmental Responsibility** - To ensure that environmental, safety and health considerations are included in key operations and communication.
- **Innovation** - To provide a platform that will encourage all stakeholders (staff, service providers, customers, visitors, etc.) to provide feedback and encourage innovation.
- **International Leadership** - To encourage global industry leadership through innovation and good business practice.
- **Marketing and Brand Identity** - To market the CTICC as a venue with sustainable business practices.
- **Mobility** - To encourage non-motorised transport (walking, cycling), public transport and car-sharing to reduce single occupancy vehicles.
- **Monitoring and Reporting** - To ensure that a clear and comprehensive monitoring system is in place to provide transparent and comprehensive reporting.
- **Operational Management** - To ensure that effective monitoring and management systems are implemented throughout the CTICC, which encourage optimum resource management.
- **Staff Training and Awareness** - To integrate sustainability issues into all staff orientation programmes, and to provide ongoing training and awareness programmes for all staff members.

Clear and measurable indicators have been identified for each objective (where practical), specific and measureable actions are also set out per objective. These are continuously monitored and form the basis for the sustainability performance reviews in the CTICC's Integrated Annual Report.

REVIEW OF THE YEAR

Highlights of the 2012/2013 Financial Year



Operational review for the 2012/2013 Financial Year

"The CTICC ended an immensely successful first decade of business on a high note."

All about the numbers

Despite operating against a still challenging global and national economic backdrop, the CTICC ended an immensely successful first decade of business on a high note with a solid financial performance for 2013. This cemented the achievements of the past 10 years and positioned the centre to harness the full potential of its innovation philosophy and experience commitment going forward.

For the 2012/2013 financial year, the business delivered a net profit before tax of R27 million, which is R17 million up on the net profit of the previous financial year.

Total revenue generated by the centre also increased from R137 million in the 2011/2012 financial year to R154 million in the year under review.

As a result of this financial performance, the CTICC was able to continue making a valuable economic and social contribution to the city, region and country. The centre added a further R2.99 billion to national GDP and R1.05 billion to the Western Cape GGP. This brings the cumulative contributions to GDP and GGP for the past 10 years to R22.4 billion and R7.8 billion respectively.

This solid economic performance positions the CTICC to grow its industry leadership role going forward and entrench its reputation as a global benchmark of financial, social and environmental sustainability in its industry.

At R122 million, total CTICC operating expenses for the period were R11 million less than those of the 2013 budget. This is a significant achievement given the relentless inflationary impacts of the past 12 months and is reflective of a concerted and targeted focus on cost management, without compromising experience and service quality.

Beyond the financials

While these financial achievements of the CTICC are vital to its continued sustainability as a business, the true measure of the organisation's success over the past financial year extends way beyond its economic delivery.

As a state-owned entity, the CTICC is mandated to ensure its self-sustainability while also contributing to the development targets and objectives of its largest shareholder, the City of Cape Town. Over the past year, as has been the case for the past 10 years, the CTICC has again successfully delivered on this mandate, creating and sustaining just short of 8 000 jobs (direct and indirect) and partnering with like-minded business and tourism agencies to continue raising the profile of the city as a desirable global destination.

While this performance is an achievement in itself, it serves as important validation of the CTICC's development into a self-sustaining and sustainable business that is a tangible asset to the city, province and country.

The Food & Beverage department is committed to delivering excellent experiences

The CTICC's performance is assessed by the City of Cape Town against a series of Key Performance Areas (KPAs). These are agreed between Convenco and the City of Cape Town and set at an organisational level before being cascaded through the organisation into departmental, team and individual Key Performance Indicators (KPIs). The CTICC achieved or exceeded all its organisational KPAs for the period under review.

Key performance areas for 2012/2013 Financial Year

	Category	Measurement	Target	Actual
1	**Events**	Number of events hosted compared to budgeted target	500	537
2	**Human capital development**	Actual cost of training of permanent and temporary staff as a percentage of total salary cost compared to budgeted target	5%	5.3%
3	**Customer centricity and service excellence**	Rating achieved in independent customer satisfaction survey	75%	82%
4	**Procurement**	Percentage procurement from BBBEE compliant suppliers (in terms of BBBEE Act 53 of 2003) (minimum of 50%)	50%	72%
5	**Budget**			
	– Operating profit	Achieve or outperform budgeted operating profit	100%	419%
	– Capital projects	Number of capital projects for year completed or committed	80%	95%
	– Capital expenditure	Spend of capital budget (excluding expansion) ensuring that the five star standards are maintained	Five Star Tourism Grading Council	Five Star Tourism Grading Council achieved
6	**Governance**			
	External Audit Report	Unqualified Audit Report	Unqualified Audit Report	Achieved for 2011/2012 financial year
	Minimum Competency Level	Number of managers registered for MFMA competency course	7	12
	SDA Corporate Governance checklist	Completion and timeous submission of legislative checklist	End of 3rd quarter	Completed and submitted at end of 3rd quarter

Events and occupancy

Events hosted in 2012/2013 Financial Year

Event type	FY2012 No of events	FY2013 No of events
International Conferences	38	35
National Conferences	39	33
Exhibitions	14	19
Trade Fairs	13	14
Banquets	35	44
Special Events	42	41
Other Meetings/events	333	351
	514	537

"The value derived from the increase in exhibitions and trade fairs is further enhanced by the quality of exhibitions that the CTICC is now attracting."

For the 2012/2013 financial year, the CTICC saw a pleasing increase in the total number of events hosted, from the 514 in the previous period to 537 in the period under review.

The number of exhibitions, trade fairs, special events and banquets all increased over the past financial year. Exhibitions increased from 14 to 19 and trade fairs from 13 to 14. This resulted in a significant increase in the number of visitors to these types of events hosted at the CTICC from 427 855 in 2012 to 517 379 in 2013.

The value derived from the increase in exhibitions and trade fairs is further enhanced by the quality of exhibitions that the CTICC is now attracting. Just some of the new exhibitions that the centre hosted over the past financial year were:

- Old Mutual Two Oceans Marathon Expo
- The SA Wedding Show
- Fine Brandy Fusion
- Clean Power Africa
- Source Africa – The African Textile, Apparel and Footwear Trade Event
- The SPAR Trade Show

These achievements can be directly attributed to the proactive and aggressive marketing and sales efforts by the Commercial and Business Development department and broader teams.

While the total number of international congresses showed a slight decrease from 38 to 35, this is the result of natural fluctuations. However the number of medium-sized conferences (with delegate numbers of between 500 and 1 000) effectively doubled during the period.

There were also fewer national congresses than the previous year, but most of this drop was seen in the smaller-sized congresses (less than 250 delegates). Despite the smaller number of national congresses, the number of delegates attending these in 2013 is the highest recorded by the CTICC since inception.

Encouragingly, the 10-year international forecast booking indicator for medical and scientific association events is still comfortably higher than 100 prospective congresses, with almost 20% of these contracted by the relevant associations.

This augurs very well for the sustainability of the CTICC's global appeal and international event revenue. The sales and marketing teams are aware of the need for continued proactivity and innovation, particularly as the appeal of emerging markets such as Asia, Middle East, India and South America rises.

Another trend over the past financial year has been an increase in the number of events that have returned to the centre. These include events such as the Opening of Parliament Banquet, Cape Wine and African Utility Week.

The CTICC is fortunate to have had the opportunity to partner with a number of events over the past 10 years. We are proud to be considered home to such renowned events as the Cape Town International Jazz Festival, Cape Homemakers Expo, Investing in African Mining Indaba and Decorex, amongst others. The centre considers it a privilege to have played a part in the stellar growth of these events and looks forward to continuing and strengthening the relationships with these valued clients in the years to come.

AIPC 2013

Growing market share through advocacy

The CTICC Ambassador Programme was officially launched in January 2013 at a stakeholder relations event attended by key industry stakeholders such as Minister Alan Winde, MEC for Finance, Economic Development and Tourism.

The CTICC Ambassadors are all respected and well-known professionals who have pledged to promote the CTICC within their relevant industries, associations and circles of influence. In the few months since the launch of the programme, their proactivity has resulted in a notable increase in interest from many of the industries in which they operate.

The 10 CTICC Ambassadors are:

- **Dr Joel Dave** – University of Cape Town
- **Professor Alan Davidson** – University of Cape Town/Red Cross Children's Hospital
- **Dr Peter De Jong** – Private practice, Christiaan Barnard Memorial Hospital
- **Dr Christopher Hugo-Hamman** – Private practice, Christiaan Barnard Memorial Hospital
- **Professor Bongani Mayosi** – University of Cape Town
- **Professor Marc Mendelson** – University of Cape Town
- **Professor Raj Ramesar** – University of Cape Town
- **Dr Louwrens Swart** – Private practice, Louis Leipoldt Hospital
- **Professor Jimmy Volmink** – University of Stellenbosch
- **Sr Dee Waugh** – Kingsbury Hospital

Launch of the CTICC Ambassador Programme

Side view of the CTICC from Walter Sisulu Avenue

An integrated approach to marketing, branding and sales

"In the past financial year, the CTICC has placed an increased focus on integrating and intensifying its marketing, brand building and sales efforts."

In the past financial year, the CTICC has placed an increased focus on integrating and intensifying its marketing, brand building and sales efforts. Initiatives in this regard have included:

- The design and implementation of an innovative Memory Machine that was located in the CTICC's main foyer and streamed Facebook and Twitter messages from delegates and visitors to the centre. These are printed onto postcards by the Memory Machine and can be picked up by visitors to the centre.
- Concerted efforts to build and strengthen client relationships through dedicated events that provide a platform for client engagement and direct feedback.
- Bespoke communication and focused marketing campaigns aimed at establishing and growing alternative revenue streams. An example is the CTICC's targeted promotion of its banqueting products, which resulted in an increase in bookings in this event segment.
- Measurable centre-wide advertising in the form of a strongly branded and conceptual print and electronic campaign that positions the CTICC as a destination where clients and visitors get to 'Experience Extraordinary'.
- A focus on harnessing the power of social media as a means of cementing positive public perceptions and opening channels for immediate and direct two-way communications. The CTICC now enjoys a social media following in excess of 5 000 active Facebook 'friends' who are an increasingly valuable source of operational and strategic input. In addition the centre boasts over 2 000 Twitter followers.

30th International Congress of Psychology 2013

Aligning and streamlining the business

During the past year, the management of the CTICC underwent a number of structural changes as part of the drive to build a lean organisation with a non-hierarchical structure that enables responsiveness and promotes employee and managerial empowerment. After being vacated near the end of 2012, the position of Chief Operating Officer was dissolved completely, enabling direct lines of communication and reporting between the CEO, General Manager: Operations, General Manager: Commercial and Business Development, Human Resources Manager, and the Business Strategy Manager. The positive results of these changes were immediately evident and will undoubtedly continue to enhance performance and reporting across the business going forward.

A continued focus on innovation

Much as the CTICC aspires to entrench sustainability into its culture, the same is true of innovation. Importantly, innovation is not seen as unique to certain aspects of the business, but rather it is imperative that innovation be at the heart of every aspect and area of the CTICC.

This innovation commitment became even more evident in the 2012/2013 financial year, with a number of initiatives demonstrating that the innovation philosophy is truly taking root across the organisation.

A significant innovation achievement was the inclusion of sustainability indicators within the key performance areas (KPAs) and key performance indicators (KPIs) for all CTICC staff. This meant that the annual review of the staff KPIs was closely aligned with the NOW action plan, thereby ensuring that sustainability becomes inextricably woven into the fabric of the CTICC culture.

The 'Innovate' initiative – which encourages every CTICC employee to provide at least one innovation idea every quarter – continues to go from strength to strength and the fact that many of the ideas are implemented into the CTICC's business processes means that staff are encouraged to keep on innovating since they can see the tangible results of their creative efforts.

"The CTICC views technology as a key enabler of consistently excellent client and guest experiences."

Innovation and creativity remain a priority from a service and production point of view, with the CTICC Food and Beverage department making numerous valuable contributions to the centre's overall innovation positioning. The 2012/2013 financial year saw the creation of a new, customised menu offering in both banqueting and public catering. The appointment of a new Executive Chef and Pastry Chef also delivered immediate innovation benefits with both professionals contributing to the enhancement of the CTICC's cuisine offering.

New front-of-house buffet and banqueting concepts have also been introduced. These not only raise the level of innovation in the organisation, but are also contributing to the bottom line by generating additional revenue streams and creating unique visitor experiences.

Investing in technology

The CTICC views technology as a key enabler of consistently excellent client and guest experiences. As such, the organisation continues to invest heavily into the installation, upgrading and maintenance of all its technology. In the year under review, such technology investment saw a number of experience enhancing additions to the centre, including:

- The provision of free Wi-Fi access for clients and visitors to the centre.
- The implementation of venue sub-metering as an effective way of monitoring and managing energy usage at a per-venue level.
- Upgrades to the centre's CCTV cameras and networks to ensure the safety and security of visitors.
- The installation of an enhanced mobile Point Of Sale system for more effective financial control and client service.
- Computerised waste measuring for more accurate monitoring of, and reporting on, waste generation and recycling.
- Rollout of iPads to board members, key managers and staff members to deliver operational efficiencies with paper and time savings.
- The installation of a video wall in the main entrance hall as a key component of the increased marketing and promotion efforts of the centre.
- Server upgrades for data transfer efficiency and enhanced capacity and security.
- The installation of a TelePresence Room in partnership with Neotel.

Instilling a culture of cost control

During the 2012/2013 financial year, the CTICC was able to unlock sustainable value and cost savings, primarily by insourcing the provision and management of certain of the centre's key functions.

The resultant reduction in overall operating costs is a significant achievement in terms of the robustness and sustainability of the organisation. The intention is to continue driving down costs over time, particularly through the proven efficiencies of insourcing key requirements, while at the same time further enhancing the quality of services and facilities on offer.

Investing in Africa Mining Indaba 2013

This insourcing philosophy is not pursued at the expense of the CTICC's well-established commitment to enterprise development, as evidenced by the fact that 72% of procurement in the past financial year was channelled through BBBEE suppliers, against a target of 50%. The CTICC recognises the important role it has in helping to grow South Africa's vital SMME market, and will continue to seek innovative ways of partnering with product and service providers in ways that help them to establish and grow their businesses.

Measuring and delivering customer satisfaction

The CTICC places great value on the regular feedback of its clients and visitors. It achieves such feedback via various customer satisfaction measurement initiatives undertaken by independent service measurement professionals. All clients are engaged through an audited external survey process on a monthly basis and through a debriefing meeting immediately after their events are hosted.

In the 2012/2013 financial year, the CTICC achieved a Customer Satisfaction Index score of 82% (against a target of 75%) based on the independent surveys conducted with its clients. This is an excellent achievement by international customer satisfaction standards and demonstrates the effectiveness of the centre's ongoing drive to entrench an understanding and commitment of customer service and experience amongst all its staff and service providers.

As of 2013, this client satisfaction questionnaire also included questions relating to clients' level of informedness about the CTICC's sustainability initiatives and products on offer. This information will be analysed and collated, based on the results, engagement sessions will be facilitated to provide additional information or gather further feedback, particularly around the CTICC's environmental and community partnership programmes.

"The centre earned The Global Association of the Exhibition Industry (UFI) Award for the Best Sustainability Reporting."

Achieving international leadership

Through its extensive involvement in global industry events and associations, the CTICC continues to raise the profile of the centre and Cape Town on the international stage. Apart from the extensive representation of the CTICC by its CEO, Rashid Toefy, and many of its other leaders and executives, in the 2012/2013 financial year the centre again renewed its commitment to United Nations Global Compact (UNGC). It is also a member of the following associations:

- Cape Chamber of Commerce and Industry
- Cape Town Tourism
- Event Greening Forum of South Africa (EGF)
- Exhibitions Association of South Africa (EXSA)
- Federated Hospitality Association of Southern Africa (Fedhasa)
- Global Association of the Exhibition Industry (UFI)
- Green Meeting Industry Council (GMIC)
- International Association of Congress Centres (AIPC)
- International Association of Exhibitions and Events (IAEE)
- International Congress and Convention Association (ICCA)
- Meeting Professional International (MPI)
- Professional Convention Management Association (PCMA)
- Proudly South African
- South African Association for the Conference Industry – Patron member (SAACI)
- Union of International Associations (UIA)

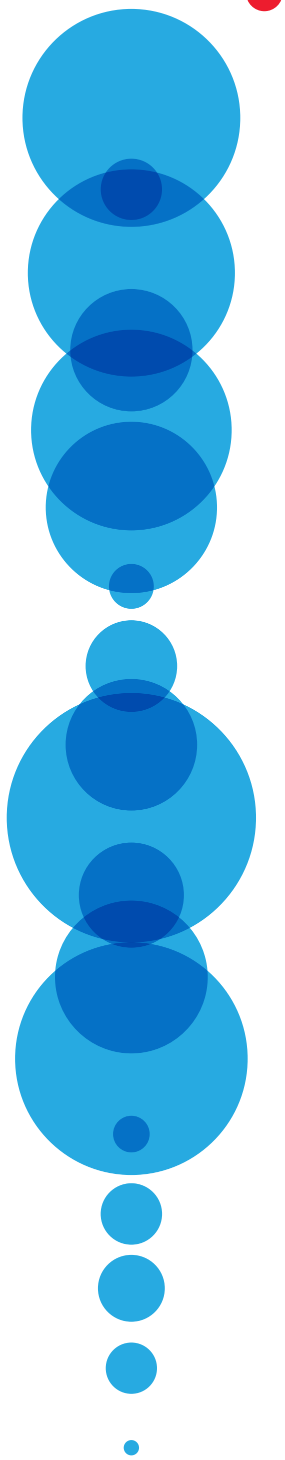
The CTICC continues to entrench its international leadership position through the numerous industry awards it garners. In the year under review, the centre earned:

- The Global Association of the Exhibition Industry (UFI) Award for the Best Sustainability Reporting;
- A commendation for its sustainability efforts in energy, recycling and climate change at the Ecological Awards hosted by Enviropaedia;
- The EXSA Award for the Best Exhibition Venue of the Year;
- A finalist position in the Imvelo Awards for Responsible Tourism 2012 in the category Best Practice Environmental Impact;
- A finalist position in the Platts Global Energy Award 2012 in the category Stewardship Awareness for a Commercial End User; and
- A finalist position in the International Association of Congress Centres (AIPC) Innovation Award.

Event highlights

Size represents 1 000 total attendees

Exhibitions



Baba Indaba 2012
(42 453 attended)

Best of India
(3 360 attended)

Cape Homemakers Expo 2012
(38 376 attended)

Cape Town International Boat Show 2012
(13 374 attended)

Decorex Cape Town 2013
(36 000 attended)

Design Indaba Expo 2013
(26 250 attended)

Fine Brandy Fusion
(1 800 attended)

FNB Whisky Live Festival 2012
(7 500 attended)

Go Glamour
(15 480 attended)

Good Food and Wine 2013
(55 600 attended)

The Green Expo 2012
(9 876 attended)

MamaMagic, The Baby Expo
(20874 attended)

Old Mutual Two Oceans Marathon Expo
(48 393 attended)

RMB Winex 2012
(1 200 attended)

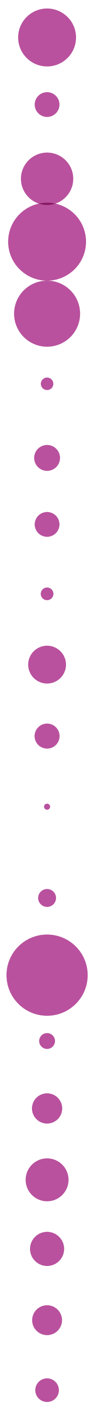
Sexpo – Health, Sexuality & Lifestyle Expo (3 375 attended)

The South African Wedding Show
(3 999 attended)

Student Expo Ltd
(2 350 attended)

Vindaba
(210 attended)

International conferences



6th World Congress Paediatric Cardiology & Cardiac Surgery 2013 (3 000 attended)

8th International Aquarium Congress
(550 attended)

The 18th Commonwealth Law Conference
(2 450 attended)

30th International Congress Of Psychology
(5 429 attended)

AfricaCom
(3 900 attended)

AIPC - International Association of Convention Centres Annual Conference 2013 (140 attended)

American Psychological Association Reception
(600 attended)

Down Syndrome World Congress 2012
(550 attended)

Gates Foundation 2013
(144 attended)

International Academy Of Pathology 2012 (IAP)
(1 281 attended)

International Air Transport Association's Annual General Meeting (560 attended)

International Congress and Convention Association (ICCA) Workshop 2013
(33 attended)

International Federation of Exhibition and Event Services Conference (IFES) (287 attended)

Investing in Africa Mining Indaba 2013
(5 900 attended)

Leading Hotels of the World Annual Convention 2012 (225 attended)

Socialist International XXIV Congress
(819 attended)

WCVA - World Congress of Veterinary Anaesthesia
(1 646 attended)

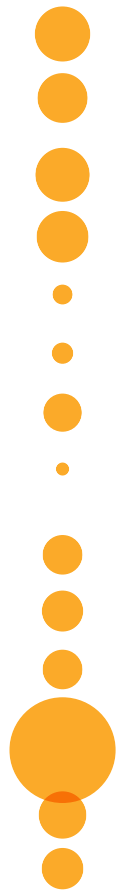
World Dairy Summit 2012
(1 043 attended)

World Economic Forum on Africa 2013
(800 attended)

XIX World Congress of Aesthetic Medicine (WCAM)
(500 attended)

Size represents 1 000 total attendees

Trade fairs



African Utility Week 2013
(2 710 attended)

ATF – 14th Intl Apparel, Textile, Footwear & Machinery Trade Exhibition
(2 211 attended)

Cape Premier Yearling Sale 2013
(2 600 attended)

Cape Wine 2012
(2 376 attended)

Clean Power Africa
(350 attended)

India Clothing & Textile Trade Show
(400 attended)

Mauritius Trade Exhibition
(1 300 attended)

National Electronics Western Cape featuring FORTRONIC South Africa 2013
(150 attended)

Professional Beauty
(1 400 attended)

Sign Africa 2013
(1 500 attended)

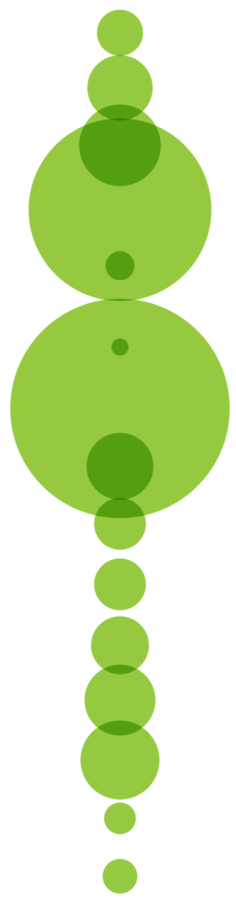
Source Africa - The African Textile, Apparel & Footwear Trade Event
(1 400 attended)

South Africa Forex Expo 2012
(10 000 attended)

SPAR Trade Show
(2 000 attended)

Thailand Trade Show
(1 530 attended)

Special events



Anthony Hamilton Show
(1 900 attended)

Boogie Wonderland: A Tribute to the 70s & 80s (4 500 attended)

Cape Town Fashion Week 2012
(7 200 attended)

Cape Town International Jazz Festival 2013 (36 000 attended)

Deaf Community of Cape Town (DCCT) 25th Year Anniversary Celebration
(755 attended)

Deloitte Wine Tasting
(260 attended)

Disney on Ice: Worlds of Fantasy
(48 045 attended)

EDM Festival Cape Town
(4 000 attended)

Jennifer Rush
(3 000 attended)

John Cleese SA Tour
(3 000 attended)

Keeping you in Stitches
(3 000 attended)

Kings and Queens of Comedy
(4 500 attended)

The Loerie Awards
(7 240 attended)

Miss Gay Western Cape 2012
(900 attended)

Old Mutual Trophy Wine Show
(1 300 attended)

South Africa's first Sustainable Wine Exhibition

Size represents 1 000 total attendees

Special events continued

Out of Africa Dance Event (1 100 attended)
Reversing The Legacy Exhibition (13 500 attended)
Robin Sharma (800 attended)
SA Dairy Championship (60 attended)
SA's Got Talent - Auditions (1 578 attended)
Samsung Product Launch (650 attended)
Sinai Indaba III (1 700 attended)
Stand and deliver comedy show (2 776 attended)
Street Renaming Ceremony (1 500 attended)

National conferences

The 16th International Design Indaba (1 880 attended)
43rd Annual Congress Ophthalmological Society South Africa - OSSA (280 attended)
Actuarial Society of South Africa – Annual Convention 2012 (469 attended)
Annual Construction Risk Conference (50 attended)
Clicks Pharmaceutical Conference (620 attended)
Construction, Engineering and Public works Conference (112 attended)
E-Tourism Africa Summit 2012 (260 attended)
Gartner Symposium/ITxpo 2012 (1 200 attended)
The Green Building Council of South Africa National Convention 2012 (892 attended)
Green Economy National Youth Summit (250 attended)
Hospital Association of South Africa (HASA) 2012 Conference (350 attended)
Institute Of Retirement Funds Annual Conference 2012 (1 150 attended)
Lean Africa Summit 2012 (160 attended)
Pick n Pay Leadership Conference (462 attended)
SA HIV Clinicians Society Congress 2012 (864 attended)
SARS: Global Forum on Transparency and Exchange of Information for Tax Purposes (788 attended)
South African Dental Association Conference 2012 (600 attended)
South African Maritime Industry Conference (450 attended)
Windaba 2012 (388 attended)
Women's Parliament Conference (290 attended)

Other events

Allan Gray (940 attended)
Barclays Premier League (105 attended)
BBBEE Workshop (300 attended)
Bonitas Medical Fund Annual General Meeting (150 attended)
Brandhouse Conference (350 attended)
Canon Roadshow (550 attended)
Canon Training Session (250 attended)
Cape Town Partnership – iZimvo zasi Kase (150 attended)
Cape Town Tourism Annual General Meeting 2012 (400 attended)
CFA Exams (600 attended)
CIMA Exams (794 attended)
CIO Summit (200 attended)
Department of Arts & Culture Stakeholder Function: Socialist International (600 attended)
Department of Economic Development and Tourism: Work and Skills Graduation Ceremony (108 attended)
Department of Labour Jobs Summit and Fair (2 000 attended)
Department of Rural Development and Land Reform (960 attended)
Discovery Life and Invest Launch (445 attended)
Engen Sales & Marketing Roashow (200 attended)
Ernst & Young Strategic Growth Forum Africa (335 attended)
Ethics 4 All - the annual MPS ethics event (1800 attended)

Cape Town International Jazz Festival 2013

Size represents 1 000 total attendees

FARR Annual AGM 2012 (125 attended)
FNB Roadshow (465 attended)
Google Presentation (400 attended)
Investec Asset Management - Taking Stock Presentation (550 attended)
Lewis Group Results Presentation (60 attended)
Liberty Roadshow (105 attended)
Mahindra & Mahindra Dealership Conference and Dinner (356 attended)
Maritime & Coastal Security Africa 2012 (278 attended)
Media 24 Workshop (47 attended)
Momentum Retail Insurance Myriad Launch (375 attended)
National Empowerment Fund Breakfast (300 attended)
Nedbank Graduate Programme Assessment Centre Day (80 attended)
Nedbank Private Wealth Investment Roadshow (440 attended)
The New Age Business Briefing (260 attended)
Proudly South African Local Procurement Conference (525 attended)
Rand Merchant Bank's Fixed Income Seminar (210 attended)
RGM Conference 2013 (615 attended)
SAICA Annual Tax Update Seminar 2013 (110 attended)
SAICA Personal Financial Planning Seminar (90 attended)
Samsung Galaxy Note 2 World Tour (657 attended)
Samsung OAIT Training Roadshow (89 attended)
Sanlam Benchmark 2013 (400 attended)
Services Seta Skills Symposium (441 attended)
Standard Bank Economy Roadshow 2013 (265 attended)
Stanlib Wealth Roadshow (344 attended)
State of the Nation (350 attended)
Toyota Regional Conference and Awards Dinner (800 attended)
WESGRO AGM (295 attended)
Womens Property Network Breakfast (31 attended)
Woolworths Leadership Days (150 attended)

SUSTAINABILITY PERFORMANCE REVIEW

Economic sustainability performance review

About this economic sustainability review

Prior to the development of the CTICC, Convenco commissioned the UCT Graduate School of Business to conduct a study to determine the economic impact of the convention centre. This annual study commenced in 2000 and has been undertaken every year since. The information on the economic contribution of the CTICC in this report is based on the 11th annual economic impact study as conducted by the independent research organisation, Strategic Economic Solutions.

Understanding the economic benefits of a convention centre

There are many economic benefits generated by successful conventions and exhibitions. The first and most obvious is the spending incurred on setting up and running the events themselves. This includes spending by convention and exhibition organisers, exhibitors at the event as well as delegates attending the conventions and visitors attending the exhibitions.

"Many delegates from other countries on the African continent make large purchases of consumer durables while attending conferences or events in South Africa."

The second is from spending by delegates outside of the convention or exhibition. This includes accommodation, travel, sightseeing, meals, souvenirs, etc. Typically this spend value is determined through general spending surveys of delegates.

In addition, anecdotal evidence suggests that many delegates from other countries on the African continent make large purchases of consumer durables while attending conferences or events in South Africa. Some international delegates also return as tourists with their families. Some of these tourists, in turn, become regular visitors to South Africa.

The operations of the CTICC may also deliver additional benefits from some specific types of events. For instance:

- **Business to business benefits** - Business to business conventions and exhibitions are a key meeting place where agreements can be reached on a wide range of potential business transactions. These might be orders, cooperation agreements, foreign direct investment or other undertakings.
- **SMME business development** - Small business development is a key component of South Africa's poverty alleviation policies. SMMEs offer a way out of poverty through economic empowerment that is far more efficient than reliance on handouts. The ability of any convention centre to promote the success and sustainability of SMMEs is therefore a significant value add to the country as a whole.

The CTICC is raising the profile of Cape Town and the Western Cape

Delivering a growing economic impact

Since opening its doors for business in 2003, the CTICC has been a remarkable success; not just in terms of the sustainable growth and development of its own operations, but also due to the significant contribution it has made, and continues to make, to the economies of Cape Town, the Western Cape and South Africa. This economic contribution is achieved at multiple levels, including the direct and indirect social and economic spin-offs of its operations and its proven ability to raise the tourism and business profile of the city, province and country.

Summary of the CTICC's Macroeconomic Contribution for the 2012/2013 Financial Year

Rand million, 2013 Prices	GDP	GGP	Direct W Cape	Indirect	Indirect Taxes	Indirect Household Income	Net Forex	Delegate
CTICC Capital Expediture	26.0	7.1	35	41	2.8	14.5		
CTICC Operational Expenditure	59.7	41.1	62	83	14.8	29.5		
Host / Organiser Expenditure	75.3	14.4	37	112	8.1	41.1		
Exhibitor Expenditure	225.4	76.6	109	288	21.7	113.3		
Delegate Expenditure	1 695.1	624.7	2266	2583	150.8	857.8		
Sub-Total	2 081.5	763.9	2509	3107	198.2	1056.2		
Induced Tourism	909.3	289.4	950	1309	84.1	457.6		
Total Contribution 2013	**2 990.8**	**1 053.3**	**3 459**	**4 416**	**282.3**	**1 513.8**	**601.3**	**1 301 011**
Total Contribution 2012	**2 545.4**	**902.1**	**3 103**	**3 979**	**239.0**	**1 286.9**	**532.9**	**1 130 190**

Review of macroeconomic contribution for the 2012/2013 Financial Year

During the 2012/2013 financial year, operations at the CTICC (including CTICC capital expenditure, CTICC operational expenditure, host/organiser expenditure, exhibitor expenditure and delegate expenditure) contributed R2.08 billion to GDP and R764 million to Western Cape GGP.

"The CTICC's contribution to GDP in 2013 increased substantially over that in 2012."

If the effect of induced tourism (a further R909 million to GDP and R289 million to GGP) is added to this, the total contribution by the CTICC to GDP for the 2013 financial period was R2.99 billion, while the centre's total contribution to GGP was R1.05 billion.

Both in nominal and in real terms, the CTICC contribution to GDP in 2013 increased substantially over that in 2012. The increase in GDP was 17.5% in nominal terms and 11% in real terms. The nominal increase is even higher, at 21.0%, when the effect of induced tourism is excluded.

This is 17.5% higher than the contribution made in the previous financial year in nominal terms and represents an 11% year-on-year increase in real terms (with inflation removed).

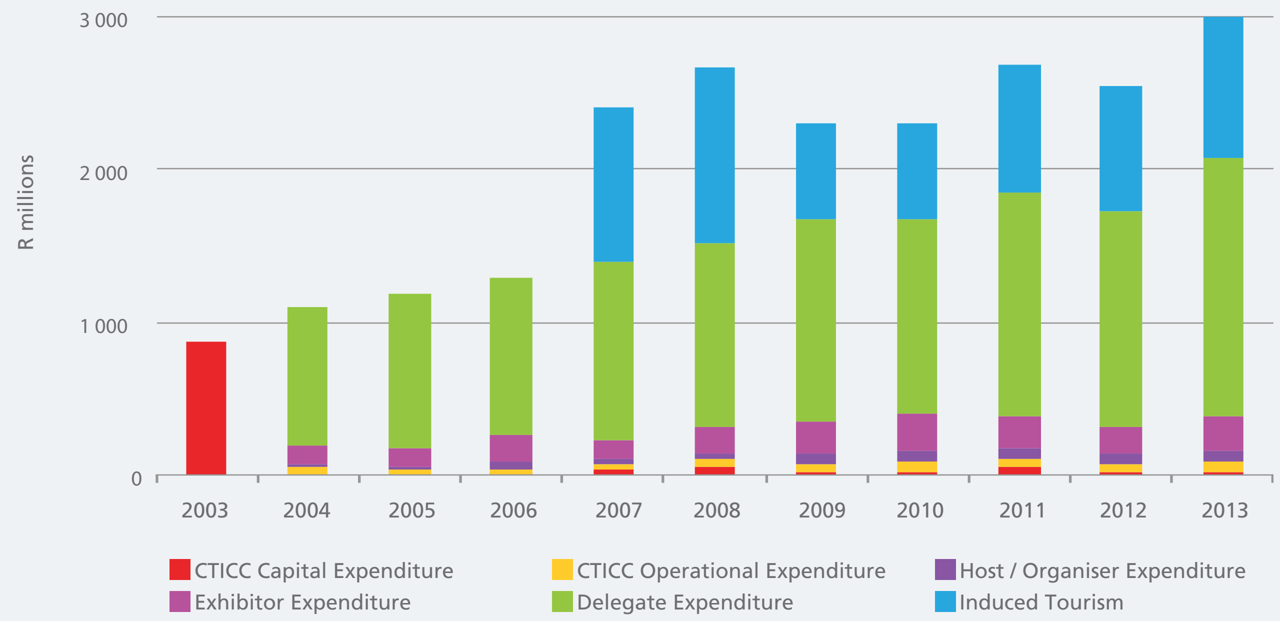
Contribution to Gross Domestic Product

Rand million	Known					Projected
Financial Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2018
CTICC Capital Expenditure	18.5	23.2	50.1	14.4	**26.0**	19.0
CTICC Operational Expenditure	53.9	60.5	59.3	56.6	**59.7**	111.0
Host / Organiser Expenditure	62.1	74.6	65.8	61.4	**75.3**	139.7
Exhibitor Expenditure	223.4	234.8	204.4	174.5	**225.4**	314.4
Delegate Expenditure	1 308.3	1 274.4	1 475.2	1 413.9	**1 695.1**	3 002.8
Induced Tourism	636.4	641.7	822.6	824.6	**909.3**	1 736.4
Total Contribution	**2 302.6**	**2 309.2**	**2 677.4**	**2 545.4**	**2 990.8**	**5 323.3**
Cumulative Contribution	**11 829.5**	**14 138.6**	**16 816.1**	**19 361.5**	**22 352.4**	**45 032.3**
Real Contribution - 2013 Prices	**2 802.0**	**2 673.3**	**2 980.3**	**2 690.5**	**2 990.8**	**3 977.9**

Contribution to Western Cape Gross Geographic Product

Rand million	Known					Projected
Financial Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2018
CTICC Capital Expenditure	4.7	6.2	14.9	3.6	**7.1**	4.7
CTICC Operational Expenditure	32.8	36.9	39.2	40.0	**41.1**	67.4
Host / Organiser Expenditure	14.6	16.1	13.9	12.5	**14.4**	19.9
Exhibitor Expenditure	75.9	79.7	69.4	59.3	**76.6**	106.8
Delegate Expenditure	484.4	471.9	547.0	525.1	**624.7**	1 096.4
Induced Tourism	215.5	224.8	260.4	261.6	**289.4**	557.9
Total Contribution	**827.9**	**835.6**	**944.8**	**902.1**	**1 053.3**	**1 853.1**
Cumulative Contribution	**4 076.9**	**4 912.5**	**5 857.3**	**6 759.4**	**7 812.7**	**15 735.0**

Growth in GDP contribution



"Visitor days generated by the CTICC are forecast to increase to 1.74 million over the next five years."

Visitor days generated

Visitor days make up the major part of the macroeconomic contribution of the CTICC. The CTICC generated 1 301 011 visitor days. This is more than the 1 130 191 of the 2012 financial period and is, in fact, the highest number of visitor days recorded in any one financial year since the centre opened in 2003.

Of these more than 1.3 million visitor days, 455 250 (35%) were by visitors from other countries. It is estimated that induced tourism added a further 465 000 international visitor days. Visitor days generated by the CTICC are forecast to increase to 1.74 million over the next five years.

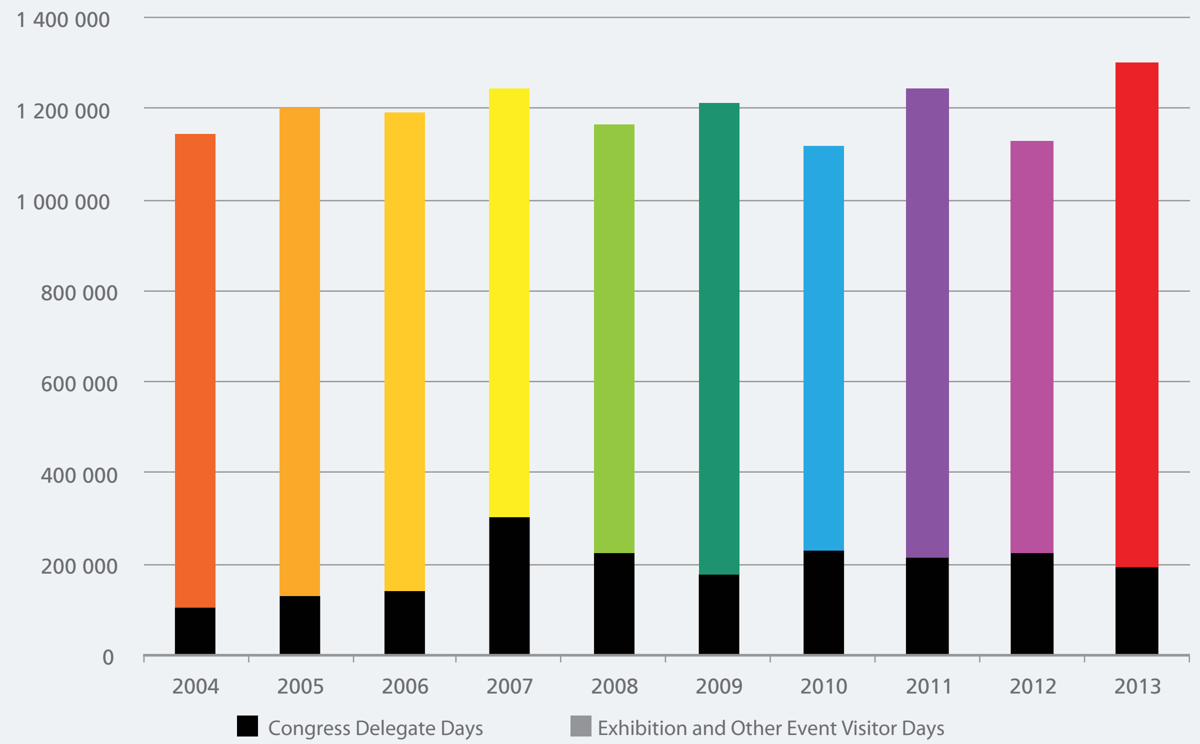
Visitor days generated

Total days generated by:

Congresses	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013
Western Cape	69 835	53 712	70 943	65 671	74 392	**62 939**
Rest of South Africa	109 997	84 432	111 386	103 090	116 008	**98 137**
International	45 566	39 820	49 483	45 081	36 747	**33 124**
Total Days	**225 398**	**177 964**	**231 812**	**213 842**	**227 147**	**194 200**
Exhibitions and Other Events						
Western Cape	222 161	244 567	209 715	243 255	215 062	**263 590**
Rest of South Africa	360 129	396 451	339 954	394 325	343 570	**421 095**
International	358 454	394 606	338 372	392 490	344 411	**422 126**
Total Days	**940 744**	**1 035 624**	**888 041**	**1 030 070**	**903 043**	**1 106 811**
Total (All Events)						
Western Cape	291 995	298 279	280 658	308 926	289 454	**326 529**
Rest of South Africa	470 126	480 884	451 340	497 414	459 578	**519 232**
International	404 020	434 427	387 855	437 570	381 158	**455 250**
Total Days	**1 166 141**	**1 213 590**	**1 119 853**	**1 243 912**	**1 130 190**	**1 301 011**
International Tourists	1 166 142	1 213 588	341 938	421 734	448 993	**465 251**
Total International	1 029 703	804 715	729 793	859 305	830 151	**920 501**

Opening ceremony of the 6th World Congress Paediatric Cardiology and Cardiac Surgery 2013

Growth in visitor days generated



The figures are based on actual visitors and delegates. These estimates include the time that people spend in Cape Town and in the country in addition to the time spent at congresses and exhibitions.

Employment created

Apart from the 2 688 direct (local) jobs generated during the construction of the centre, and the approximately 2 300 direct jobs created during the first three years of its operation, the number of direct jobs sustained by the CTICC in the Western Cape has now increased to well over 3 000.

Direct jobs created in the Western Cape

	Known					Projected
Financial Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2018
CTICC Capital Expenditure	31	36	65	21	**35**	19
CTICC Operational Expenditure	55	52	70	57	**62**	71
Host / Organiser Expenditure	37	42	36	32	**37**	51
Exhibitor Expenditure	131	138	112	90	**109**	115
Delegate Expenditure	2 127	1 956	2 189	1 996	**2 266**	2 956
Induced Tourism	860	854	951	907	**950**	1 369
Total Direct Jobs	**3 241**	**3 078**	**3 423**	**3 103**	**3 459**	**4 581**

"In 2013 it is estimated that the centre sustained over 4 400 indirect jobs."

Nationally, more than 2 000 indirect jobs were generated during construction and between 2 800 and 3 058 indirect jobs were sustained during the first three years after opening. In 2013 it is estimated that the centre sustained over 4 400 indirect jobs. Indirect jobs are expected to increase to 5 890 by 2018.

Indirect jobs created nationally

	Known					Projected
Financial Year	FY2009	FY2010	FY2011	FY2012	FY2013	FY2018
CTICC Capital Expenditure	32	41	83	23	**41**	22
CTICC Operational Expenditure	92	98	91	82	**83**	112
Host / Organiser Expenditure	112	129	109	96	**112**	156
Exhibitor Expenditure	348	348	291	236	**288**	300
Delegate Expenditure	2 470	2 319	2 557	2 288	**2 583**	3 432
Induced Tourism	1 114	1 069	1 317	1 254	**1 309**	1 868
Total Indirect Jobs	**4 168**	**4 004**	**4 448**	**3 979**	**4 416**	**5 890**

Teamwork and innovation drive financial efficiency

Other macroeconomic contributions

During the 2012/2013 financial year, the CTICC was a net generator of:

- R601 million in foreign exchange earnings for South Africa (this takes into account foreign exchange brought into the country by international delegates and returning visitors, as well as the purchase of imports);
- R282 million in tax revenue; and
- R1.5 billion in indirect household income.

By the year 2018:

- Foreign exchange outflows on the purchase of imports are projected to increase to R851 million;
- An estimated R4.8 billion in taxes will have been paid; and
- It is estimated that, cumulatively, the CTICC will have boosted indirect household income by R22.8 billion.

Note: In each of the macroeconomic contributions, delegate expenditure accounts for between 53% and 66% of the contribution and induced tourism a further 29%. This expenditure includes accommodation, meals, travel expenses, tours and souvenirs. It excludes international air travel.

The CTICC's cumulative macroeconomic contribution

Based on the figures outlined for the 2012/2013 financial year, the CTICC has, to date, made a cumulative contribution of R22.4 billion to the South African national economy. The centre is expected to contribute a further R22.7 billion over the next five years. In addition, the CTICC has made a R7.8 billion cumulative contribution to the Western Cape provincial GGP. Such contributions to GDP and GGP are important, not just because they represent income for the country, but also because they enhance its capacity to create and add to wealth.

Organisational sustainability performance review

Creating a great place to work

"During the 2012/2013 financial year, the CTICC undertook a review of all its employment policies to ensure that these embrace the essence of the South African Constitution."

The CTICC strives to be an employer of choice through the combined provision of competitive employee benefits and a world-class working environment. Importantly, the achievement of this objective is not only driven via employee motivation and incentives, but also by means of progressive employment policies aligned with international best practice and key components of South African Labour Law.

During the 2012/2013 financial year, the CTICC undertook a review of all its employment policies to ensure that these not only comply with best practice standards, but also embrace the essence of the South African Constitution.

The review process, which is undertaken regularly, involves the workshopping of all policies with relevant employees to ensure that they have input into the way their workplace and culture is shaped. Prior to the distribution and implementation of these policies, they are reviewed and approved by the Board of Directors. Once approved, the policies are distributed to all CTICC employees and made available via the CTICC's intranet and shared drive. Desktop shortcuts are placed on all employee workstations and these link directly to the policies. The policies are also shared with CTICC Labour Brokers and Contractors.

Prioritising employee development

NURTURE OUR WORLD

Sustainability commitment:

The CTICC aims to integrate sustainability issues into all staff orientation programmes, as well as to provide ongoing staff training and awareness programmes for all its staff members.

The development of employees remains a priority for the CTICC and is key to its reputation as an employer of choice.

Over the past year, the CTICC invested R1 520 183 into various staff development initiatives, which equates to 5.31% of salary costs.

Various employee development initiatives are undertaken annually, and include requirements identified through ongoing training needs analysis and quarterly performance reviews, as well as specific development motivations received from CTICC employees themselves.

Employees at the CTICC have access to the support they need to ensure their personal and professional growth and development. The CTICC Resource Centre is a core component of this support and gives employees access to IT resources and training at no individual cost.

CTICC guests and staff enjoy fresh, locally-sourced, sustainable food choices

All staff members are encouraged to explore further learning opportunities, either on an individual level or in groups.

Staff training

During the past year a total of 72 staff members received individual training in 33 different types of short-courses, over a total of 1 226 hours of training in 120 training sessions. Course content ranged from business skills and financial and asset management to strategic planning, project management, computer skills and various sustainability aspects.

In addition to this, 25 staff members participated in 9 different types of long-term training courses over a total of 570 months.

Breakdown of staff training by gender, ethnic group and department

	Gender		Ethnic Group				Department				
	Female	Male	A	C	I	W	Comm	Exec	Fin	HR	Ops
Short term	80	40	18	80	4	18	47	7	14	5	47
Long term	13	14	4	11	1	11	8	2	6	1	10
Total	**93**	**54**	**22**	**91**	**5**	**29**	**55**	**9**	**20**	**6**	**57**

"To ensure consistency of service across the organisation, the CTICC also arranges training for staff of its service providers."

Long-term training courses made available to staff included BTech Hospitality Management, BCom Business Management, BCom Marketing, as well as various management, public procurement and supply chain management programmes.

To ensure consistency of service across the organisation, the CTICC also arranges training for staff of its service providers. In the year under review, training opportunities were made available to employees of the cleaning, audio-visual and general staffing (waitrons) teams.

Given the importance of security at an international convention centre, the CTICC ensures that externally sourced security personnel are trained in all relevant CTICC policies and procedures. Security staff members are employed in accordance with the Private Security Industry Regulatory Authority of South Africa.

All training offered or facilitated by the CTICC is aligned with the centre's human rights policy, its fair and sustainable employment of personnel, and its commitment to the maintenance of good relations between management and staff.

As part of its efforts to deepen the South African hospitality industry talent pool, the CTICC also provides practical on-the-job training to students from the Mitchells Plain School of Skills, Eziko Cooking School, and False Bay College: Khayelitsha campus. This practical training helps students to gain valuable experience and increase their future employability.

Management development

In the 2012/2013 financial year, the CTICC continued its highly successful Associate in Management (AIM) course and began the process of identifying the new student intake for the Post Graduate Diploma in Management (PGDIP) course through the University of Cape Town's Graduate School of Business. Both of these programmes are proving invaluable in terms of strengthening the management talent available to the CTICC and to the South African events industry as a whole.

Learnerships and internships

During the period under review, the CTICC took on five new learners as part of its learnership offering. The learners that completed the programme have moved on to permanent or long-term contracted employment.

Internship opportunities are available across all CTICC departments, and participants are sourced from various learning institutions around the Western Cape. The interns are exposed to all the business departments that are relevant to their curricula. Ten intern positions and five learnerships positions are filled annually. Given the success of these programmes, these numbers will be increased in the new financial year.

The CTICC also provides employees with job shadowing and job rotation opportunities in order to allow them to deepen their knowledge of the industry and gain on-the-job experience that will contribute to their career progression.

As far as possible, members of the CTICC leadership team are also exposed to educational travel opportunities in order to further advance their knowledge and skills.

The CTICC's world-class Executive Chef in action

"Internship opportunities are available across all CTICC departments, and participants are sourced from various learning institutions around the Western Cape."

Promoting performance through regular review

All employees participate in quarterly performance reviews. These offer employees the opportunity to identify any skills gaps that may inhibit their career growth and development potential. This development partnership approach allows employees to proactively seek out opportunities to enhance their skills or adjust their outputs to advance their personal and career goals and make an even bigger contribution to the organisation's key performance outputs.

Delivering excellence by living the values

Organisational and individual Key Performance Area (KPA) agreements are reviewed annually and are divided into sections to cover organisational goals, departmental and individual goals, as well as a discretionary section where employees are scored based on how they have embraced and exemplified the CTICC's values of Passion, Integrity, Innovation and Excellence.

KPA documents also incorporate the centre's commitment to sustainability and employee development. Performance indicators are cascaded down from CTICC stakeholder inputs, through the management structures, to all permanent employees.

Individual performance assessment scores are used to guide performance, determine annual salary increases and, in the case of leadership team members, determine annual performance bonus allocations.

Encouraging a culture of giving

The past year has seen the CTICC continue and expand on its support of the four identified community partners, namely:

- Foundation for Alcohol Related Research (FARR);
- Harvest of Hope at Abalimi Bezekhaya;
- The Haven Night Shelter Welfare Organisation; and
- Mitchells Plain School of Skills.

"To encourage a culture of giving, CTICC employees are invited to nominate, and motivate for, a worthy cause of their choosing to receive a R1 000 once-off donation from the organisation."

As Corporate Social Responsibility (CSR) is built into all CTICC KPAs, the various departments have also embarked on their own CSR initiatives. These range from encouraging and facilitating employee volunteerism at charitable institutions to participating in charity fundraising initiatives.

Employees were also encouraged to participate in the CTICC's legacy programme, which was established in the run-up to its 10th birthday celebrations. With the help of employee volunteers, food and blankets were distributed to the needy and the centre's maintenance division built and distributed toys as well as assisted with the renovation of a disadvantaged school in a local area.

During the past year, CTICC employees also had the opportunity to nominate an institution in need of carpeting during the harsh Cape Town winter. Carpets that would have been discarded were then distributed to these institutions on a first come, first served basis.

To further encourage a culture of giving, CTICC employees are invited to nominate, and motivate for, a worthy cause of their choosing to receive a R1 000 once-off donation from the organisation at no cost to themselves. This could be any institution in need of assistance and all nominations are reviewed and approved by the NOW committee.

Building a diverse and talented workforce

NURTURE OUR WORLD

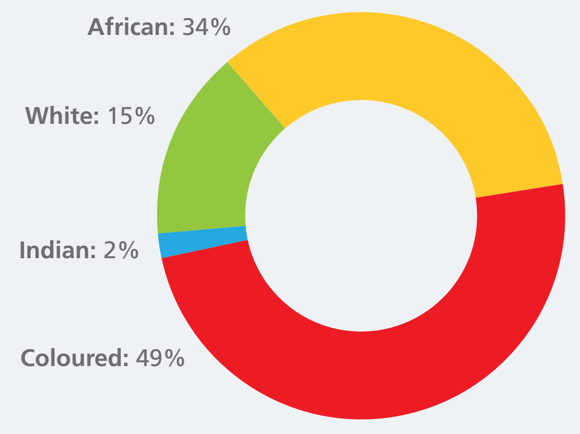
Sustainability commitment:

The CTICC is an equal-opportunity company that meets world-class standards with a local flair. The management team has an open-door policy and innovation is encouraged.

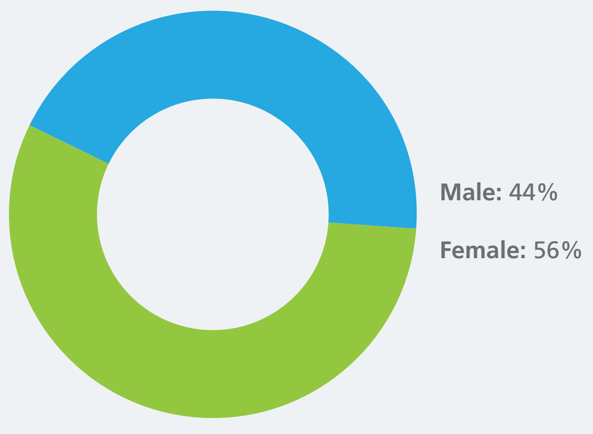
The CTICC employs a total of 142 full-time employees, including temporary staff members and interns. The centre also uses the services of a large number of part-time staff members according to specific requirements relating to the various events it hosts. The business embraces and encourages diversity in its workforce and recognises the role it has to play in encouraging and enabling transformation within the broader South African society.

The majority of CTICC staff members are hired locally (Western Cape and Cape Town) and hail from historically disadvantaged groups. All (100%) senior managers in the organisation were recruited locally. Different ethnic groups and both genders are equally represented.

Ethnic groups

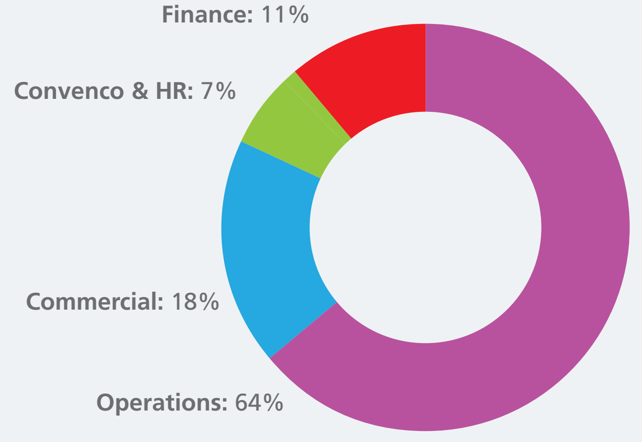


Staff gender

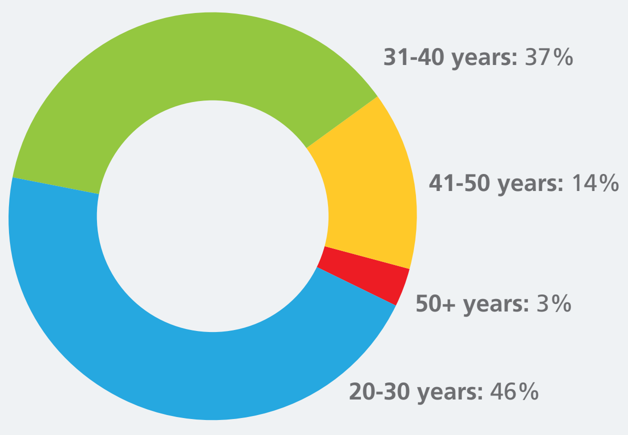


This staff complement is employed across the various CTICC operating divisions as follows:

Departments



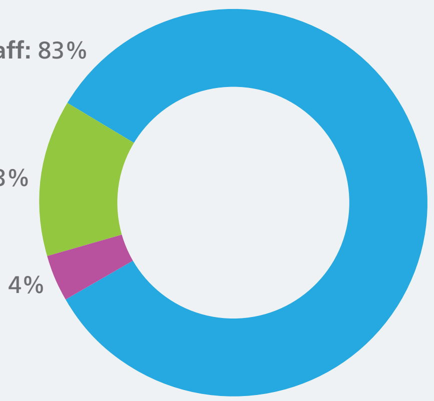
Age profile



The CTICC staff complement has a predominantly young age profile, which aligns with the strong industry and talent pool development commitment of the organisation.

The majority of CTICC staff members are skilled or semi-skilled and are categorised as 'general staff'. 13% of employees occupy middle management positions, while 4% are senior managers or executives.

Staff



The ratio of permanent to contract staff continuously fluctuates depending on the nature and size of events being hosted at the CTICC at any given time.

Broad Based Black Economic Empowerment

"The CTICC has been recognised as a Level 2 BBBEE contributor by Empowerdex."

While the CTICC's compliance with mandatory Broad Based Black Economic Empowerment (BBBEE) legislation in South Africa has already addressed some of the organisation's transformation requirements, the centre's management recognises the need that exists for more specific monitoring around the actual BBBEE impact of its social and organisational sustainability initiatives. That said, the CTICC has been recognised as a Level 2 BBBEE contributor by Empowerdex, an economic empowerment-rating agency.

Recruitment and staff turnover

During the 2012/2013 financial year, the CTICC appointed a total of 23 new staff members, while 21 individuals left the employ of the company.

Breakdown of gender, race groups and age groups of appointed or departed employees

	Gender		Employment Status		Race Groups				Age Groups			
	Female	Male	Perm	Temp	A	C	I	W	20-30	31-40	41-50	50+
Terminated	10	11	21	0	4	11	3	3	6	12	3	0
New	10	13	23	0	4	12	0	7	12	7	4	0
Difference	**0**	**2**	**2**	**0**	**0**	**1**	**-3**	**4**	**6**	**-5**	**1**	**0**

Internal advertising of vacancies on the CTICC's website remains a primary recruitment approach in order to afford loyal employees of the organisation the opportunity to advance their careers.

The CTICC's recruitment process also involves advertising vacancies in print media, social media and electronically. For more senior roles, recruitment advertisements may be placed in local newspapers as well.

While the CTICC prioritises employment of individuals from local communities, applications from all geographical areas are considered as the centre benchmarks itself internationally and, while it has a strong development focus, it is also committed to attracting and retaining the best talent available. No international appointments were made during the period in review.

Facilitating employee wellbeing

The CTICC places utmost importance on the wellbeing of its employees. All CTICC staff members have access to the services of an on-site clinic during working hours.

Any injuries or accidents are recorded by the medic and forwarded to the Safety, Health, Environment and Quality (SHEQ) officer for record purposes.

During the period under review there were two injuries recorded (one male and one female). While these were relatively minor, they did result in time off work for the staff members involved.

This translates to a total injury rate (IR) for the 2012/2013 financial year of 1.35 per 100 employees over 200 000 total work hours. The associated loss day rate is 12.87 per 100 employees over 200 000 total work hours. No occupational diseases were recorded and there were no fatalities. Reporting and recording of incidents, accidents and diseases is in accordance with the OHSAS 18001:2007. Organisers of events that attract more than 2 000 people are required to deploy their own medical staff.

CTICC employees took a total of 408.5 days of sick leave during the 2012/13 financial year. There were no reports of absenteeism, which makes the absentee rate (AR) insignificant (< 1%).

No data is available on the actual amount of staff training provided on serious diseases. However, the medical aid solution provided by the CTICC to its permanent staff provides for counselling services should staff require these. All employees are reminded of this, and other benefits, at the annual wellness day that takes place in January each year. As part of the CTICC's Wellness Day in 2013, free HIV/Aids testing was made available to all staff. This included pre- and post-test counselling for all employees who chose to have the test administered. The wellness day also provided an opportunity for employees to be tested for diabetes and other health indicators such as high blood pressure.

As of the 2014 financial year, the CTICC will be enhancing its Employee Assistance Programmes with the addition of comprehensive staff counselling services, including trauma counselling if required. Details of uptake and usage of this service will be included in the next Integrated Annual Report.

Feeding school children as part of the CTICC's 10th birthday legacy programme

Enabling effective employee relations

The CTICC's Employee Relations Forum (ERF) represents employees of the organisation in various matters ranging from working conditions to dispute resolution, conditions of employment and more.

The forum members also represent the company in the recruitment process and oversee the annual Training Needs Analysis. The ERF members are nominated and elected by their peers every year and work closely with both the Chief Executive Officer and the Human Resources department to resolve any matters raised by employees.

No CTICC employees are covered by collective bargaining agreements. Over the past year, however, the CTICC has become a unionised environment and 33 of the centre's employees (23%) have joined the South African Commercial Catering and Allied Workers Union (SACCAWU). Employees that are union members are free to raise any concerns with their union representative, particularly if they feel they cannot address these issues with their CTICC employee body representatives.

Staff involvement on operational committees

CTICC employees have the opportunity to be actively involved on the centre's First Aid, Fire-Fighting and Health and Safety Committees. For the year under review 14 of the centre's 142 employees (10%) were actively involved in the various health and safety committees, with representation from middle management and the general workforce. All participating members have been trained and hold current certificates of competence as well as signed letters of appointment. These committees include representatives from all departments within the organisation. The Health and Safety Committee meets every three months, in accordance with the requirements of OHSAS 18001:2007.

Protecting and promoting human rights

The CTICC is committed to entrenching and promoting respect for human rights and freedoms, including the abolition of child labour, as stipulated in the Constitution of the Republic of South Africa and the Universal Declaration of Human Rights.

An extensive set of policies and procedures ensure the fulfilment of this commitment as well as the protection of human rights of all CTICC employees and suppliers. These include:

- Conditions of employment
- Business practices and procedures
- Security, including health and safety
- Employee rights and disciplinary code
- Employee benefits
- Financial policies, including supply chain management.

There were no reported matters of discrimination reported during the financial year under review.

Anti-corruption

The CTICC hosted anti-corruption policy workshops with 23 employees (16% of total staff) during the period under review. Five of those attending these workshops were Exco members, 14 were representatives from the Employee Representation Forum and four were HR representatives. Eight (6% of total staff) of the people represented senior or middle management tiers, while 15 (11% of total staff) were general staff. These workshops were facilitated by an external employee relations consultant. Going forward, the workshops will be held quarterly to ensure full staff awareness and training as new policies are reviewed or implemented by the board.

The CTICC dealt with only one incident of corruption during the year in review. Once identified, the allegations of corrupt activity were thoroughly investigated and full disciplinary action was taken. The individual involved is no longer employed by the CTICC.

While the presence of such corrupt activities is unfortunate, the manner in which the behaviour was discovered and managed is testament to the robustness of the CTICC's anti-corruption policies and procedures.

SUSTAINABILITY PERFORMANCE REVIEW C

Environmental sustainability performance review

The CTICC business strategy places a priority on progressively and innovatively implementing best practice environmentally sustainable initiatives in terms of energy efficiency, waste and water minimisation. The CTICC believes that any business that is serious about its long-term success must be prepared to build that success on sustainability. Therefore the organisation places economic, social and environmental considerations at the core of its operations. Sustainability is what drives the centre to be innovative and create opportunities for its stakeholders and create memorable experiences for its clients.

Evolving the NOW Team

The Nurture our World (NOW) Team was established to drive the implementation of sustainability principles and practices within the CTICC at an operational level, with representation from the various departments. Under the chairmanship and guidance of the General Manager: Operations, the NOW Team has grown from strength to strength over the past year and continues to provide invaluable input into the centre's environmental and social sustainability commitments and measurements.

As part of its strategic input in the current financial year, the NOW Team undertook a thorough review of the findings of the 2012 CTICC Sustainability Report and applied its findings in determining the material matters for this 2013 Integrated Annual Report.

Accredited for a better, safer experience

In early 2009, the CTICC gained the distinction of being the first convention centre in Africa, and the second convention centre in the world, to obtain three management system certifications simultaneously.

Following an extensive process of transforming the centre's work processes to internationally recognised systems standards, the CTICC was awarded the following certifications:

- ISO 9001 – Quality Management
- ISO 14001 – Environmental Management
- OHSAS 18001 – Occupational Health and Safety
- HACCP (Hazard Analysis and Critical Control Points) Food Safety

During the year under review, the CTICC successfully renewed all of the above accreditations and also became the first convention centre in Africa to achieve Gold Quality Standards Certification from the International Association of Congress Centres (AIPC). The certification resulted from the successful completion of an extensive audit of all the centre's operations and processes. The CTICC is one of only 22 AIPC certified convention centres worldwide.

Donation of CTICC carpets to Sisters for Sisters

Influencing greener journeys through product innovation

The CTICC recognises that its sustainability journey requires not only that it manages its own impact on the environment and communities in which it operates, but also that it encourages and enables others to do the same.

To this end, the centre has developed a green conference package that is currently being promoted as a sustainable alternative for a 'greener' conference or event. Based on the feedback received from clients and their guests, this green package will constantly be refined and enhanced to ensure that an increasing number of CTICC-based events have a positive sustainability impact.

In the past year, the CTICC's product offering was adapted to include and promote the sale of sustainable event products and services without these becoming a premium cost to customers or end-users. This sustainable product sales policy has been included in the Commercial and Business Development department's annual plan and targets have also been set for the sales team. These are monitored on a quarterly basis. Targets will be increased in the coming year and the three-year strategy aims to transform all CTICC products and packages into sustainable solutions.

In past years the CTICC drastically reduced the use of commercially bottled water in favour of filtered water provided in reusable glass bottles. In the year under review, the centre took this environmental commitment a step further with the establishment of its own on-site water filtration plant. This is in line with the CTICC's commitment to innovative thinking that benefits its stakeholders and the environment.

Several transport options are available to stakeholders

Protecting biodiversity

While the CTICC is located in one of the most diverse floral kingdoms in the world, the urban position of the centre means that its operations have little to no impact on Cape Town's biodiversity. That said, the centre recognises that the natural splendour of the Cape region is a significant tourist drawcard and, as such, it cooperates wherever possible with the region's tourism agencies to promote environmental preservation through responsible tourist actions and behaviours.

Committed to reducing transport-based emissions

NURTURE OUR WORLD

Sustainability commitment:

The CTICC encourages integrated non-motorised transport, car-sharing and the use of public transport to reduce single occupancy vehicles.

While the transporting of goods and materials is not significant for the CTICC, the transport requirements of staff have a significant impact on the overall carbon footprint of the centre.

Due to the nature of the business, various local and international flights are essential, and additional information is provided in the carbon footprint report on page 62.

Additional transport is provided to staff that rely on public transport and need to work late at night. These transport requirements are linked to the number of events hosted at the centre and, consequently, no accurate data is available on this.

During the past financial year the CTICC installed additional bicycle racks in the basement parking area in a further effort to encourage the use of non-motorised transport.

A bus stop was also installed right outside the CTICC building as part of the City of Cape Town's MyCiTi Integrated Rapid Transport (IRT) system that links key areas around the city centre. The first phase of the IRT feed-in system from the northern suburbs was also completed, while additional transport routes are envisaged for future links to the city centre.

"The CTICC will place additional focus on the development of its transport plan during the next financial year so that non-motorised transport, public transport and car-sharing can be encouraged and facilitated."

The centre undertook a transport survey amongst its staff to better understand their commuting needs and constraints. Based on the responses of the 55 participants, most of who are permanent employees, the average travel time per day for CTICC staff members is approximately one hour, while the average cost of commuting is over R700 per month. A large percentage of the respondents (39%) indicated that they travel to work in private vehicles, while around 60% use public transport (30% by train, 12% by minibus taxi and 11% by general bus transport). Only one respondent said that he cycles to work.

All participants were invited to offer comments or suggestions on ways in which the CTICC may be able to reduce emissions due to staff commuting. 33% of the participants suggested car pooling for staff, however, some comments were made concerning the need for greater flexibility of work hours in order to facilitate this. A small percentage (9%) of respondents also pointed to the need for flexible work hours in order to reduce the average staff commuting time.

A number of respondents requested that the CTICC provide a shuttle service between the building and the Cape Town train station as a way of encouraging more use of public transport. Other comments reflected the frustration around time delays and cost increases relating to the use of public transport.

Based on the input received from staff members, the CTICC will place additional focus on the development of its transport plan during the next financial year so that non-motorised transport, public transport and car sharing can be encouraged and facilitated.

Eco-procurement

The CTICC remains steadfast in its commitment to entrench eco-procurement principles into its contracts and relationships with its product and service providers. While some progress has been made in this regard, the full implementation of eco-procurement is a gradual process.

NURTURE OUR WORLD

Sustainability commitment:

The CTICC encourages its partners and suppliers on their sustainability journeys through the inclusion of environmental and social criteria into all of its procurement and supplier requirements.

As a state-owned entity, the CTICC is subject to the Municipal Financial Management Act (MFMA). This includes strict legislation and governance requirements to ensure a fair and transparent procurement processes.

Against this backdrop, during the 2012/2013 financial year, the centre initiated a process aimed at obtaining input from the CTICC's various suppliers on their environmental sustainability initiatives. In addition to giving the organisation a clear idea of what environmentally-friendly products and services are currently available to it, the responses will allow the CTICC to establish an eco-procurement baseline that can serve as the foundation for the development of an eco-procurement policy.

Sustainable operations management

NURTURE OUR WORLD

Sustainability commitment:

The CTICC aims to ensure that effective monitoring and management systems are implemented throughout the organisation to encourage optimum resource management.

Based on the nature of its services and operations, the CTICC's three main environmental sustainability focus areas are energy efficiency, water conservation and waste reduction.

Energy efficiency

As a responsible organisation, and in alignment with global reporting standards, the CTICC has a clearly defined energy saving target, which is set to a baseline of 2%.

The main energy source used at the CTICC is grid electricity supplied by the City of Cape Town. Diesel generators are kept on-site for the purpose of back up electricity supply, but have not been required over the past year, as there have been no power outages.

While most large kitchen facilities use gas as the primary heating agent, the fact that the CTICC kitchen is located underground means that, for safety reasons, all cooking appliances are electric.

The process of upgrading the Building Management System (BMS) meant that manual operation was required during the implementation phase, and this led to higher energy consumption during the 2011/2012 financial year. The new BMS has, however, proven highly effective in terms of energy management and, coupled with ongoing BMS monitoring and servicing, energy retrofits, the installation of a new boiler, and cleaning of the air-conditioning coils, has resulted in steady electricity consumption savings.

"Ongoing staff awareness and the inclusion of energy efficiency practices in standard operating procedures have helped to further reduce overall energy consumption."

A total of 1 300 LED downlights (950 x 7 watt and 450 x 8 watt) were installed throughout the building in March 2013, replacing the 35 watt downlights that had previously added to higher energy consumption levels.

Ongoing staff awareness and the inclusion of energy efficiency practices in standard operating procedures have helped to further reduce overall energy consumption.

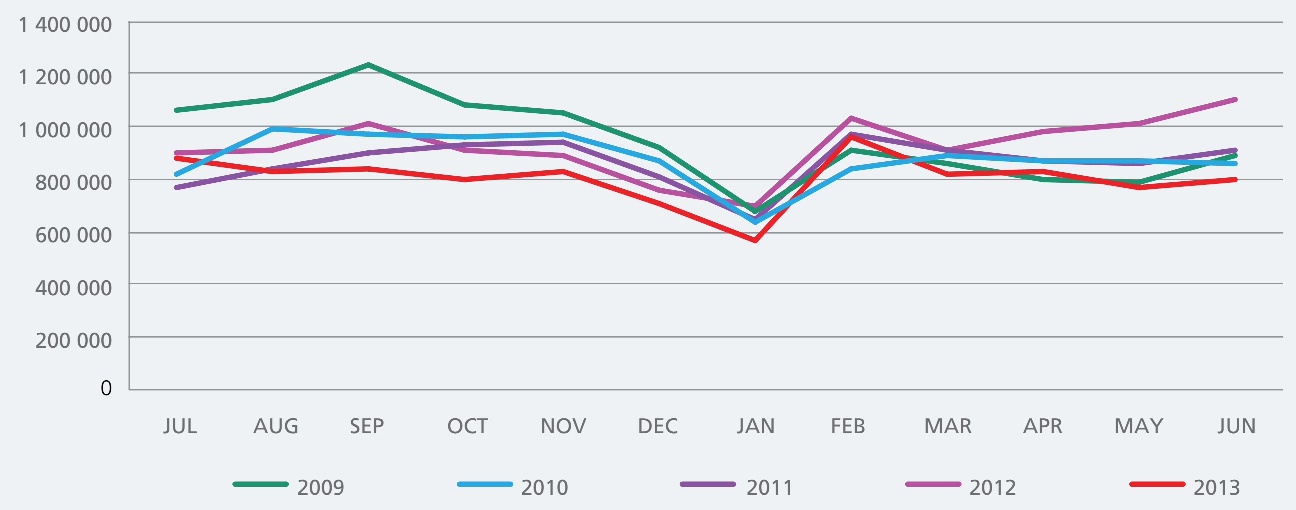
Based on the utility bills for the reporting period, the CTICC used a total of 9.62 GWh (34 642.57 Gigajoules) of electricity in the 2012/2013 financial year. This is a pleasing reduction on the total electricity consumption of 11.09 GWh (39 920.63 Gigajoules) for the previous financial year.

The graphs alongside indicate the reduced consumption patterns in kWh and KVA in comparison to the last five years. There has been an average annual saving of 12.84% in terms of kWh measurement, with a 2.11% saving in terms of kVA.

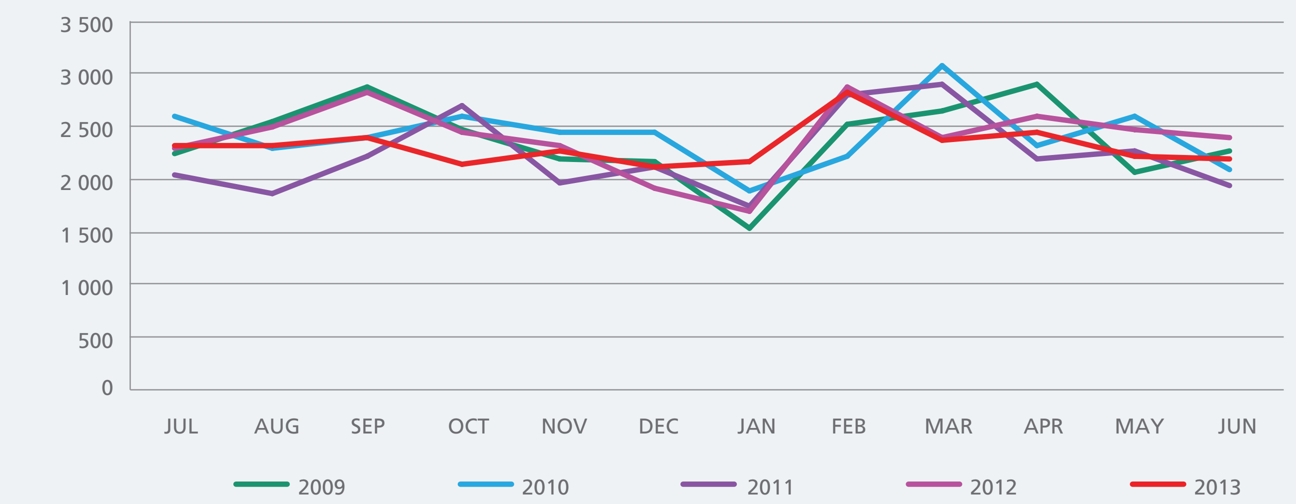
During the 2012/2013 financial year, the CTICC used a total of 2.2 kilolitres of unleaded petrol for the vehicles. This is the same as the previous year despite the fact that an additional vehicle (Volkswagen Vivo) was purchased in October 2012. No diesel was purchased for the back-up generators, which are tested and readings are taken regularly.

The 2.2 kilolitres of unleaded petrol (at a density of 737.22kg/m³) amounted to 1.621 tonne (metric) and 6.711 Gigajoules. No energy was produced on site or exported outside the reporting boundary.

Energy consumption (kWh)

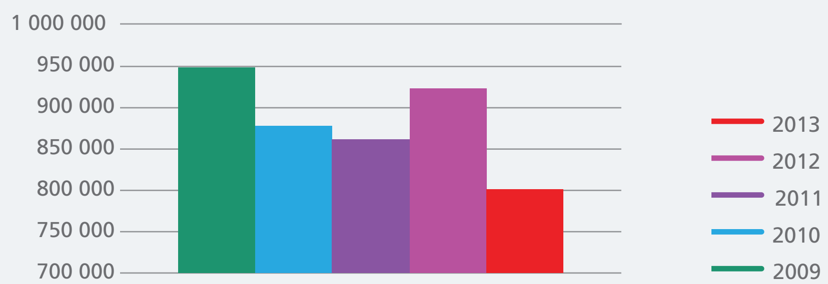


Energy requirement (kVA)



Retrofitting ensures sustainable energy efficiency

5 Year kWh average - year on year



Seeing the benefits of sub-metering

As part of the CTICC's ongoing drive to find innovative ways of reducing its energy consumption, the Operations and Maintenance team investigated the potential for improvement of the centre's sub-metering systems and processes in the 2012/2013 financial year. A sub-metering model was built around the existing metering system in the building with the 'pilot' phase incorporating 40 meters. Early indications are that sub-metering is highly effective in delivering significant energy savings and this has prompted the installation of a further 75 sub-meters.

This will serve as a valuable education and monitoring tool enabling a clearer and more accurate view of the entire building's energy usage. It is the ultimate aim that the sub-metering will be used to monitor and manage the main energy supply to the building, after which all venues will also be sub-sectioned. The resultant information will be captured in a central database to provide event-specific energy consumption information. This will allow the CTICC to keep clients fully informed regarding their energy usage, enable direct comparisons of the energy usage for repeat events, and facilitate collaborative partnerships that will harness innovation as a way of improving the CTICC's energy consumption and enabling its clients to better 'green' their own events from an energy usage perspective.

Prioritising water stewardship

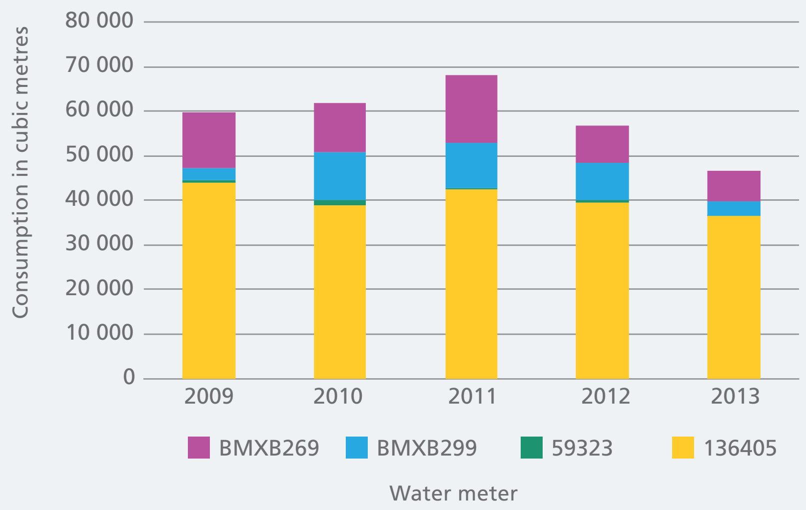
The CTICC is committed to responsible water management and stewardship. It realises this commitment through comprehensive measurement, monitoring, management and reporting of its water use as standard business practice. Where necessary or possible, the centre also proactively implements initiatives aimed at conserving water and raising awareness amongst its stakeholders of the importance of doing the same.

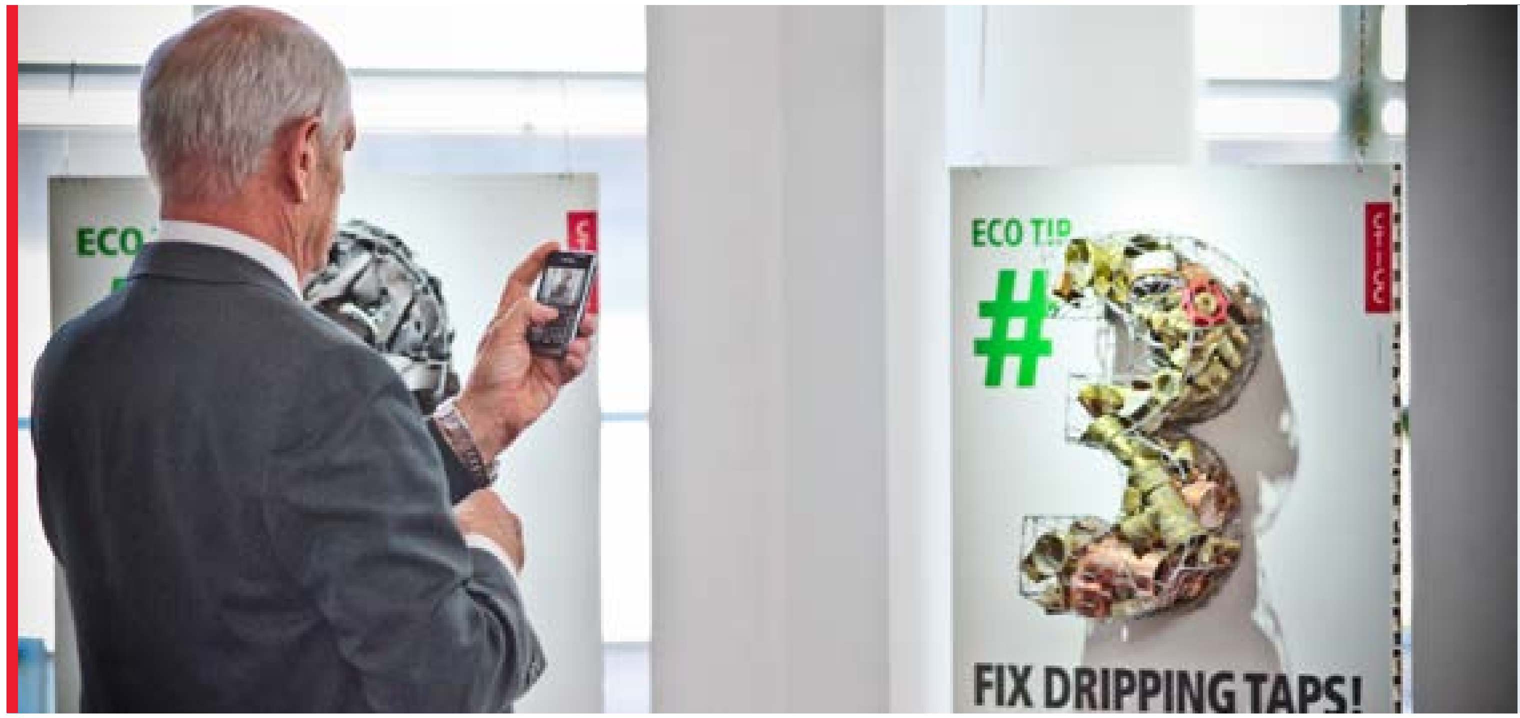
In the 2012/2013 financial year, the CTICC used a total of 46 572.30 cubic metres of water. This means that, over the past five years, the CTICC has achieved a 22% reduction in annual water usage. Based on a three-year period, this reduction increases to 32%.

The figures are based on actual readings taken from the following municipal water meters:

- **Meter 136405** – situated in Lower Long Street, in front of the CTICC coffee shop and servicing the main building.
- **Meter 59323** – situated in Lower Long Street in front of the CTICC coffee shop and used solely for irrigation purposes.
- **BMXM299** – situated on the corner of Walter Sisulu Avenue and Long Street.
- **BMXB269** – situated in Convention Square at the metered taxi parking area.

Water consumption by the CTICC for the last five years





Sustainability campaigns raise environmental awareness amongst stakeholders

Consciously managing water consumption

Some of the initiatives undertaken by the CTICC to conserve water in the 2012/2013 financial year included:

- The use of 'coil cleaner' instead of water to clean the air-conditioning coils;
- The use of signage encouraging water saving habits and practices in the CTICC kitchens and staff toilets;
- The installation of a replacement 4 500 litre boiler, replacing the former 5 000 litre unit.
- The planting of indigenous (waterwise) plants at the Heerengracht circle; and
- The installation of an on-site water filtration and bottling plant at the CTICC.

The two high-capacity conveyor-driven dishwashers in the kitchens have delivered time, water and energy savings, while the main hot water pipes are insulated to reduce the loss of heat.

The majority of plants in and around the CTICC are on drip irrigation systems, however, a number of potted plants at the entrance and inside the building still need to be watered with a hosepipe.

Five electronic water meters are also in the process of being installed. These will be monitored via the Building Management System and will provide more accurate water readings than the monthly estimates done by the municipality.

"Water consumption at the CTICC is relatively low as it is used primarily in the kitchens and restrooms."

Water consumption at the CTICC is relatively low as it is used primarily in the kitchens and restrooms. Despite this, water leaks remain a threat to water consumption figures, so the ongoing management and maintenance plan includes measures for the early detection and repair of such leaks.

The public restrooms have proximity sensor taps, while the toilets in public areas all have dual flush systems. The showers in the staff restrooms have been replaced with water-efficient showerheads.

All laundry, such as uniforms and table linen, is collected and laundered by an outsourced contractor. A cleaning service contractor provides in-house cleaning services for the public areas and back of house. Eco-friendly cleaning products are used wherever possible and Material Safety Data Sheets (MSDS) are posted on the wall in the chemical storeroom.

Managing and reducing waste

The majority of the CTICC's solid waste is generated in its kitchens and office block. In addition to this a large amount of waste is generated in the exhibition and banqueting areas. This is all managed internally and disposed of responsibly with the focus being firstly on reducing waste, and then recycling waste items such as paper, cardboard, glass, plastic and metals.

NURTURE OUR WORLD

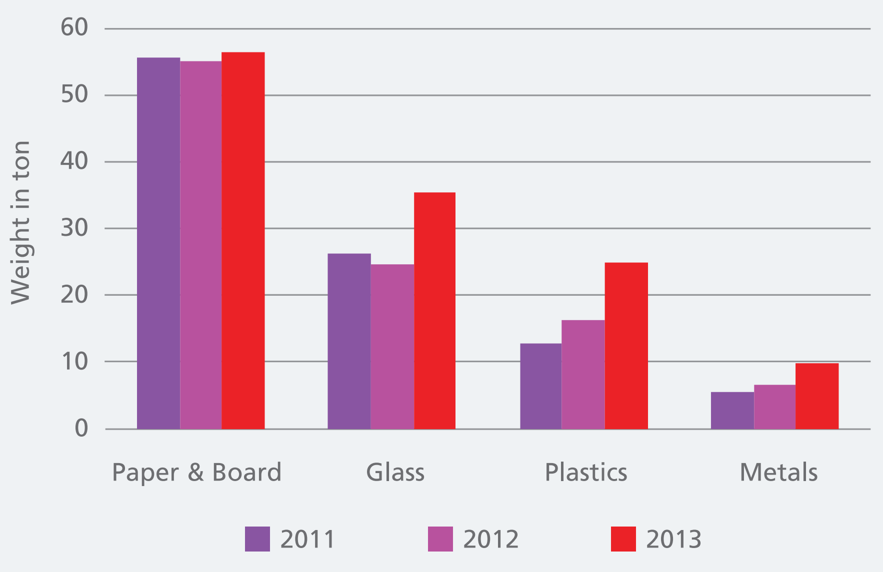
Sustainability commitment:

Throughout the CTICC's operations, it encourages effective resource management through its waste management system. Where practical, the centre prefers to use reusable, instead of disposable products, while its recycling programme monitors its efforts to reduce waste to landfill.

On-site recycling is a critical aspect of the waste management process at the CTICC, with separation into different recyclables for plastic, paper, cardboard, glass, metals and other recyclable items and waste to landfill.

In the year under review, the ratio of waste recycled to that sent to landfills improved marginally from 27% (in 2012) to 29%. All categories of recycling have improved in relation to waste sent to landfill.

Comparison of recycling over three years



The table below provides an overview of the different types of waste disposed of by the CTICC over the past financial year:

CTICC waste disposal by type for 2012/2013 Financial Year

Type of waste	Weight (kg)	Disposal method
Ferrous Metal	9 779	Recycled
Paper and cardboard	56 450	Recycled
Plastic	24 817	Recycled
Glass	35 520	Recycled
General waste - skips	113 980	Waste to landfill
General waste - bins	195 804	Waste to landfill
Fat trap	5 600	Hazardous waste
Fluorescent tubes	240	Hazardous waste
Organic (June only)	4 133	Composted
TOTAL (kg)	**446 323**	

"The CTICC has implemented an organic waste system with the aim of diverting organic waste from landfill and, instead, sending it for composting."

The waste sent to landfill is mostly contaminated waste that cannot be recycled. This is collected in skips and bins and disposed of appropriately. The CTICC has a fluorescent crusher on site for the safe destruction of tube lights while controlling the release of hazardous waste mercury vapour emissions prior to their safe disposal at a registered hazardous landfill site managed by Wasteman. A total of 476 litres of crushed fluorescent tubes were disposed of as hazardous waste in the year under review.

The contents of the kitchen fat trap, as well as electronic waste (such as printer cartridges), are also disposed of at the hazardous landfill site managed by the City of Cape Town.

As from June 2013, the CTICC has implemented an organic waste system with the aim of diverting organic waste from landfill and, instead, sending it for composting. This has been combined with an on-site bokashi (organic fermentation) system to prevent odours.

There were no significant spills at the CTICC premises during the year under review. The centre has a defined operating procedure in place in case of an oil spill, and there is an oil spill kit on-site.

In the past year, the CTICC focused on reviewing various waste management systems to ensure that it operates the most effective and manageable systems. A bar-coded process was implemented that allows for the tracking of waste data to specific kitchen areas or different conference venues in relation to specific events.

Encouraging sustainable waste management practices

The CTICC strives to entrench efficient waste management systems into its business operations as a standard policy. Such waste management principles also form part of all the organisation's service level agreements, to ensure compliance by contracted service providers.

The CTICC is aware of the fact that the exhibition industry often creates waste through the production and staging of exhibitions and events. Large international exhibitions, in particular, can generate significant amounts of waste, such as wood from exhibition structures that could potentially be reused rather than finding its way onto landfills. The CTICC encourages such recycling of waste materials amongst its clients and attempts, wherever possible, to facilitate this process for its event organisers, particularly through the donation of materials to charitable causes or entities.

Carbon footprint management

The CTICC's carbon footprint measurement is based on the following main elements:

- Fuel consumption (scope 1)
- Electricity consumption (scope 2)
- Flights (scope 3)

Scope 1 emissions: Fuel consumption

Over the past year, the CTICC used a total of 2.2 kilolitres of unleaded petrol for its entire vehicle fleet. While this is the same total quantity of fuel as was used in the previous financial year, it represents a year-on-year saving as an additional vehicle was added to the fleet during the year under review.

The 2.2 kilolitres of unleaded petrol (at a density of 737.22kg/m³) equates to 1.621 tonnes (metric) and 6.711 Gigajoules. This fuel usage created a total of 4.9 ton CO2eq.

No energy was produced on site or exported outside of the reporting boundary.

No additional diesel was purchased for the back-up generators, although the back-up generators were tested monthly during the 2012/2013 financial period.

Scope 2 emissions: Electricity consumption

9 622 GWh of electricity usage in the 2012/2013 financial year created 9466.9 ton CO2eq. Details of electricity usage are provided on page 54 of this report.

Scope 3 emissions: Flights

During the 2012/2013 financial year CTICC staff and representatives undertook short-haul flights (no longer than 2.5hrs in duration and an average of 750km) totalling 120 000 km and a total of 316 928 km of long-haul flights (longer than 2.5hrs in duration).

While, at 234, the total number of flights undertaken was 8% higher than the 217 of the previous year, this total flying distance of 436 928 km is significantly less (43%) than the 767 074 km flown in the 2011/2012 financial year.

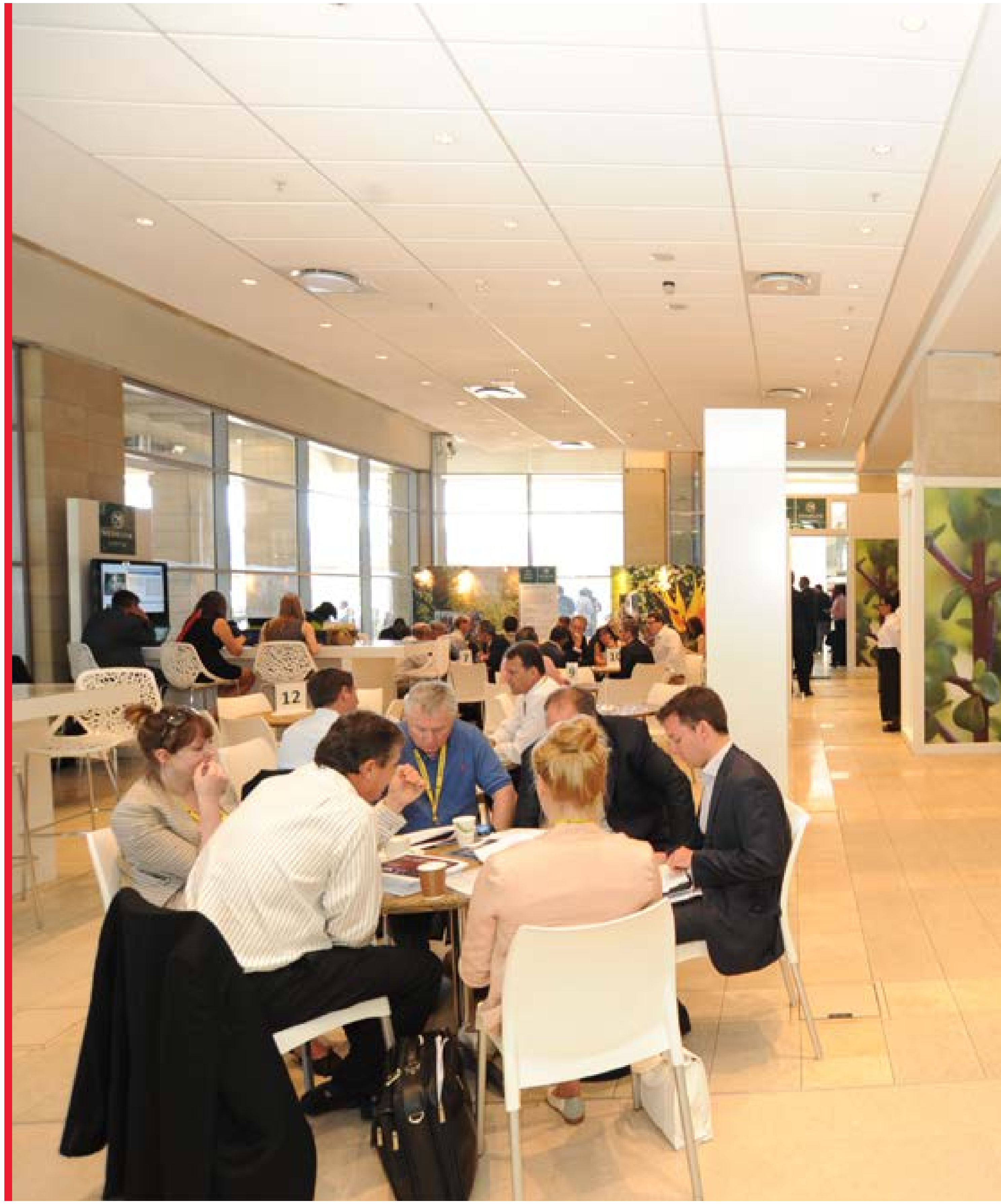
A total of 37.3 ton CO2eq was created as a result of flights undertaken by CTICC employees and representatives.

Total emissions

Based on these parameters, the CTICC's total carbon footprint for the year is estimated at 9 509.1 ton CO2eq. This is 1417.6 ton CO2eq less than the 10 926.6 ton CO2eq of the previous financial year.

The year-on-year reduction in carbon emissions across all scopes is shown in the table below:

Scope 1		2012	2013	
Petrol	Vehicle	4.3	**4.9**	ton CO2eq
Diesel	Stationary combustion	5.9	**0**	ton CO2eq
Scope 2				
Electricity	Electricity	1 0851.1	**9 466.9**	ton CO2eq
Scope 3				
Flights	Short-haul flights	18.0	**11.09**	ton CO2eq
Flights	Long-haul flights	47.3	**26.19**	ton CO2eq
Total		**1 0926.6**	**9 509.0**	**ton CO2eq**



Social sustainability performance review

"The centre ensures that its social sustainability interventions deliver maximum long-term positive impact for individuals and communities."

The CTICC takes a highly integrated approach to social sustainability, wherever possible linking its social and community upliftment projects to environmental and economic sustainability principles or initiatives. In this way, the centre ensures that its social sustainability interventions deliver maximum long-term positive impact for individuals and communities.

Committed to Corporate Social Responsibility

The CTICC's Corporate Social Responsibility (CSR) programme is built on the following four main categories of community involvement.

1. Community Partners

Four organisations have been selected as part of the primary CSR programme. They are: Abalimi Bezekhaya; The Foundation for Alcohol Related Research (FARR); The Haven Night Shelter Welfare Organisation; and Mitchells Plain Schools of Skills.

These organisations were required to provide motivations for their inclusion as community partners, and must supply the CTICC with regular feedback on the benefits they are bringing to their communities. In this way, the CTICC is able to ensure that its community support makes a sustainable and significant difference rather than merely being once-off initiatives or handouts.

In the year under review, these community partners received support in various ways, such as learnership programmes for Mitchell's Plain School of Skills (MPSS), maintenance support at the Haven Night Shelter, and the provision of necessities and clothes to the homeless through the night shelter. FARR also received building material after the Cape Homemakers Expo, while MPSS and the Haven Night Shelter received wood, for use in the construction of furniture, after the World Economic Forum. Local community partners were also invited to exhibit as part of the Legacy programme for the CTICC's 10th birthday celebration. More ways are being explored to encourage staff involvement while also assisting the organisations in meeting their needs.

2. Community Connection (NOW Worthy Cause)

As part of the CTICC's commitment to assisting the communities in which it operates, the NOW Team established the NOW Worthy Cause initiative in the year under review. Employees are invited to nominate a worthy cause within their community that is positively impacting the lives of those around them. A donation of R1 000 is made to selected organisations on a monthly basis.

Since the establishment of the NOW Worthy Cause, six organisations have received the financial donation of R1 000 each. These are:

- *The Lions Club of de Grendel* – To support projects through which food is delivered to needy families in the community. In addition to 11 families that are fed on a weekly basis, an extra 600 families are fed daily via volunteer-operated soup kitchens.
- *Edward Primary School* – This primary school in Elsies River provides education to grade R to 7 learners from less privileged communities. The donation went towards much-needed maintenance aimed at providing a healthy and safe learning environment.

CTICC staff volunteer their time and talents on Homelessness Day

- *Graceland Educare Centre in Khayelitsha* – The centre is involved in the development and care of children of different age groups from the community. This includes meals and personal hygiene.
- *Madrassatus Shafiy* – This institution provides education to children from the local communities on various aspects of religion and also offers counselling to older people in need.
- *Put Foot Foundation* – The foundation gives young, under-privileged children 'hope, pride and dignity' through the gift of a pair of brand new, 100% leather, South African-made school shoes.
- *Holy Cross Child & Youth Care Centre (Holy Cross Orphanage)* – The centre provides for the holistic development of the children admitted to its care. This includes looking after their physical, social, emotional, intellectual and spiritual development.

3. Organisational

"A variety of charitable organisations and causes receive ad hoc support from the CTICC as part of its social sustainability activities."

A variety of charitable organisations and causes receive ad hoc support from the CTICC as part of its social sustainability activities. This support ranges from donations of equipment, furniture, technology, or food to re-usable items or materials left over after events (such as carpets or wood). Support can also take the form of procurement of goods or services from organisations with community-based benefits, such as buying baskets as corporate gifts from non-profit organisations.

In the past financial year, some of the beneficiaries included:

- *Pinelands Primary School*, which received magazines for their newspaper drive.
- *Zeekoeivlei Primary, NCCC Church, Perivale Primary, Graceland Educare, Goodhope Christian Centre, De Vrije Zee Schools* and *Qaqambani Safety Home*, who were all recipients of the carpeting that was removed from CTICC gallery.
- *Smiling One Foundation* that received 200m² of the carpets removed from the CTICC's main gallery.
- *Kids Positive*, from which beaded lanyards were procured for the ICCA workshop held at the CTICC.

4. Urgent/Ad Hoc

Where possible, the CTICC provides support where there is an urgent social or community need. This relates to local community disasters or other support opportunities that may arise.

Initiatives implemented by the various departments during the year under review included:

- Toiletries donated to the Saartjie Baartman Centre and Khayelitsha Old Age home.
- Participation in the Blisters for Bread Walk.
- Donation of clothes, sweets and educational toys as part of the Santa's Shoe Box project.
- Treating 400 kids with snacks, drinks and goodie bags at Boogie Wonderland.
- Having tea with the aged at the Presbyterian Home for the Aged.
- Provision of snacks and toys for QuaQuambane Green Point Kids Party.

The tenth anniversary of the CTICC also provided an opportunity for staff to reach out to local communities, with many getting involved in legacy projects such as the provision of soup and rolls to underprivileged individuals.

Looking back; planning for the future

A review of the CSR initiatives for the past year indicated that, although there have been various initiatives implemented with enthusiasm by the employees, there has been a lack of strategic co-ordination and insufficient evaluation of the impact of these initiatives. Going forward, the newly established Ethics Committee will be more actively involved in the CSR initiatives and a system has been put in place for capturing of relevant information relating to the various activities. Investigations are also underway into more proactive ways of strategically supporting the CTICC's local community partners.

Enabling enterprise development

"The centre remains committed to developing small and medium enterprises, particularly those with a BEE focus."

As a municipal entity the CTICC is obliged to adhere to the Municipal Finance Management Act of South Africa, 2003 (Act No 56 of 2003) and adheres to the relevant Supply Chain Regulations. Within these parameters, the centre remains committed to developing small and medium enterprises, particularly those with a BEE focus that are involved in the local events and hospitality industries.

The BEE spend achieved for the 2012/2013 financial year was 72%, which is a slight drop of 1% on that of the previous financial year.

The CTICC also focuses on supporting both SMME suppliers and micro enterprises. The proportion of SMME suppliers utilised for the supply of goods and services during the year under review averaged 30%, which is 15% higher than the previous period. 88% of the SMME suppliers are based in the Western Cape.

On average, 22% of the CTICC's suppliers are woman-owned, while micro enterprises account for 32% of goods and services procured.

Before...

...and after

NURTURE OUR WORLD

In an excellent example of integrated social sustainability action that also delivers enterprise development and environmental benefits, the CTICC donated the materials left over from the 2013 Design Indaba Expo to a music and stage production company called Goodtimes Events. The materials were recycled and repurposed for use as decorative pieces at an outdoor event called the Flamjangled Tea Party. In addition to delivering cost savings to Goodtimes Events, the donation of exhibition materials resulted in a significant reduction in the amount of post-event waste that would otherwise have been sent to landfill by the CTICC.

GOVERNANCE, RISK MANAGEMENT AND STAKEHOLDER ENGAGEMENT

Governance

The CTICC's governance commitment

The CTICC's approach to corporate governance extends beyond legislative compliance.

Good corporate governance is seen as a cornerstone of sustainability and is promoted and enabled through the development of a collective governance consciousness, a risk management ethos, and a culture driven by values and ethics.

To this end, the Convenco Board subscribes to the best practice principles set out in the King Report on Corporate Governance for South Africa 2009 (King III). During the 2012/2013 financial year, the board has identified and implemented the required protocols to ensure the adoption and implementation of these governance standards. The board places strong emphasis on maintaining the highest possible standards of financial management, accounting and reporting to ensure that the company's affairs are managed in an ethical, transparent and responsible manner, while also taking into consideration appropriate risk parameters. The Chief Executive Officer (CEO) has an open-door policy and, informal structures are in place for providing recommendations or direction to the highest governing body.

Board of Directors

The company is governed by an experienced and stable Board of Directors, which directs, governs and is in effective control of its business. The board is ultimately responsible for determining the strategic direction of the company through the establishment of strategic objectives and policies. The company has a unitary board structure, which currently comprises 12 non-executive directors and two executive directors being the Chief Executive Officer and Chief Financial Officer. The Chief Operating Officer position has been dissolved following a reorganisation of the top structure of the company at the end of 2012. The roles of Chairperson and Chief Executive Officer are separated.

"The board is ultimately responsible for determining the strategic direction of the company."

Board meetings are held at least quarterly to review the company's performance against set targets, and more frequently if necessary. Board meetings are scheduled well in advance and board members are provided with all relevant information to enable them to make informed decisions. A record is kept of each director's attendance at board meetings. The directors may seek professional advice on matters concerning the affairs of the company. There are currently two vacancies on the board.

The CTICC Board of Directors

Directorate & administration for the year ended 30 June 2013

Directors

AC Seymour (CA(SA))
Chairman
Non-executive
Appointed: 10 February 2009

R Toefy
CEO
Executive
Appointed: 01 March 2008

AM Boraine
Non-executive
Appointed: 17 October 2006

GM Fisher
Non-executive
Appointed: 22 November 2011

SA Fisher (Dr)
Non-executive
Appointed: 09 February 2007

SW Fourie
Non-executive
Appointed: 22 November 2011

MA Gierdien
Non-executive
Appointed: 17 October 2007
Resigned: 02 April 2013

EI Hamman (CA(SA))
Non-executive
Appointed: 20 April 2013

BJ Lodewyk (CA(SA))
Non-executive
Appointed: 20 April 2013

GJ Lundy
Non-executive
Appointed: 20 April 2013

AA Mahmood
Alt. to DC Skeate
Appointed: 20 April 2013

F Parker (CA(SA))
CFO
Executive
Appointed: 16 October 2012

JK Pather
COO
Executive
Appointed: 26 August 2011
Resigned: 05 October 2012

DC Skeate
Non-executive
Appointed: 05 July 1999

HJ Taljaard
Non-executive
Appointed: 05 July 1999

Board committees

Audit and Risk Committee
B Lodewyk (CA(SA)) (Chairman)
SA Fisher (Dr)
SW Fourie
AA Mahmood
DC Skeate

CTICC Expansion Committee
AM Boraine (Chairman)
GM Fisher
EI Hamman
GJ Lundy
HJ Taljaard
R Toefy

Human Resources and Remuneration Committee
HJ Taljaard (Chairman)
AM Boraine
BJ Lodewyk
GJ Lundy

Nominations Committee
AC Seymour (CA(SA)) (Chairman)
AM Boraine
SW Fourie

Social and Ethics Committee
HJ Taljaard (Chairman)
GM Fisher
EI Hamman
AA Mahmood
R Toefy

Administration

Company Secretary
MM Thirion
Appointed: 1 August 2006
PO Box 8120, Roggebaai 8012

Auditors
Office of the Auditor-General
Private Bag X1
Chempet, 7442

Principal Bankers
Absa Bank Ltd (a member of the Barclays Group)
PO Box 7735
Johannesburg, 2000

Attorneys
DLA Cliffe Dekker Hofmeyr
(a member of the DLA Piper Group)
PO Box 695
Cape Town, 8000

Details of CTICC Board composition

Surname	Names	Date of appointment	Independence	Female	Male	African	Coloured	Indian	White	20–30	31–40	41–50	Over 50
Boraine	Andrew Michael	26 Sept 2003	(*)		*				*				*
Fisher	Stewart Alan	9 Feb 2007	(*)		*				*				*
Fisher	Garry Morton	22 Nov 2011			*				*			*	
Fourie	Solly William	22 Nov 2011			*		*						*
Hamman	Ethel Irene	20 April 2013	*	*			*					*	
Lodewyk	Barry Joseph	20 April 2013	*		*		*				*		
Lundy	Guy Jonathan	20 April 2013	*		*				*			*	
Mahmood	Aglaak Ahmed	20 April 2013	*_		*			*				*	
Parker	Fairoza	16 Oct 2012		*				*			*		
Seymour	Ashley Cavel	10 Feb 2009	(*)		*		*					*	
Skeate	Denis Carson	5 July 1999	*		*				*				*
Taljaard	Henning Jeremia	5 July 1999	*		*				*				*
Toefy	Rashid	1 March 2008			*		*					*	

* = independent | (*) = independent according to the City of Cape Town | *_ = independent alternate director

Details of Meeting Attendance

Name of Director	Board	Audit & Risk Committee	Human Resources & Remuneration Committee	Nominations Committee
	10 meetings	4 meetings	6 meetings	4 meetings
AM Boraine	9	–	5	4
GM Fisher	6	–	–	–
SA Fisher (Dr)	10	4	–	–
SW Fourie	7	3	–	3
MA Gierdien	4	–	–	–
EI Hamman	3	–	–	–
BJ Lodewyk	4	1	1	–
GJ Lundy	4	–	1	–
AA Mahmood	4	(1)	–	–
F Parker	7 (2)	(3)	(5)	(2)
JK Pather	1	(1)	(1)	–
AC Seymour	9	1(2)	5	4
DC Skeate	7	3	–	–
HJ Taljaard	9	–	6	–
R Toefy	10	(4)	(6)	(4)

() Attended meeting(s) in capacity other than Committee member

Changes to the board in the 2012/2013 Financial Year

"Towards the end of the financial year, the company embarked on a recruitment process for additional board members."

Mr JK Pather resigned as a director on the 5 October 2012 and Mr MA Gierdien resigned as a director on 2 April 2013. The General Manager: Finance was promoted to Chief Financial Officer and was appointed to the board on 16 October 2012. Towards the end of the financial year, the company embarked on a recruitment process for additional board members. This resulted in the appointment of three new board members: Mrs EI Hamman, Mr BJ Lodewyk and Mr GJ Lundy, as well as one alternate director, Mr AA Mahmood on 20 April 2013. All have since undergone the necessary directors' induction.

Board committees

The following board committees assist the Convenco Board of Directors with developing the CTICC strategy and discharging its duties and responsibilities:

Audit and Risk Committee

The Audit and Risk Committee reviews the adequacy and effectiveness of: the financial reporting processes; accounting practices; management information systems; the system of internal controls; the management of financial, investment and operational risks; the internal and external audit processes; and compliance with laws and regulations. The committee makes submissions to the board regarding accounting policies, financial control, records and reporting. As the company does not have a separate risk committee, the Audit Committee also oversees the risk management process and monitors the implementation of the CTICC's risk management plan, which is reviewed by the board quarterly and approved annually. The committee meets at least quarterly. Both the internal and external auditors have access to the committee and are invited to attend audit committee meetings.

CTICC Expansion Committee

The Expansion Committee is mandated by the board to oversee all aspects of the CTICC's planned expansion. The committee comprises the Chairperson of the board, four non-executive directors and the Chief Executive Officer. It meets as and when necessary.

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee comprises four directors and meets at least once a year for the purpose of reviewing annual salary increases, bonus incentives and the company's remuneration strategy.

Nominations Committee

The Nominations Committee oversees the processes determining the composition of the board and its committees, in line with the Companies Act 71 of 2008 and King III and BBBEE requirements. It consists of three non-executive directors and is tasked with overseeing and making recommendations to the board to ensure that:

- The board has the appropriate composition to execute its duties effectively;
- Directors are appointed through a formal and transparent process; and
- Ongoing induction, training, development and evaluation of directors takes place.

Social and Ethics Committee

The Social and Ethics Committee's role is to monitor the company's activities, with due regard to relevant legislation, other legal requirements and/or prevailing codes of best practice and relating to: social and economic development; good corporate citizenship; the environment, health and public safety. This includes: the impact of the company's activities, products or services; consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws and labour and employment. The committee draws matters within its mandate to the attention of the board as and when necessary and reports, through one of its members, to the shareholders at the company's Annual General Meeting on the matters within its mandate. The committee is also tasked with monitoring the ethical conduct of the company, its executives and senior officials.

All Convenco board committees operate in accordance with terms of reference defined in their respective charters.

Company Secretary

The Company Secretary ensures that, in accordance with pertinent laws, the proceedings and affairs of the directorate and, where appropriate, members of the company are properly administered. The directors have access to the secretary and can seek the advice of the secretary on board and governance matters. The company secretary also acts as secretary to all committees of the board.

Remuneration

Remuneration of the Board of Directors, executives and senior managers is aligned with the MFMA. The City Council sets and revises the upper limits of remuneration for the board, as well as the CEO and executive staff reporting directly to him. Full details of the remuneration of the board during the year under review are contained in the 2013 Remuneration Report on page 97 of this report.

Bonuses are linked to performance and the Remuneration Committee determines the CEO's performance bonus. The management team (senior and middle management) receives performance bonuses in October, based on company performance, while the bonuses paid out in February each year are based on individual performance.

Board assessment and disclosure

Evaluation of the Board of Directors is conducted annually through self-evaluation, based on the King III requirements. The performance of the Chairman and members of the various committees is also assessed. The purpose of such an internal performance evaluation is to encourage board members to take cognisance of what is expected of them and how best to address any possible gaps.

Board members disclose their other directorships in writing on a quarterly basis and disclosure of conflicts of interest is a standard item on the agendas of board meetings.

Internal control

The directors are responsible for ensuring that the company has internal control systems in place aimed at providing reasonable assurances regarding the safeguarding of assets and the prevention of their unauthorised use or disposal. They are also responsible for ensuring the maintenance of proper accounting records and the reliability of financial and operational information utilised in the business. For the period under review, nothing has come to the attention of the directors or external auditors to indicate any material breakdown in the functioning of controls, procedures or systems.

Sustainability

The board is committed to the sustainability of the organisation and has put in place the relevant procedures to enable the company to meet its commitments to its various stakeholders in an ethical, socially responsible, and environmentally friendly manner. The board is committed to encouraging and enabling procurement from black economically empowered, women-owned and small businesses and to the development of intellectual and human capital within the company with a particular focus on historically disadvantaged individuals.

Codes of practice

As an industry leader in sustainability, the CTICC also subscribes to various international voluntary codes of practice, including:

- **The United Nations Global Compact (UNGC)** - The CTICC is one of the few convention centres in the world that is a signatory to the United Nations Global Compact - a strategic policy initiative for businesses that are committed to aligning their operations and strategies with universally accepted principles in the areas of human rights, labour, environment and anti-corruption. The CEO also serves on the UNGC Advisory Board in South Africa.
- **Green Meetings Industry Council -** The centre is a member of the Green Meetings Industry Council, which recognises the CTICC as an industry leader dedicated to sustainability in the meetings and events industry, not through education alone but also by spearheading research, policy and sustainability reporting.
- **Global Reporting Initiative (GRI) -** The CTICC is one of the first convention centres in the world to align its reporting practices to the Global Reporting Initiative Framework.

Cape Town International Boat Show 2012

Reversing the Legacy exhibition

"The Building Management System provides live data around actual resource consumption and is used to manage the day-to-day operations."

Ensuring accuracy of reporting

To assist with the quarterly and annual reporting and ensure accuracy of reported data, the CTICC has a number of monitoring and reporting systems in place. All reports are submitted to the General Manager: Operations to allow for the collation of a high level overview which then feeds into the continuous communication around sustainability issues at the CTICC. The ongoing monitoring and reporting systems include:

- **GRI Indicator Reports (quarterly):** These focus on GRI data collation from different departments, with a review on the integrity of the data and process for capturing information for the GRI report. They highlight any concerns around the indicators that might need to be addressed.
- **Nurture Our World (NOW) Team Reports (monthly):** These reports focus on providing monthly updates to the NOW Team and Leadership Team meetings. They address some of the 'softer' issues not included as GRI indicators and other ongoing projects. Reports can also be used as input into the board reports to ensure continuous updates of directors.

In addition to the regular reporting, the Building Management System provides live data around actual resource consumption and is used to manage the day-to-day operations in a very proactive manner. A new bar-coded waste management system has recently been implemented to allow better data capturing around the type of waste generated in different parts of the building. Additional water meters are also being installed around the building to allow more active monitoring of the water consumption.

Customer health and safety

The CTICC is committed to acting responsibly in terms of protecting the health and safety of its clients and visitors. It achieves this through compliance with all requirements of its OHSAS 18001 ISO accreditation as well as abiding by all applicable legislation and best practice.

Compliance requirements are effectively communicated whenever and wherever required to ensure applicable laws are understood and interpreted without compromising the centre's ability to remain a commercially viable entity.

"A comprehensive risk-identification and management process is in place to measure the extent of potential risks to the business."

Risk management

The board is responsible for the governance of risk in the organisation (including information technology governance) and is committed to complying with the risk management requirements set out in King III. A comprehensive risk-identification and management process is in place to measure the extent of potential risks to the business in order to implement appropriate risk-mitigating interventions.

Management is responsible for the implementation of the risk management plan and for providing assurance to the board in this regard. The severity of risks is measured, and appropriate risk mitigating interventions are prioritised accordingly.

The precautionary principle is used as a tool when making decisions that might pose a risk to the organisation. The objective of this principle is to prevent harm from the outset, rather than managing it after it has happened. The CTICC has, for example, taken a tough stance on ensuring that the expansion of the centre meets best practice environmental standards, with clear monitoring systems in place.

Overview of key risks, impacts and opportunities

Compliance and governance risk

As a state-owned enterprise, any governance and compliance risk is a significant concern for stakeholders. The possibility of non-compliance with changing legislation or regulations also presents the CTICC with significant reputational risk if not managed appropriately. The CTICC has a number of procedures in place to mitigate such risk. All policies – internal and external – are regularly reviewed and updated to ensure compliance while, at the same time, prioritising business strategy and operations. The centre is also committed to continuously monitoring legislation via a number of established channels. Rather than seeing legislative changes as a high risk, the CTICC proactively looks for opportunities to contribute to regulatory and legislative development and changes in order to raise its profile as a leading role-player in the South African and international events industry.

Policy and procedure risk

Due to the constantly changing environment within which the CTICC operates, the risk of inconsistency in the application of existing policies and procedures exists.

While the strong governance frameworks of the CTICC would ensure that any such inconsistency would be marginal and of short duration, this could adversely impact on the organisation's level of compliance. This, in turn, might impact on its ability to achieve the general standardisation of practices across all its operations that is needed to ensure organisational sustainability.

To mitigate this risk, the CTICC has compiled a Company Policy Review Planner that clearly details all policies and their review dates. The business undertakes quarterly training of all relevant staff on policies and procedures identified on the Policy Review Planner and the CTICC has a zero tolerance approach to any breach of, or non-compliance with, its policies and procedures.

Green Expo 2012

Climate change

"The CTICC enjoys a good revenue mix from both local and global markets."

While climate change has limited or no direct impact on the financial performance and position of the CTICC, the company is acutely aware of the potential indirect risks it may hold, particularly in terms of international conferencing trends. As global event organisers become more committed to managing their own carbon footprint, they may become less inclined to organise conferences or exhibitions in destinations that require delegates or visitors to undertake high-emission long-haul flights. While this could potentially have an impact on the financial sustainability of the organisation, the risk is considered low as the CTICC enjoys a good revenue mix from both local and global markets. The risk also translates into an opportunity for the CTICC to raise its appeal through innovative 'green' event packages that allow clients and delegates to offset their carbon footprints through environmentally friendly event design and support of local greening initiatives.

Environmental risk

The risk exists, albeit a low risk, that a natural or geo-political catastrophic event may impact on the operations, profitability and sustainability of the CTICC. To mitigate such risk, the CTICC has a contract of hire in place ensuring that a *force majeure* clause covers any and all geo-political impacts and natural disasters.

Stakeholder risk

There is a low risk that the CTICC's business decision-making processes and/or its strategic direction may be adversely impacted by shareholder interference, which would then impact on the organisation's ability to remain agile and relevant in the market. To prevent such risk, the CTICC sets out clearly defined targets and budgets for management annually and operates according to clearly defined delegation of authorities that are approved by the board. Ongoing awareness of the Company's Act and good corporate governance is also instrumental in mitigating this risk.

Fraud risk

As is the case with any large organisation, the CTICC is faced with the risk of fraud, either due to criminal circumvention of its established policies and procedures, a breach of management authority, or collusion between stakeholders like staff, clients or suppliers. Any incidence of fraud has a number of potential impacts on the sustainability of the organisation as such criminal activity affects not only the finances of the business, but also its reputation and, consequently, its effectiveness as a social and environmental sustainability leader.

A number of measures are in place to manage this risk, including:

- Adequate segregation of duties within and across departments ensuring that the risk of fraud is considered on implementation of controls;
- Ongoing management review, supervision and sign off of fraud prevention and other policies;
- Regular internal audits as agreed per the annual audit coverage plan;
- Zero tolerance towards fraud and immediate action taken where fraud is detected;
- A declaration of interest requirement in tender documents by suppliers;
- A gift register/declaration of interest tool that has been rolled out to all staff; and
- Ongoing anti-fraud awareness and training amongst staff.

Technology and future trend risk

"The CTICC seeks to create memorable experiences for its clients and guests, many of which rely on the latest technology."

As a global industry leader, the CTICC seeks to create memorable experiences for its clients and guests, many of which rely on the latest technology as well as the centre's ability to capitalise on the latest international catering, event and conference management trends.

Any potential failure to stay abreast of such technology and future trends represents a significant risk for the CTICC. As a result, the organisation is committed to constantly investing in technology and it benchmarks itself against other top international convention centres in this regard.

The findings of the regular client satisfaction surveys also serve as valuable inputs into the centre's technology implementation and upgrade.

Stakeholder engagement

"The CTICC prides itself on its integrity and transparency."

The CTICC prides itself on its integrity and transparency. This is particularly important in its engagement with stakeholders. As the centre is a state-owned entity, stringent reporting is required and ongoing clear and transparent stakeholder communications are a priority through formal and informal channels.

Engagement with stakeholder groups

Given the ownership structure, mandate and operations of the CTICC, the business has a wide array of stakeholders. These include shareholders, clients who host their events at the CTICC, industry bodies and roleplayers, the media, visitors to the centre, relevant industry service providers, and staff. Importantly, as a public entity, the CTICC is effectively owned by the public and, as such, members of the South African public are a vitally important stakeholder group.

In order to encourage stakeholder interaction, a series of stakeholder specific events is hosted throughout the year. These include the regular CTICC Board and Committee meetings, shareholder meetings and social stakeholder events. These platforms encourage face-to-face communication and are an ideal platform to get feedback first hand from our stakeholders. Specific stakeholder engagement initiatives include:

- **Client relationship events -** Client relationships are key to the sustainable success of the CTICC and numerous events are hosted throughout the year to which clients are invited and at which they are able to provide direct feedback and input to the centre.
- **Staff meetings -** The CTICC holds at least four staff meetings per year with the specific aim of encouraging direct communication and feedback. An annual staff conference is also held.
- **Stakeholder events -** During the 2012/2013 financial year, the CTICC hosted a total of 14 stakeholder events to which industry role-players, media and suppliers were invited.
- **Debriefings -** Comprehensive 'product and service' feedback is obtained via a thorough client de-briefing session after each key event.
- **Social media -** The centre has an extensive social media following with more than 5 000 Facebook members and over 2 000 Twitter followers. These social media platforms are extensively used for two-way stakeholder communication.

The centre is also represented on the various boards and committees of key international and local industry associations. The CTICC's Chief Executive Officer, Rashid Toefy, is the Chairperson of the African Chapter of ICCA and sits on the United Nations Global Compact Advisory Panel. In addition CTICC is represented on relevant industry boards, such as Cape Town Tourism, Cape Town Partnership, SAACI and EXSA. These are all key strategic industry stakeholders involved in growing the local economy. Regular meetings are held where information, ideas and feedback are shared.

GOVERNANCE, RISK MANAGEMENT AND STAKEHOLDER ENGAGEMENT D

CTICC clients show their skills at the first 'cook-off' challenge

"Regular meetings are held where information, ideas and feedback are shared."

Stakeholder communication platforms

The following external and internal communication platforms are used to engage in two-way dialogue with all CTICC stakeholders, and respond to questions and concerns about the company.

External communication platforms

- Above-the-line advertising
- Collaborative marketing platforms
- CTICC Annual Report (Now the CTICC Integrated Report)
- CTICC board meetings
- CTICC client/stakeholder newsletter
- CTICC editorials and opinion pieces placed in relevant media
- CTICC stakeholder and client engagement sessions
- CTICC Sustainability Report (Now the CTICC Integrated Annual Report)
- CTICC website
- Digital signage in public spaces
- Media round tables
- Ongoing independently run client satisfaction surveys
- Participation in local and international industry events, and trade shows
- Press releases and press conferences
- Social media platforms such as Facebook, Twitter, LinkedIn and Foursquare.

Internal communication platforms

- Company intranet
- Staff meetings (various structures)
- Memos
- Departmental meetings
- Key Performance Assessment meetings
- Staff newsletter

Key stakeholder issues and concerns

Apart from ongoing occasional operational and event-related issues or concerns raised by individual stakeholders, the majority of feedback received by the CTICC from both its public and private sector stakeholders during the year under review related to the proposed expansion of the centre. This is understandable, given that the expansion requires a significant investment of public funds and stands to have a significant influence on Cape Town as a business and leisure destination. The CTICC provided formal, CEO-approved responses to all expansion concerns raised.

Decorex Cape Town 2013

At a more operational level, the CTICC has numerous client, visitor and press feedback mechanisms in place through which these stakeholders are able to provide immediate and direct feedback to the centre and its management. There are no limitations placed on the nature of this feedback and it typically ranges from event-specific suggestions or comments to suggestions regarding the CTICC's facilities or services. Where appropriate, this feedback is forwarded to the relevant senior manager or, even, the CEO.

During the year under review, key stakeholder issues that informed the materiality of this report included (but were not limited to) the following:

Key stakeholder issues in the 2012/2013 Financial Year

Stakeholder	Priorities/material issues identified	Response
City of Cape Town (Main shareholder)	Importance of economic sustainability. Ongoing discussions concerning expansion.	Significant increase in annual contribution to GDP, GGP and job creation. Close cooperation with the City regarding planning and expansion decisions.
Business Western Cape	CTICC's role in raising the tourism profile of the city and region.	Year on Year increase in visitor days. Continued efforts to profile the CTICC, city, province and country at the international industry level. Launch of Ambassador Programme.
Media	Various queries and concerns regarding the proposed expansion.	Ongoing media releases and direct responses to queries by CEO.
CTICC Staff	Desire to be involved in the CTICC's environmental and social sustainability efforts. Ongoing focus on training and career development opportunities. Input into client experience and satisfaction initiatives.	Focus by NOW Team on increasing access to volunteerism opportunities. Investment in training and development of 5.3% of salary costs. Regular sharing of client survey results to inform experience delivery efforts across business.

LOOKING TO THE FUTURE

LOOKING TO THE FUTURE

The CTICC aspires to change the world of conferences and events through innovation and creating unique customer experiences.

The organisation is passionate about constantly improving the way it does business to ensure that it not only delivers excellent results for its shareholders, but also constantly enhances the experiences of its clients and guests.

For this reason, the centre's focus on innovation as a core business component and strategic differentiator will remain critically important in the years to come. The CTICC's ethos of connecting people, through exceptional experiences is what will shape its strategy going forward.

The organisation will continue to strive at all times to apply innovative thinking to maximise the effectiveness of its people, processes and operations. A particular focus in the coming years will be on developing the immense depth of talent that exists within the centre and, to this end, staff training, educating and mentoring will remain top priorities; as will a greater focus on offering appropriate recognition and reward structures to encourage CTICC staff to push beyond their boundaries.

"The vision is to develop and offer the full array of digital platforms on which clients can transform the events they host."

In keeping with the increasing importance of technology as a core element of any successful conference or event, the CTICC will be investing in improving its IT infrastructure across the organisation. The vision is to develop and offer the full array of digital platforms on which clients can transform the events they host at the CTICC into experiences – not just for those who physically attend, but for virtual delegates across the world.

The commercial and business development strategy remains to generate new and repeat business for CTICC and optimise the extent to which revenue generating opportunities are unlocked for the organisation, ensuring brand optimisation and positioning.

From a budgetary perspective, the CTICC has set itself challenging targets with the deliberate intention of continuing to inspire its staff to even greater levels of performance, success and sustainability.

By building on the achievements of the past ten years and harnessing the full potential of its innovation philosophy, the CTICC will continue to position itself as a leading performer in the global events and conferencing industry, and as a sustainable convention centre that successfully balances financial achievement with leadership in social and environmental sustainability.

COMPANY DETAILS

COMPANY DETAILS

Registered name

Cape Town International Convention Centre SOC Ltd

Company registration number

1999/007837/07

Primary markets

South Africa, Africa, Europe, USA

Contact details

Physical address
Convention Square
1 Lower Long Street
Cape Town
8001
South Africa

Postal address
PO Box 8120
Roggebaai
Cape Town
8120
South Africa

Telephone
+27 21 410 5000

Facsimile
+27 21 410 5001

Email
info@cticc.co.za

Website
www.cticc.co.za

Company Secretary
Miranda Thirion

Auditors
Office of the Auditor-General
Private Bag X1
Chempet
7442

Principal bankers
Absa Bank Ltd
(a member of the Barclays Group)
PO Box 7735
Johannesburg
2000

Attorneys
DLA Cliffe Dekker Hofmeyr
(a member of the DLA Piper Group)
PO Box 695
Cape Town
8000

Structure/ownership

The Cape Town International Convention Centre Company (Convenco) owns and manages the business of the Cape Town International Convention Centre (CTICC). It is jointly owned by:

- The City of Cape Town (50.2% shareholding)
- The Provincial Government of the Western Cape (25.1% shareholding)
- SunWest International (Pty) Ltd (24.7% shareholding)

There were no changes to the structure, format or ownership of the CTICC during the financial year under review.

Primary products/services

The CTICC offers a variety of purpose-built event, exhibition, conference and meeting venues. It also offers a variety of event-related services typically required to host an event or conference. The CTICC's primary products and services include:

- International Conference Services
- National Conference Services
- Event Coordination Services
- Food and Beverage Services
- Exhibition Services
- Operational Services
- Marketing and Corporate Communication Services
- Event-related services such as IT, audiovisual and cleaning

Facilities

- Two auditoria - which can seat 1 500 and 620 guests
- A sub-divisible, multifunctional ballroom of 2 000m^2
- Over 11 200m^2 of dedicated exhibition and trade show space
- Four special and deluxe meetings rooms of varying sizes
- 13 meeting suites that can accommodate up to 25 delegates each
- A roof terrace, conservatories, a gallery and the outside areas known as Convention Square

"A range of top-quality services complements the venue rental aspect of the business."

A range of top-quality services complements the venue rental aspect of the business. This includes the provision of audio-visual and sound equipment, rigging, security, stand construction and freight handling. The centre is also equipped and staffed to provide a diverse range of cuisine offerings, which range from informal finger suppers or cocktail parties to formal dinners and large-scale gala events.

During the reporting period, the size, structure and ownership of the business did not change, and the capacity of the CTICC building remained the same. An extension of the CTICC is currently in the design phase.

ANNUAL FINANCIAL STATEMENTS

CONTENTS

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

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

Directors' responsibility statement
for the year ended 30 June 2013

The directors have responsibility for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements of the Cape Town International Convention Centre Company SOC Limited. The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations of such Statements issued by the Accounting Standards Board. The financial statements are based on appropriate accounting policies, consistently applied.

The directors are also responsible for the company's systems of internal financial control. These control procedures are designed to provide reasonable, but not absolute, assurance about the reliability of the financial statements, that assets are safeguarded and to prevent and detect losses. The directors are not aware of any significant breakdown in the functioning of these measures, procedures and systems during the year under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts and available cash and finance resources.

The financial statements have been audited by the Auditor-General of South Africa, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, Board of Directors and committees of the board. The directors are of the opinion that all representations made to the independent auditors during the audit are valid and appropriate.

Approval of the annual financial statements

The annual financial statements which appear on pages 91-131 were approved by the Board of Directors on 30 August 2013 and are signed on their behalf by:

Authorised Director
30 August 2013

Authorised Director
30 August 2013

Authorised Director
30 August 2013

Report of the directors
for the year ended 30 June 2013

The directors have pleasure in presenting their report for the year ended 30 June 2013.

1. **General review**

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

2. **Dividends**

   No dividends were declared or recommended during the year.

3. **Share capital**

   There were no changes in the authorised and issued share capital of the company during the period under review.

4. **Events subsequent to year end**

   Negotiations on the potential expansion of the convention centre have taken place after year end.

5. **Directors**

   The directors of the company during the year under review and at the date of this report were:

R Toefy (CEO)	
AC Seymour (Chairman)	
AM Boraine	
DC Skeate	
Dr SA Fisher	
SW Fourie	
MA Gierdien	- resigned on 02 April 2013
JK Pather	- resigned on 05 October 2012
HJ Taljaard	
GM Fisher	- appointed on 22 November 2012
F Parker (CFO)	- appointed on 16 October 2012
EI Hamman	- appointed on 02 April 2013
BJ Lodewyk	- appointed on 02 April 2013
GJ Lundy	- appointed on 02 April 2013
AA Mahmood (Alternate)	- appointed on 02 April 2013

6. **Auditors**

   The Auditor-General of South Africa was reappointed as auditor in terms of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA).

7. Holding company

The company is controlled by the City of Cape Town, which owns 50.2% of the company's shares. The remaining shares are held by the Provincial Government of the Western Cape (25.1%) and SunWest International (Pty) Ltd (24.7%).

8. Investigations

The board takes note of the contents of the report of the Forensic Services Department of the City of Cape Town on the CTICC's tender for architectural services for its planned expansion. While the board is pleased that the report confirms that there has been no fraud or corruption, an independent legal review is being conducted to enable the board to comprehensively respond to the key findings and recommendations contained in the report. The board will consider the outcome of the review once it is finalised and independently apply its mind to determine what steps to take in this regard.

9. Subsidiary

The company has only one subsidiary, the Cape Town International Convention Centre Operating Company SOC Ltd (OPCO). OPCO is in the process of being deregistered. Consolidated financial statements have not been prepared as OPCO is dormant and is not considered material.

Company Secretary's Certificate

for the year ended 30 June 2013

In terms of Section 88(2)(e) of the Companies Act, no. 71 of 2008 ('the Act'), I certify that the company has lodged with the Companies and Intellectual Property Commission, all returns and notices as required by the Act in respect of the financial year ended 30 June 2013, and that all such returns and notices are true, correct and up to date.

MM Thirion
Company Secretary
30 August 2013

Report of the Audit and Risk Committee

for the year ended 30 June 2013

The committee submits its report as required by section 94 of the Companies Act, 71 of 2008.

Audit and Risk Committee responsibility

The committee has adopted, and operates in terms of, formal terms of reference, which have been approved by the Board and which are regularly reviewed. It fulfils its responsibilities in terms of the Municipal Finance Management Act, 56 of 2003 (MFMA), the Companies Act, 71 of 2008 and its terms of reference. The committee has an independent role with accountability to both the board and the shareholders. It does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management. The committee acts in an advisory and oversight capacity, it does not relieve management of its responsibilities but makes objective and independent recommendations to the Board of Directors.

Composition of the committee

The committee currently comprises four non-executive directors and one alternate director with appropriate qualifications and experience, nominated by the board and appointed by the Council of the City of Cape Town. A quorum for meetings is a majority of the members present.

Name of committee member	Qualifications
BJ Lodewyk (Chairman)	B.Com (Acc.); Hons B. Compt; CA (SA)
SA Fisher (Dr)	M.B,CH.B.; M. Med
SW Fourie (appointed 22 November 2011)	B.Com (Econ); Hons, MBus. Admin.
AA Mahmood (alt.)	B.Com ; MBA
DC Skeate	BSc.

Attendance at meetings

Committee meetings are attended by the Chief Executive Officer, Chief Financial Officer, and representatives of the internal and external auditors.

Refer to page 71 for the number of meetings held and attendance at meetings of the committee.

Key functions and responsibilities of the committee

The legal responsibilities of the Audit and Risk Committee are set out in the Companies Act, 71 of 2008, and the Municipal Finance Management Act, 56 of 2003.

The Audit and Risk Committee

- makes submissions to the Board of Directors and advises the board, the accounting officer and the management of the company on matters relating to internal financial control and internal audit, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management and evaluation, effective governance, compliance with the MFMA and other applicable legislation and any other issues referred to it by the board;
- ensures that the combined assurance received is appropriate to address all the significant risks facing the company and monitors the relationship between the external assurance providers and the company;
- has oversight and reviews the expertise, resources and experience of the company's finance function;

- oversees the internal audit function which reports directly to the Audit and Risk Committee; reviews and approves the internal audit plan, and monitors the effectiveness of the internal audit function in terms of its scope, progress with execution thereof, coverage and independence;
- expresses a view on the effectiveness of the internal control environment by monitoring internal controls for effectiveness;
- oversees the external audit process and in this regard the committee approves the terms of engagement and remuneration for the external audit engagement, reviews the effectiveness of the external audit process;
- forms an integral part of the risk management process and specifically oversees financial reporting risks, internal financial controls, fraud risk in relation to financial reporting and information technology risks as they relate to financial reporting;
- assists the board in ensuring that the company has implemented an effective policy and plan for risk management, which will enhance the company's ability to achieve its strategic objectives;
- oversees the development and annual review of the company's Risk Management Action Plan and ensures that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- monitors implementation of the risk management action plan and ensures that risk management assessments are performed on a continuous basis and reports to the board in this regard;
- makes recommendations to the board concerning levels of tolerance and risk appetite; and
- performs such additional oversight functions as may be determined by the board from time to time.

Discharge of responsibilities

The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its terms of reference and that it has complied with all its legal, regulatory and other responsibilities. The committee has a detailed work plan, which is formally adopted to support its effective functioning during the period.

Internal control

The committee has, during the period under review:

- reviewed the expertise, resources and experience of the company's finance function and found it to be adequate;
- reviewed the quarterly and annual financial results, statements and reporting for proper and complete disclosure of timely, reliable and consistent information;
- evaluated on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with Standards of Generally Recognised Accounting Practice (GRAP) and overall accounting standards as well as any changes thereto;
- discussed and resolved any significant or unusual accounting issues;
- reviewed and monitored the effectiveness, efficiency and the management as well as reporting of tax related matters;
- reviewed the effectiveness of the company's system of internal financial controls including receiving assurance from management, internal audit and external audit;

- reviewed the relevant company procedures for preventing and detecting fraud; and
- reviewed the significant issues raised by the internal and external auditors.

The committee has extensively reviewed quarterly financial and performance reporting together with findings from the Auditor General and Internal Audit. These findings were discussed with management. Based on the processes and assurances obtained, the committee believes that the significant internal financial controls are generally effective.

Risk management

The committee has, during the period under review:

- exercised oversight in respect of the enterprise risk management function, which remains management's responsibility;
- monitored implementation of the company's policy and plan for risk management by means of the risk identification and management processes, which are in place in the company;
- monitored implementation of the company's risk management action plan and made recommendations regarding improvement of reporting thereon.

External audit

The Audit and Risk Committee is satisfied the auditors were independent of the company.

Annual financial statements and conclusion

The committee has reviewed the year-end financial statements and integrated annual report and recommended approval thereof to the board. The financial statements are prepared in accordance with the basis of accounting determined by the National Treasury as set out in accounting policy note 1 and in a manner required by the MFMA. The committee has reviewed the external auditors' management letter and management's response thereto. The committee recommended the annual financial statements to the board for approval.

The board has subsequently approved the integrated report, which will be open for discussion at the upcoming Annual General Meeting.

The committee is confident of the combined assurance approach with the continued support of the board, shareholders and key stakeholders in the new financial year.

BJ Lodewyk CA(SA)
Audit Committee Chairman
30 August 2013

Report of the Human Resources and Remuneration Committee

for the year ended 30 June 2013

Statement from the Chairman of the Human Resources and Remuneration Committee.

Composition of the committee

The committee currently comprises four non-executive directors of the company and the Director: Shareholding Management of the City of Cape Town is invited to attend all committee meetings. The executive directors and certain members of management attend meetings by invitation. The committee met six times during the period under review. Details of attendance at meetings are provided on page 71 of this report.

The role of the committee

The committee has adopted, and operates in terms of, formal terms of reference, which have been approved by the board and which are regularly reviewed. The committee has an independent oversight and advisory role. A formal work plan has been adopted.

Key functions and responsibilities of the committee

The committee:

- assists the board in ensuring that the company remunerates its directors and executives fairly and responsibly and that the disclosure of remuneration is accurate, complete and transparent and in accordance with the laws and regulations applicable to the company;
- monitors the administration of remuneration at all levels in the company;
- oversees the establishment of a remuneration strategy which promotes the achievement of the company's strategic objectives and encourages individual performance;
- evaluates the performance of the Chief Executive Officer in determining his remuneration;
- advises the board on the remuneration of non-executive directors; and
- exercises oversight of matters related to human resources (hence the recent change of the name of the committee from Remuneration Committee to Human Resources and Remuneration Committee).

Remuneration strategy and policy

Convenco's remuneration strategy is aimed at attracting, motivating and retaining competent and talented leaders and staff in order to ensure that its business remains sustainable.

A performance-based incentive scheme has been introduced and it has been rolled out to all levels of the organisation. Key performance indicators are identified and agreed between each staff member and his/her immediate superior and his/her performance is measured against these agreed indicators. A reward and recognition programme has also been implemented. During the period under review particular emphasis was placed on aligning the key performance indicators of individual staff members with those of the company.

Remuneration packages are reviewed annually, and are benchmarked to similar positions in the meetings industry to ensure that they are fair and competitive.

Directors' remuneration

The company's strategy for the remuneration of non-executive directors is aimed at ensuring that levels of remuneration are sufficient to attract, retain and motivate suitably skilled and experienced non-executive directors, recognising the responsibilities borne by directors and ensuring that they are remunerated fairly and responsibly within the constraints of the Municipal Finance Management Act, 56 of 2003 and the Company's Memorandum of Incorporation.

The Company's Directors' Remuneration Policy was last approved by the Shareholders at the Annual General Meeting of the company, held on 18 October 2011. The updated Directors' Remuneration Policy will be tabled at the upcoming Annual General Meeting.

Refer to page 124 for details of the directors' remuneration for the period under review.

Challenges going forward

It was previously reported that the fact that the upper limits of the remuneration packages of the CEO and senior executives reporting to the CEO are determined by the company's parent municipality, the City of Cape Town ('the City'), according to its grading of the relevant positions was identified as a major risk during the recent risk assessment of the company. The board took cognisance of the risk of not retaining scarce skills and talent and commissioned an independent study into executive remuneration in the industry, which was shared with the City. The City has since adjusted the upper limits and the remuneration of the company's senior executives is currently below/in line with the upper limits set by the City.

HJ Taljaard
Human Resources and Remuneration Committee Chairman
30 August 2013

Report of the Auditor-General of South Africa

for the year ended 30 June 2013

Report on the financial statements

Introduction

1. I have audited the financial statements of the Cape Town International Convention Centre SOC Limited set out on pages 102 to 131, which comprise the statement of financial position as at 30 June 2013, the statement of financial performance, statement of changes in net assets, the cash flow statement and statement of comparison between budget and actual amounts for the year then ended, and 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 the 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 of South Africa), 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 audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cape Town International Convention Centre SOC Limited as at 30 June 2013, and its financial performance, cash flows and comparison between budget and actual amounts for the year then ended in accordance with the SA Standards of GRAP and the requirements of the MFMA and the Companies Act of South Africa.

Additional matters

Introduction

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 132 and 133 does not form part of the financial statements and is presented as additional information. I have not audited this information and accordingly do not express an opinion on it.

Other reports required by the Companies Act

9. As part of my audit of the financial statements for the year ended 30 June 2013, I have read the Directors' Report, the Audit and Risk 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 these reports and accordingly do not express an opinion on them.

Report on other legal and regulatory requirements

10. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

11. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on page 19 of the Integrated Annual Report.

12. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information.*

    The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

13. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

14. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters.

    I did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA.

Internal control

15. I did not identify any deficiencies in internal control which I considered sufficiently significant for inclusion in this report.

Other reports

Investigations

16. An investigation was conducted into the purchase of land by the City of Cape Town. This resulted in a recommendation that an investigation be instituted into supply chain management procedures of the CTICC expansion project.

17. As disclosed in paragraph 8 of the Directors' Report, the findings and recommendations of the investigation referred to in paragraph 16 above were under consideration by the board at the date of this report.

Auditor-General

Auditor-General of South Africa
Cape Town
25 October 2013

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of financial position

as at 30 June 2013

	NOTES	2013 R	2012 R
ASSETS			
Non-current assets		**185 429 288**	176 273 310
Property, plant and equipment	2	**185 429 188**	176 273 210
Investment in subsidiary	3	**100**	100
Current assets		**168 644 351**	140 832 694
Inventories	5	**1 120 056**	1 377 427
Receivables and other receivables from exchange transactions	6	**12 676 167**	6 522 435
Cash and cash equivalents	14.3	**154 848 128**	132 932 832
Total assets		**354 073 639**	317 106 004
NET ASSETS AND LIABILITIES			
Net assets		**290 685 749**	272 846 259
Contribution from owners	7	**565 639 701**	565 639 701
Accumulated deficit		**(274 953 952)**	(292 793 442)
Non-current liabilities			
Deferred taxation	4	**4 639 770**	6 915 462
Current liabilities		**58 748 120**	37 344 283
Client deposits		**25 071 289**	16 496 904
Payables and other payables from exchange transactions	8	**30 068 617**	16 366 508
Provisions	9	**2 688 593**	3 067 709
Receiver of Revenue		**919 621**	1 413 162
Total net assets and liabilities		**354 073 639**	317 106 004

Statement of financial performance

for the year ended 30 June 2013

	NOTES	2013 R	2012 R
Revenue from exchange transactions	11	**154 328 799**	137 300 643
Cost of sales		**(18 999 117)**	(17 085 144)
Gross profit		**135 329 682**	120 215 499
Other operating income from exchange		**13 101 250**	11 544 977
Finance Income	12	**7 703 583**	7 465 873
Other		**5 397 667**	4 079 104
Operating expenses		**(121 675 140)**	(120 926 086)
Operating profit	10	**26 755 792**	10 834 390
Finance costs	12	**(39 746)**	(45 532)
Profit before taxation		**26 716 046**	10 788 858
Taxation	13	**(8 876 556)**	(4 113 599)
Net profit for the year		**17 839 490**	6 675 259

Statement of changes in net assets

for the year ended 30 June 2013

	ISSUED CAPITAL R	SHARE PREMIUM R	CONTRIBUTIONS FROM OWNERS R	ACCUMULATED DEFICIT R	TOTAL R
Balance at 1 July 2011	566	565 639 135	565 639 701	(299 468 701)	266 171 000
Profit for the year	-	-	-	6 675 259	6 675 259
Balance at 30 June 2012	566	565 639 135	565 639 701	(292 793 442)	272 846 259
Profit for the year	-	-	-	17 839 490	17 839 490
Balance at 30 June 2013	**566**	**565 639 135**	**565 639 701**	**(274 953 952)**	**290 685 749**

Cash flow statement

for the year ended 30 June 2013

	NOTES	2013 R	2012 R
Cash flow from operating activities		**51 652 488**	15 925 128
Cash receipts from customers		**162 147 118**	149 434 677
Cash paid to suppliers and employees		**(106 512 678)**	(136 289 052)
Cash generated from operations	14.1	**55 634 440**	13 145 625
Finance costs	12	**(39 746)**	(45 532)
Finance income	12	**7 703 583**	7 465 873
Taxation paid	14.2	**(11 645 789)**	(4 640 838)
Cash flow from investing activities		**(29 737 192)**	(17 416 839)
Acquisition of property, plant and equipment		**(29 737 192)**	(17 416 839)
Increase/(decrease) in cash and cash equivalents		**21 915 296**	(1 491 711)
Cash and cash equivalents at beginning of the year	14.3	**132 932 832**	134 424 543
Cash and cash equivalents at end of the year	**14.3**	**154 848 128**	132 932 832

Statement of comparison of budget and actual amounts

for the year ended 30 June 2013

	NOTES	ACTUAL 2013 R	APPROVED BUDGET 2013 R	FINAL BUDGET 2013 R	FAVOURABLE / UNFAVOURABLE VARIANCE 2013 R	VARIANCE %
STATEMENT OF FINANCIAL PERFORMANCE	21.2					
Revenue	i	155 870 842	155 497 581	152 397 574	3 473 268	2%
Other income		3 028 160	2 656 008	2 656 008	372 152	14%
Less: Direct costs		32 667 545	32 070 184	32 723 186	55 641	0%
Cost of sales		18 949 081	19 278 589	19 576 589	627 508	3%
Direct personnel		9 978 288	9 267 729	9 397 731	(580 557)	-6%
Parking costs		3 072 017	2 746 266	2 971 266	(100 751)	-3%
Equipment hire		668 159	777 600	777 600	109 441	14%
Add: Finance income	ii	7 703 583	7 791 611	6 738 963	964 620	14%
Less: Indirect expenditure	iii	107 218 994	126 334 347	122 694 347	15 475 353	13%
Personnel costs		36 950 988	39 412 607	39 412 607	2 461 619	6%
Operations general		1 909 488	2 421 000	2 421 000	511 512	21%
Utility services		11 707 378	18 859 045	14 869 045	3 161 667	21%
Maintenance		5 458 596	6 390 000	6 390 000	931 404	15%
Building costs		10 722 437	11 797 800	11 797 800	1 075 363	9%
Office costs		3 529 665	4 143 807	4 143 807	614 142	15%
Computer expenses		4 852 752	4 786 200	4 786 200	(66 552)	-1%
Advisors		3 359 934	2 752 560	3 102 560	(257 374)	-8%
Travel and entertainment		1 162 896	1 842 602	1 842 602	679 706	37%
Marketing and corporate communications		3 940 206	6 770 569	6 770 569	2 830 363	42%
Catering materials		2 601 561	2 483 000	2 483 000	(118 561)	-5%
Bad debts		539 967	250 000	250 000	(289 967)	-116%
Depreciation		20 443 380	24 425 157	24 425 157	3 981 777	16%
Finance costs		39 746	-	-	(39 746)	-
Net profit for the period	iv	**26 716 046**	**7 540 669**	**6 375 012**	**20 341 034**	**319%**

Capital expenditure for the year ended 30 June 2013

CATEGORY	NOTES	ACTUAL 2013 R	APPROVED BUDGET 2013 R	FINAL BUDGET 2013 R	FAVOURABLE / UNFAVOURABLE VARIANCE 2013 R	VARIANCE %
Building enhancements		8 311 112	8 460 000	12 887 379	4 576 267	36%
IT and electronic Infrastructure		6 362 758	5 876 500	10 091 048	3 728 290	37%
Kitchen enhancements		1 411 173	1 604 350	1 756 528	345 355	20%
Catering furniture and equipment		1 398 261	4 252 000	5 075 500	3 677 239	72%
Other capex items		11 843 799	6 500 000	17 855 753	6 011 954	34%
Total capital expenditure	**21.3**	**29 327 103**	**26 692 850**	**47 666 208**	**18 339 105**	**38%**

Notes to the financial statements
for the year ended 30 June 2013

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including interpretations guidelines and directives issued by the Accounting Standards Board in accordance with the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The cash flow statement has been prepared in accordance with the direct method. The amount and nature of any restrictions on the cash balance are disclosed.

GRAP Standards issued but not yet effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the entity:

GRAP 25 Employee benefits	This standard prescribes similar requirements to those in terms of IAS 19, which has been applied in developing the current accounting policy. Since there are no post-employment benefits, no significant impact on the financial statement of the entity is expected. The standard does not yet have an effective date.
GRAP 105 Transfers of functions between entities under common control	This standard prescribes the establishment of accounting principles for the acquirer and transferer in a transfer of functions between entities under common control. Since the entity has no entities under common control, no significant impact on the financial statement of the entity is expected. The standard does not yet have an effective date.
GRAP 106 Transfers of functions between entities not under common control	This standard prescribes the establishment of accounting principles for the acquirer in a transfer of functions between entities not under common control. Since the entity has no entities not under common control, no significant impact on the financial statement of the entity is expected. The standard does not yet have an effective date.
GRAP 107 Mergers	This standard prescribes the establishment of accounting principles for the combined entity and combining entities in a merger. Since the entity has no combined entity and combining entities in a merger, no significant impact on the financial statement of the entity is expected. The standard does not yet have an effective date.

Standards not applicable to the entity include:

GRAP 18	Segment reporting (Not required by the Accounting Standards Board)
GRAP 103	Heritage assets (The entity does not hold any heritage assets)
GRAP 105	Transfers of functions between entities under common control (There are no entities under common control)
GRAP 106	Transfers of functions between entities not under common control (There are no entities not under common control)
GRAP 107	Mergers (The entity does not hold any mergers)

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally

Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph 12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The entity applied the principles established in the following standards of GRAP that have been issued but have not yet been in effect, in developing appropriate accounting policies dealing with the following transactions, but has not early adopted these standards:

GRAP 25	Employee benefits
GRAP 105	Transfers of functions between entities under common control
GRAP 106	Transfers of functions between entities not under common control
GRAP 107	Mergers

The significant accounting policies are set out below, and are consistent with those applied in the previous financial year.

In the process of applying the accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which has the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – entity as lessor

The entity has entered into commercial property leases on its property portfolio. The entity has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

Rental is paid based on turnover rental contracts and is recognised as accrued.

Pension and other post-employment benefits

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations.

The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of trade receivables from exchange transactions

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions, and when measuring contingent liabilities as set out in note 9. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.2 Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs 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.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

	2013 %	2012 %
Fixtures and equipment	**8.33 - 33.33**	8.33 - 33.33
Motor vehicles	**16.67 - 25.00**	16.67 - 25.00
Furniture and fittings	**6.67 - 20.00**	6.67 - 20.00
Kitchen and catering equipment	**10.00 - 50.00**	11.11 - 50.00
Office equipment	**10.00 - 50.00**	10.00 - 50.00
Computer equipment	**16.67 - 50.00**	16.67 - 50.00
Computer software	**33.33 - 50.00**	33.33 - 50.00
Escalators and elevators	**5.56 - 10.00**	5.56 - 10.00
Carpets and laminated flooring	**12.50 - 16.67**	12.50 - 16.67
Curtains and blinds	**10.00 - 20.00**	10.00 - 20.00
Signage	**8.33 - 33.33**	8.33 - 33.33
Audiovisual equipment	**7.69 - 16.67**	7.69 - 16.67
Fences and gates	**6.67 - 20.00**	6.67 - 20.00
Cold rooms	**5.88 - 16.67**	5.88 - 16.67
Air-conditioning equipment	**5.56 - 50.00**	5.56 - 50.00
Sprinkler system	**16.67 - 20.00**	16.67 - 20.00
Auditorium seating	**8.33 - 16.67**	8.33 - 16.67
Building management system	**5.88 - 16.67**	5.88 - 33.33
Building	**2.5 - 50.00**	2.5 - 16.67

The assets estimated useful lives and residual values are reviewed on an annual basis.

Repairs and maintenance are generally charged to expenses during the financial period in which they are incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit.

Where the carrying value of an asset exceeds the calculated recoverable amount, the asset is immediately written down.

1.3 Impairment of assets

1.3.1 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash flows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less costs of disposal.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Useful life is either:
a) The period of time over which an asset is expected to be used by the entity; or
b) The number of production or similar units expected to be obtained from the assets by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Composition of estimates of future cash flows

Estimates of future cash flows include:
- Projections of cash inflows from the continuing use of the asset;
- Projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- Net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flow exclude:
- Cash inflows or outflows from financing activities; and
- Income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the entity expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease. When the amount estimated for an impairment loss is greater that the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.3.2 Impairment of non- cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of an asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of an asset is determined using the following approaches:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. As asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an 'optimised' basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge of the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating assets revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.4 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

1.5 Intangible assets

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administration purposes.

1.6 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on the weighted average method and includes transport and handling costs. The weighted average cost is determined using a weighted average cost for the month based on the most recent month's purchases. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

1.7 Current tax

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in profit or loss except to the extent that it relates to items recognised in equity, in which case it is recognised in equity.

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

1.7.1 Current taxation
Current taxation comprises tax payable calculated on the basis of the estimated taxable income for the year, using the tax rates enacted at the reporting date, and any adjustment of tax payable for previous years.

1.7.2 Deferred taxation
Deferred taxation is provided on all temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognised in equity, in which case it is recognised in equity, or a business combination that is an acquisition, in which case it is recognised as an adjustment to goodwill. The effect on deferred taxation of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited to equity. A deferred taxation asset is recognised to the extent that it is probable that future taxableprofits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the tax benefit will be realised.

1.8 Provisions

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

1.9 Revenue recognition

Revenue comprises the value of sales of goods and services net of value added tax, rebates and all discounts. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Revenue arising from the rendering of services is recognised when the event takes place.

1.9.1 Revenue from exchange transactions
Revenue from exchange transactions relates to income earned from venue rental and other services. Commission income is recognised for the rendering of services as an agent in accordance with the contract of hire agreements.

1.10 Financial instruments

The company classifies financial assets into the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Financial instruments at amortised cost

Financial instruments at amortised cost are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are included in current assets for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Financial instruments at amortised cost are classified as trade and other receivables in the statement of financial position.

1.10.1 Receivables from exchange transactions

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

1.10.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1.10.3 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.10.4 Payables from exchange transactions

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

1.10.5 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

i) Interest rate risk
The company's income and operating cash flows are substantially independent of changes in market interest rates.
ii) Credit risk
Concentrations of credit risk with respect to trade receivables are limited due to the company's large number of customers, who are both internationally and nationally dispersed.
The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The company has policies that limit the amount of credit exposure to any one financial institution, and cash transactions are limited to creditworthy institutions.
iii) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.
iv) Capital risk management
The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

1.10.6 Fair value estimation

In assessing the fair value of financial instruments, the company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the company for similar financial instruments.

1.11 Translation of foreign currencies

Transactions

Foreign currency transactions are recorded on initial recognition in Rands, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction. At each reporting date:
(a) foreign currency monetary items are reported using the closing rate, and
(b) non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.
Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they are initially recorded during the period, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.

1.12 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to salaries, performance bonus and annual leave represent the amounts which the entity has a present obligation to pay as a result of employees' services provided at the reporting date. The provisions have been calculated at discounted amounts based on current salary levels at the reporting date.

1.13 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Municipal Systems Act, 2000 (Act No. 32 of 2000), and the Public Office Bearers Act, 1998 (Act No. 20 of 1998), or is in contravention of the municipal entity supply chain management policy. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Comparative information

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results, as set out in the affected notes to the financial statements. Budgeted amounts have been included in the annual financial statements for the current financial year only.

1.16 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

1.16.1 Asset useful lives and residual values

Plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and vary depending on a number of factors. In reassessing the assets' useful lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

1.17 Investment

Investments in subsidiary companies are stated at cost, less impairment losses.

1.17.1 Finance income

Finance income comprises interest income. Interest income is recognised in profit or loss on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period maturity, when it is probable that such income will accrue to the entity.

1.17.2 Finance costs

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

1.18 Commission income

When the entity acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the entity.

2. Property, plant and equipment

			2013			2012
	COST R	ACCUMULATED DEPRECIATION & IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED DEPRECIATION & IMPAIRMENT R	CARRYING VALUE R
Escalators	4 153 097	1 475 610	2 677 487	3 417 720	1 197 339	2 220 381
Elevators	10 400 443	7 087 752	3 312 691	9 967 151	6 378 977	3 588 174
Carpets/laminated flooring	8 953 080	5 793 045	3 160 035	6 886 025	5 206 180	1 679 845
Curtains/blinds	2 757 601	2 117 299	640 302	2 742 081	1 868 237	873 844
Signage	5 779 840	3 816 468	1 963 372	5 226 899	3 312 733	1 914 166
Audiovisual	12 791 490	10 963 915	1 827 575	12 209 842	9 903 749	2 306 093
Fences and gates	1 269 369	769 549	499 820	1 322 010	656 099	665 911
Cold rooms	2 994 117	1 769 169	1 224 948	2 702 046	1 560 253	1 141 793
Air-conditioning system	33 426 076	18 381 843	15 044 233	33 434 269	16 419 561	17 014 708
Sprinkler system	4 891 993	4 774 726	117 267	4 891 993	4 729 423	162 570
Auditorium seating	5 319 879	4 190 098	1 129 781	5 167 452	3 798 858	1 368 594
Building management system	30 230 171	25 272 847	4 957 324	30 191 372	23 819 113	6 372 259
Building	447 613 866	350 469 909	97 143 957	444 477 810	344 717 763	99 760 047
Plant and equipment	9 531 176	6 861 098	2 670 078	8 002 321	6 307 313	1 695 008
Motor vehicles	1 250 882	1 102 130	148 752	1 244 215	1 058 589	185 626
Furniture and fittings	14 713 107	11 210 571	3 502 536	13 695 107	10 139 069	3 556 038
Kitchen and catering	20 398 578	15 898 379	4 500 199	18 911 240	14 157 968	4 753 272
Office equipment	4 947 093	3 938 364	1 008 729	4 717 997	3 154 527	1 563 470
Computer equipment	16 876 127	11 589 231	5 286 896	13 075 736	9 639 923	3 435 813
Computer software	4 585 824	3 091 037	1 494 787	3 117 218	2 376 240	740 978
Assets in progress*	49 209 763	16 091 344	33 118 419	37 365 964	16 091 344	21 274 620
	692 093 572	506 664 384	185 429 188	662 766 468	486 493 258	176 273 210

*Assets in progress relate to the capitalised costs incurred on the expansion of the convention centre.

2. Property, plant and equipment continued

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

2013	CARRYING VALUE AT BEGINNING OF YEAR R	ADDITIONS R	DISPOSALS R	DEPRECIATION & IMPAIRMENT R	CARRYING VALUE AT YEAR END R
Escalators	2 220 381	735 377	-	278 271	2 677 487
Elevators	3 588 174	433 292	-	708 775	3 312 691
Carpets/laminated flooring	1 679 845	2 067 055	-	586 865	3 160 035
Curtains/blinds	873 844	15 520	-	249 062	640 302
Signage	1 914 166	562 251	2 586	510 459	1 963 372
Audiovisual	2 306 093	581 648	-	1 060 166	1 827 575
Fences and gates	665 911	2 359	9 165	159 285	499 820
Cold rooms	1 141 793	292 071	-	208 916	1 224 948
Air-conditioning system	17 014 708	47 126	26 379	1 991 222	15 044 233
Sprinkler system	162 570	-	-	45 303	117 267
Auditorium seating	1 368 594	225 600	18 293	446 120	1 129 781
Building management system	6 372 259	132 000	-	1 546 935	4 957 324
Building	99 760 047	3 136 056	-	5 752 146	97 143 957
Plant and equipment	1 695 008	1 528 855	-	553 785	2 670 078
Motor vehicles	185 626	6 667	-	43 541	148 752
Furniture and fittings	3 556 038	1 018 000	-	1 071 502	3 502 536
Kitchen and catering	4 753 272	1 562 338	65 000	1 750 411	4 500 199
Office equipment	1 563 470	229 096	-	783 837	1 008 729
Computer equipment	3 435 813	3 849 476	16 411	1 981 982	5 286 896
Computer software	740 978	1 468 606	-	714 797	1 494 787
Assets in progress*	21 274 620	11 843 799	-	-	33 118 419
	176 273 210	29 737 192	137 834	20 443 380	185 429 188

2012	CARRYING VALUE AT BEGINNING OF YEAR R	ADDITIONS R	DISPOSALS R	DEPRECIATION & IMPAIRMENT R	CARRYING VALUE AT YEAR END R
Escalators	2 498 653	-	-	278 272	2 220 381
Elevators	4 296 950	-	-	708 776	3 588 174
Carpets/laminated flooring	2 128 500	86 413	-	535 068	1 679 845
Curtains/blinds	1 188 010	-	-	314 166	873 844
Signage	2 368 201	54 084	-	508 119	1 914 166
Audiovisual	3 393 727	90 000	13 948	1 163 686	2 306 093
Fences and gates	573 375	227 360	-	134 824	665 911
Cold rooms	1 187 168	147 097	9 375	183 097	1 141 793
Air-conditioning system	18 714 052	225 218	-	1 924 562	17 014 708
Sprinkler system	171 796	30 766	-	39 992	162 570
Auditorium seating	1 678 632	114 001	-	424 039	1 368 594
Building management system	8 485 297	303 402	269	2 416 171	6 372 259
Building	103 729 751	1 577 590	-	5 547 294	99 760 047
Plant and equipment	1 826 280	640 513	-	771 785	1 695 008
Motor vehicles	111 235	114 762	-	40 371	185 626
Furniture and fittings	4 096 321	989 245	-	1 529 528	3 556 038
Kitchen and catering	4 606 725	1 861 289	-	1 714 742	4 753 272
Office equipment	1 687 566	530 222	-	654 318	1 563 470
Computer equipment	3 547 794	1 981 519	-	2 093 500	3 435 813
Computer software	505 693	789 644	-	554 359	740 978
Assets in progress*	13 620 906	7 653 714	-	-	21 274 620
	180 416 632	17 416 839	23 592	21 536 669	176 273 210

*Assets in progress relate to the capitalised costs incurred on the expansion of the convention centre.

2. Property, plant and equipment continued

Cost (fully depreciated property, plant and equipment)

	2013 R	2012 R
Audiovisual	**2 084 615**	2 084 615
Auditorium seating	**70 106**	70 106
Building	**473 280**	398 227
Building management system	**17 714 627**	14 461 647
Carpets/laminated flooring	**4 136 515**	3 650 591
Curtains/blinds	**1 488 053**	1 434 619
Fences and gates	**42 110**	42 110
Signage	**2 012 429**	1 107 824
Sprinkler system	**4 626 326**	4 626 326
Air-conditioning system	**29 393**	10 348
Escalators	**588 486**	-
Elevators	**1 993 430**	-
Motor vehicles	**934 684**	934 684
Computer software	**2 327 574**	2 024 919
Computer equipment	**8 887 043**	6 372 551
Office equipment	**2 348 001**	1 186 863
Furniture and fittings	**7 697 132**	7 474 272
Artwork	**1 321 095**	1 321 095
Plant and equipment	**4 146 623**	832 180
Kitchen and catering	**11 474 347**	9 898 821
	74 395 869	57 931 798

Impairment consideration

In line with our accounting policy for property, plant and equipment and GRAP for the impairment of assets, non-current assets were assessed during the period for possible indicators of impairment. During the review, management has confirmed the following:

Cash generating unit comprises:

Escalators, elevators, cold rooms, air-conditioning system, building management system, building, plant and equipment, furniture and fittings and kitchen and catering.

(a) The main purpose of establishing the centre was to generate spin-off returns for the region.
(b) Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the centre can be determined through an arm's length transaction between a willing buyer and a willing seller, and as such the value in use of the centre has been used to determine whether the building's carrying value may not be recoverable.
(c) Since inception, all initial targets for the region (spin-offs) and the operation of the convention centre have consistently been exceeded and are forecast to maintain this level of performance for the foreseeable future.
(d) Despite this, the value in use of the centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value which it generates for other entities or business sectors.
(e) No value could be attached to the centre at the end of its useful life due to its disposal being highly unlikely with no reliable basis for measuring the disposal value.
(f) A discount rate of 10.7% (2012: 8.75%) was used which was calculated using the risk free rate of the R207 of 7.0% adjusted by 3.7% for uncertainty regarding timing and extent of certain of the cash flows.

Based on the calculation of value in use, a value of almost equal to the current carrying value of R125 033 296 was established for the building at date of calculation which has resulted in a nil reversal of impairment.

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3. Investment in subsidiary

The company has an investment in the following company:

	2013 R	2012 R
Unlisted		
Cape Town International Convention Centre Operating Company SOC Ltd (OPCO)	**100**	**100**

The agency agreement between Cape Town International Convention Centre Company SOC Ltd (Convenco) and Cape Town International Convention Centre Operating Company SOC Ltd (OPCO) terminated on 30 June 2010. OPCO does not reflect any trading activities in its financial results and will be deregistered.

4. Deferred taxation

Deferred income taxes are calculated on all temporary differences using a tax rate of 28%.

The deferred tax liability is made up as follows:

	2013	2012
At beginning of year	**6 915 462**	8 317 610
Temporary differences	**(2 275 692)**	(1 402 148)
At end of year	**4 639 770**	6 915 462

The balance comprises:

	2013	2012
Capital allowance (non-deductible temporary differences)	**4 639 770**	6 915 462
	4 639 770	6 915 462

5. Inventories

	2013	2012
Food	**330 203**	694 147
Beverage	**514 140**	419 189
Consumables	**236 252**	239 112
Chemicals	**39 461**	24 979
	1 120 056	1 377 427

6. Receivables and other receivables from exchange transactions

	2013 R	2012 R
Trade receivables	**12 181 436**	4 436 700
Less: Provision for impairment of trade receivables	**(2 255 807)**	(2 152 192)
Receivables from exchange transactions - net	**9 925 629**	2 284 508
Prepayments	**2 340 347**	1 776 009
Receiver of Revenue: VAT	**129 225**	186 847
Other receivables	**280 966**	2 275 071
	12 676 167	6 522 435
Trade receivables ageing		
Current (0 - 30 days)	**7 688 199**	1 289 250
31 - 60 days	**1 750 110**	207 906
61 - 90 days	**73 069**	316 463
91 - 120 days	**30 502**	27 877
+ 120 days	**2 639 556**	2 595 204
Total	**12 181 436**	4 436 700
Provision for impairment of trade receivables	**2 255 807**	2 152 192
Trade receivables due	**9 925 629**	2 284 508

The carrying amount of trade and other receivables approximates their fair value due to their short-term maturity.
Trade receivables in 120 days are not impaired as there is no history of default from these clients.
The carrying value of these trade receivables is denominated in the following currency: South African Rand.

Provision for impairment of trade receivables		
Opening balance	**2 152 192**	602 782
Additional provision	**2 255 807**	2 152 192
Unused amounts reversed	**(2 152 192)**	(602 782)
Closing balance	**2 255 807**	2 152 192

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The company does not hold any collateral as security.

7. Contribution from owners

Authorised		
300 ordinary shares of R1 each	**300**	300
56 000 A ordinary of 1c each	**560**	560
14 000 B ordinary shares of 1c each	**140**	140

Issued and fully paid ordinary shares number of shares		**Share capital**	**Share premium**
Opening balance	56 599	**566**	565 639 135
A ordinary shares	42 599	**426**	425 999 574
B ordinary shares	14 000	**140**	139 639 561
Movements	-	**-**	-
Closing balance	56 599	**566**	565 639 135
A ordinary shares	42 599	**426**	425 999 574
B ordinary shares	14 000	**140**	139 639 561

8. Payables and other payables from exchange transactions

	2013 R	2012 R
Trade payables	**14 949 685**	10 356 150
Accruals	**14 718 946**	5 626 453
Sundry payables	**399 986**	383 905
	30 068 617	16 366 508

The carrying amount of trade and other payables approximates their fair value due to short-term maturity.

The carrying value of these trade payables is denominated in the following currency: South African Rand	**14 949 685**	10 356 150

9. Provisions

Performance bonus provision		
Opening balance	**3 067 709**	2 467 728
Additional provisions	**2 688 593**	3 067 709
Prior year provision utilised	**(3 067 709)**	(2 467 728)
Closing balance	**2 688 593**	3 067 709

Performance bonuses accrue to staff on an annual basis based on the achievement of predetermined performance. The provision is an estimate of the amount due to staff in the service of the company at reporting date.

10. Operating profit

Operating profit is stated after:

	2013 R	2012 R
Income		
Profit/(loss) on foreign exchange	**39 370**	(7 286)
Rental income		
Vexicure Proprietary (Pty) Ltd t/a Westin	**2 381 472**	2 277 880
Expenditure		
Auditors' remuneration - audit fee	**751 146**	794 357
Bad debts	**539 967**	1 598 719
Depreciation (property, plant and equipment)	**20 443 380**	21 536 669
Management fees - Amsterdam RAI (refer to note 17)	**-**	1 043 371
Repairs and maintenance on property, plant and equipment	**5 825 672**	6 641 858

11. Revenue from exchange transactions

Commissions	**10 987 445**	10 121 623
Parking	**7 640 880**	7 448 235
Sales	**135 700 474**	119 730 785
	154 328 799	137 300 643

12. Finance income and costs

	2013 R	2012 R
Finance income (cash and cash equivalents)	**7 703 583**	7 465 873
Finance cost (finance costs - financial institution)	**(39 746)**	(45 532)
Net finance income	**7 663 837**	7 420 341

13. Taxation

	2013 R	2012 R
South African normal taxation		
Current year	**11 121 256**	5 801 464
Under/(over) provision prior year	**30 992**	(285 717)
Deferred taxation (refer note 4)	**(2 275 692)**	(1 402 148)
Taxation	**8 876 556**	4 113 599
Profit before taxation	**26 716 046**	10 788 858
Tax calculated at 28%	**7 480 493**	3 020 880
Under/(over) provision prior year	**30 992**	(285 717)
Deferred tax asset recognised	**(2 275 692)**	(1 402 148)
Expenses not deductible for tax purposes	**3 640 763**	2 780 584
	8 876 556	4 113 599

14. Notes to the cash flow statement

14.1 Cash generated from operations

	2013 R	2012 R
Profit before taxation	**26 716 046**	10 788 858
Adjustment for:		
Depreciation	**20 443 380**	21 536 669
Finance income	**(7 703 583)**	(7 465 873)
Asset write off	**137 834**	23 592
Finance costs	**39 746**	45 532
(Decrease)/increase in provision for bonuses	**(379 116)**	599 981
Increase in provision for impairment of receivables from exchange transactions	**103 615**	1 549 410
	39 357 922	27 078 169
Movements in working capital		
Decrease in inventories	**257 371**	7 423
(Increase)/decrease in receivables	**(6 257 347)**	1 211 415
Increase/(decrease) in payables	**22 276 494**	(15 151 382)
	55 634 440	13 145 625

14.2 Taxation paid

	2013 R	2012 R
Balance at beginning of year	**1 413 162**	538 254
Taxation charged to income statement	**11 152 248**	5 515 746
Balance at end of year	**(919 621)**	(1 413 162)
	11 645 789	4 640 838

14.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balance with banks.

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2013 R	2012 R
Current accounts	**3 158 377**	6 521 772
Call and investment accounts	**151 562 251**	126 335 901
Petty cash	**5 500**	5 500
Cash float	**122 000**	63 000
Cash on hand	**-**	6 659
Cash and cash equivalents	**154 848 128**	132 932 832

The following bank and investment accounts were held by the entity:

	2013 R	2012 R
Nedbank Current Account (Acc Number: 1232043850)	**130 828**	873 670
Nedbank Call Account (Acc Number: 03/7881544007/46)	**2 742 748**	4 563 692
Nedbank Investment Account (Acc Number: 03/7881544007/000079)	**12 748 776**	12 114 316
ABSA Bank Current (Acc Number: 4072900553)	**995 915**	2 152 900
ABSA Bank - Hotel Serv - Current (Acc Number: 4072900228)	**40 401**	1 355 011
ABSA Bank - Exh Serv - Current (Acc Number: 4072900731)	**91 553**	325 072
ABSA Bank Treasury (Acc Number: 4073731246)	**57 297**	54 788
ABSA Bank Treasury (Acc Number: 4073733701)	**1 842 384**	1 760 331
ABSA Bank - Call Deposit (Acc Number: 4074708347)	**11 180 959**	2 513 438
ABSA Bank - Fixed Deposit (Acc Number: 20603714)	**5 397 485**	5 131 260
Stanlib - Bank (Acc Number: 551436367)	**15 798 193**	17 743 107
Standard Bank Investment Account (Acc Number: 448976)	**20 280 788**	19 279 996
Standard Bank Investment Account (Acc Number: 450791)	**17 359 888**	16 493 256
ABSA Bank- Investment New 2 (Acc Number: 20324378)	**19 598 435**	18 636 103
ABSA Bank- Investment New 1 (Acc Number: 2020771)	**17 637 468**	16 751 207
Nedbank - Three- Month Deposit (Acc Number: 03/7232511442/000077)	**13 806 595**	13 109 526
Investec - Corporate Money Market Account (Acc Number: (462097)1008645)	**15 010 915**	-

15. Expenses by nature

	2013 R	2012 R
Depreciation	**20 443 380**	21 536 669
Employee related costs (note 18)	**34 502 885**	32 137 110
Changes in inventories	**(257 371)**	(7 423)
Raw materials and consumables used	**18 741 746**	17 077 721
Marketing and advertising costs	**4 374 307**	3 153 799
Other expenses	**62 909 056**	64 158 886
Total cost of sales and operating expenses	**140 714 003**	138 056 762

16. Related parties

16.1 Holding company

The company is controlled by the City of Cape Town, which owns 50.2% of the company's shares. The remaining shares are held by the Provincial Government of the Western Cape (25.1%) and SunWest International (Pty) Ltd (24.7%). The City of Cape Town has leased the land, on which the convention centre is built, to the company for a period of 99 years at a cost of R100 per annum.

In terms of an agreement dated April 2001, Convenco has sub-leased a portion of land to Vexicure Proprietary Limited t/a Westin for an initial period of 30 years extendable by 50 years. The hotel erected on this site reverts to the City of Cape Town should the lease not be renewed.

In terms of an agreement dated September 2005, Convenco has sub-leased a portion of land to Redefine Properties Limited for an initial period of 50 years extendable by 20 years. The office tower (Convention Towers) erected on this site reverts to the City of Cape Town should the lease not be renewed.

	2013 R	2012 R
Related party transactions		
Rates and taxes	**1 838 834**	5 456 958
Electricity	**9 144 743**	8 942 167
Water	**856 159**	866 719
Lease P1 Parking (including refuse, sewerage, rates and water)	**3 072 017**	2 471 688
Related party balances		
Amounts owing to City of Cape Town	**1 299 718**	1 313 885
Amounts due by City of Cape Town	**1 068 017**	-

16.2 Subsidiary

The company has only one subsidiary, the Cape Town International Convention Centre Operating Company SOC Ltd (OPCO). OPCO is in the process of being deregistered. Consolidated financial statements have not been prepared as OPCO is dormant and is not considered material.

	2013	2012
Director's remuneration		
Non-executive director's remuneration	**207 722**	144 040
CEO		
Basic salary	**1 408 194**	1 321 584
Bonus	**161 908**	179 563
Key management remuneration		
COO		
Basic salary	**707 273**	1 292 874
Bonus	-	175 662
Operations		
Basic salary	**1 056 765**	930 198
Bonus	**181 112**	131 066
Commercial		
Basic salary	**996 605**	885 024
Bonus	**172 316**	124 701
Finance		
Basic salary	**1 074 190**	966 492
Bonus	**187 392**	156 330
Human Resources		
Basic salary	-	106 066
Bonus	-	-

17. Management contract

RAI Amsterdam previously provided the services of international management support and marketing support services. The contract terminated on 30 June 2012.

	2013	2012
Fixed management fees	-	1 043 371
	-	1 043 371

18. Employee-related costs

	2013 R	2012 R
Salaries and wages	**26 095 420**	24 458 652
Contributions for UIF, WCA, Medical aid, etc	**2 375 902**	1 920 058
Provident fund	**2 267 271**	2 055 979
Overtime	**394 124**	206 816
Performance bonus	**2 068 266**	2 651 165
Other: staff transport and health and safety costs	**1 301 902**	844 440
Total employee-related costs	**34 502 885**	32 137 110

19. Irregular and fruitless and wasteful expenditure

19.1 Fruitless and wasteful expenditure

	2013	2012
Opening balance	**288 361**	555 109
Fruitless and wasteful expenditure certified as irrecoverable by the board	**(142 232)**	-
Amount recovered	-	(266 748)
Closing balance awaiting recovery	**146 129**	288 361

A monetary loss occurred in 2011 as a result of theft by a previous employee. A portion has been recovered from the employee and the matter has been reported to the South African Police Services. Further arrangements for recovery to be expected.

19.2 Irregular expenditure

	2013	2012
Opening balance	-	-
Irregular expenditure - supply chain regulations	-	2 709 957
Irregular expenditure certified as irrecoverable by the Board of Directors	-	(2 709 957)
Closing balance	-	-

Subsequent to the 2012 year end, the Board of Directors had ratified the write off of the irregular expenditure.

	2013	2012
Incident		
Irregular expenditure in a few instances occurred due to the nature and industry of our business which did not allow us to adhere to the supply chain regulations	-	2 709 957
Irregular expenditure condoned by Board of Directors	-	(2 709 957)
	-	-

20. Operating leases

2013	1yr	2-5yrs	5yrs+
Future minimum lease payments (ZAR)	**2 287 396**	**10 606 804**	**302 976 895**
2012			
Future minimum lease payments (ZAR)	2 208 989	9 960 088	486 713 765

Future minimum lease payments for the operating leases relates to the following leases:

1. City of Cape Town - 99 year lease of land, remaining term 87 years 5 months.
2. City of Cape Town - 50 year lease of P1 parking garage, remaining term 38 years 3 months.

21 Budget Information

21.1 Explanation of variances between approved and final budget amounts

The budget is approved on an accrual basis by nature classification. The approved budget covers the fiscal period from 01 July 2012 to 30 June 2013. Both the budget and the accounting figures are prepared on the same basis.

The variances between the approved and final budgets are mainly due to the adjustment of:

- venue rental as a result of a cancellation of a significant international conference,
- a decrease in finance income due to a delay in the receipt of anticipated funding for the expansion,
- savings on direct costs and indirect expenditure in the category of utility services, an increase in advisors and
- the increase in expected capital expenditure as a result of a carry over from the prior year.

21.2 Explanation of variances greater than 5% and greater than R1 million: Final budget and actual amounts Statement of financial performance

i) Revenue
Due to additional revenue gained from secondary revenue sources such as catering and other services

ii) Finance income
Due to steady interest rate earned from favourable cash balances

iii) Indirect expenditure
Substantial savings on indirect expenses achieved through strict budgetary control
Personnel costs savings are due to vacant positions being unfilled during the year
Utility services savings are due to a combination of savings on rates, water and electricity
Building costs savings are due to tighter control on services of cleaning and security
Marketing and corporate communications savings as a result in the delay in the CTICC tenth year celebration, as well as savings on bidding events
Depreciation savings are due to the timing of capital expenditure

iv) Net profit for the period
Increased revenue, finance income and significant cost savings contributed to the improved performance

21.3 Capital expenditure

95% of the capital expenditure projects were complete and in progress as at year end. The variance relates mainly to savings on completed projects and projects in progress as at year end.

21.4 Revenue and other income reconciliation

Classification of certain income and expenditure differs in instances from the statement of financial performance compared to statement of comparison of budget and actual amounts.

Revenue per the statement of financial performance	**154 328 799**
Other income per statement of financial performance	**5 397 667**
	159 726 466
Other income included in expenses in statement of financial performance actual	**(827 464)**
Revenue per the statement of comparison to budget	**155 870 842**
Other income per statement of comparison to budget	**3 028 160**
	158 899 002
Cost of sales and operating expenses	
Cost of Sales per the statement of financial performance	**18 999 117**
Expenses per the statement of financial performance	**121 675 140**
	140 674 257
Other income included in expenses in budget comparison to actual	**(827 464)**
Finance costs included in indirect expenditure	**39 746**
Direct costs per the statement of comparison to budget	**32 667 545**
Indirect costs per statement of comparison to budget	**107 218 994**
	139 886 539

22. Financial instruments

22.1 Risk management

Foreign exchange risk
The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Euro and Great British Pound. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Market risk
The company's activities expose it primarily to risks of fluctuations in interest rates.

Interest rate risk
The company's interest rate profile consists of fixed and floating rate bank balances which expose the company to fair value interest rate risk and cash flow interest risk.

Interest rate sensitivity risk
The sensitivity analysis below has been determined based on the financial instruments' exposure to interest rates at the reporting date.

A sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest rate percentage. The equal but opposite 1% adjustment to the interest rate would result in an equal but opposite effect on net surplus and therefore has not been disclosed separately.

	2013 R	2012 R
Cash and cash equivalents	**154 848 128**	132 932 832
Increase/Decrease in interest rates	**1%**	1%
Net surplus (post-tax)	**1 114 907**	957 116

Foreign currency risk management
Management accepts the risk as a result of changes in the rate of exchange and therefore has not hedged foreign currency risk.

During the previous financial year, the only foreign currency risk that the entity was exposed to was the management fee due to RAI outstanding at year-end which is included in trade and other payables. The contract was terminated at June 2012.

The company is exposed to the currency mentioned in the table below. The table details the company's sensitivity to the below-mentioned percentage strengthening and weakening in the functional currency against the relevant foreign currencies. This percentage is the sensitivity rate and represents management's assessment of the reasonable possible change in foreign exchange rates.

Percentage weakening/strengthening in functional currency	5%	5%
Effect on surplus (post-tax)	-	10 833

Credit risk management
Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy parties.

Financial assets, which potentially subject the entity to credit risk, consist principally of cash and cash equivalents and trade and other receivables.

The company's cash and cash equivalents are placed with high credit quality financial institutions.

Credit risk with respect to trade receivables is limited due to the credit approval processes.

Credit quality of trade receivables
The following represents the credit quality of the trade receivables:

Key accounts customers	**9 483 504**	1 241 541
Other accounts customers	**442 125**	1 042 967
High risk customers	**2 255 807**	2 152 192
	12 181 436	4 436 700

The company believes that no further impairment is necessary on trade receivables as reflected in note 6.

Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. The company ensures that adequate funds are available to meet its expected and unexpected financial commitments.

The following table provides details of the company's remaining contractual liability for its financial liabilities.

	LESS THAN 1 MONTH R	**BETWEEN 1 AND 3 MONTHS R**
2013		
Client deposits	**25 071 289**	**-**
Payables and other payables from exchange transactions	**14 193 824**	**15 874 793**
	39 265 113	**15 874 793**
2012		
Client deposits	16 496 904	-
Payables and other payables from exchange transactions	9 760 585	6 605 650
	26 257 489	6 605 650

Capital risk management

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

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and payables and other payables from exchange transactions, as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, shown in the statement of financial position, plus net debt.

The gearing ratios at 30 June 2013 and at 30 June 2012 were as follows:

	2013 R	2012 R
Payables and other payables from exchange transactions	**30 068 617**	16 366 508
Less: cash and cash equivalents	**(154 848 128)**	(132 932 832)
Net cash	**124 779 511**	116 566 324
Total equity	**168 152 625**	156 279 935
Total capital	**292 932 136**	272 846 259
Gearing ratio	**43%**	43%

22.2 Financial instruments by category

The accounting policies for financial instruments have been applied below:

2013 **Assets as per financial position**	**LOANS AND RECEIVABLES** **R**
Receivables and other receivables from exchange transactions	**10 206 595**
Cash and cash equivalents	**154 848 128**

Liabilities per financial position	**OTHER FINANCIAL LIABILITIES** **R**
Payables and other payables from exchange transactions	**30 068 617**
Client deposits	**25 071 289**

2012 Assets as per financial position	LOANS AND RECEIVABLES R
Receivables and other receivables from exchange transactions	4 559 579
Cash and cash equivalents	132 932 832

Liabilities per financial position	OTHER FINANCIAL LIABILITIES R
Payables and other payables from exchange transactions	16 366 508
Client deposits	16 496 904

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NOTES TO THE FINANCIAL STATEMENTS CONTINUED...

23. Supply chain management regulations

Deviations

In terms of section 36 of the Municipal Supply Chain Management Regulations and the CTICC Supply Chain Management Policy, the CEO may ratify any minor breaches of the procurement process.

2013
Total deviations for the year amounted to R11 390 273

Listed below are material deviations:

Incident	**R**
Exceptional/Impractical cases	**2 553 757**
Sole/Single provider	**1 387 495**
Emergency situation	**512 049**
Minor breaches	**6 936 972**
	11 390 273

2012
Total deviations for the year amounted to R9 439 779

Listed below are material deviations:

Incident	R
Minor breaches	9 439 779
	9 439 779

24. Events subsequent to year end

Negotiations on the potential expansion of the convention centre have taken place after year end.

Detailed income statement

as at 30 June 2013

	2013 R	2012 R
Gross revenue from exchange transactions	**154 328 799**	137 300 643
Commissions	**10 987 445**	10 121 623
Parking	**7 640 880**	7 448 235
Sales	**135 700 474**	119 730 785
Cost of sales	**(18 999 117)**	(17 085 144)
Opening stock	**1 377 427**	1 384 850
Purchases	**18 741 746**	17 077 721
Closing stock	**(1 120 056)**	(1 377 427)
Gross profit	**135 329 682**	120 215 499
Other income	**13 101 250**	11 544 977
Finance income	**7 703 583**	7 465 873
Profit on foreign exchange transactions	**39 370**	-
Proceeds received from insurance	**176 676**	299 295
Sundry Income	**5 181 621**	3 779 809
Total income	**148 430 932**	131 760 476
Expenditure (refer to page 133)	**(121 714 886)**	(120 971 618)
Profit for the period before taxation	**26 716 046**	10 788 858

	2013 R	2012 R
Expenditure		
Asset write off	**137 834**	23 592
Auditors' remuneration	**751 146**	794 357
Bad debts (including the movement for provision on impairment of trade receivables)	**539 967**	1 598 719
Bank charges	**512 940**	495 801
Catering materials	**3 269 720**	2 403 107
Cleaning	**4 595 086**	4 224 847
Computer expenses	**4 852 752**	5 027 870
Contract labour	**10 334 989**	9 586 880
Consulting fees	**2 239 740**	1 619 176
Depreciation	**20 443 380**	21 536 669
Directors' remuneration	**207 722**	144 040
Electricity and water	**10 000 902**	10 071 432
Entertainment	**198 208**	174 016
Fines and penalties	**1 040**	-
General expenses	**38 543**	33 902
Hire of equipment	**787 578**	518 128
Insurance	**1 038 646**	1 258 321
Finance costs	**39 746**	45 532
Legal expenses	**1 120 194**	543 572
Loss on foreign exchange	**-**	7 286
Motor vehicle expenses	**35 637**	39 150
Management fees	**-**	1 043 371
Marketing and advertising costs	**4 374 307**	3 153 799
Operational costs	**1 556 077**	1 236 622
Postage	**21 847**	4 093
Printing and stationery	**278 727**	252 560
Rates and refuse	**1 838 834**	5 456 958
Rent	**106 809**	415 032
Rental for parking	**3 072 017**	2 471 688
Repairs and maintenance	**5 825 672**	6 641 858
Employee related costs (note 18)	**34 502 885**	32 137 110
Security	**4 946 131**	4 633 423
Staff welfare	**855 298**	418 865
Subscriptions	**238 875**	336 833
Telephone and fax	**969 114**	867 809
Training	**1 053 471**	415 086
Travel - local	**240 419**	213 234
Travel - overseas	**688 633**	1 126 880
Total expenditure	**121 714 886**	120 971 618

GRI G3.1 CONTENT INDEX APPLICATION LEVEL B+

STANDARD DISCLOSURES PART I: Profile Disclosures

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
1. Strategy and Analysis			
1.1	Statement from the most senior decision-maker of the organisation.	Fully	10
1.2	Description of key impacts, risks, and opportunities.	Fully	77-79, 84-85

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
2. Organisational Profile			
2.1	Name of the organisation.	Fully	2,14, 86
2.2	Primary brands, products, and/or services.	Fully	87
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	14
2.4	Location of organisation's headquarters.	Fully	14, 86
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	14, 86
2.6	Nature of ownership and legal form.	Fully	14, 86, 87
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	28-31, 36, 86
2.8	Scale of the reporting organisation.	Fully	87
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	87
2.10	Awards received in the reporting period.	Fully	26-27

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
3. Report Parameters			
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	Fully	2
3.2	Date of most recent previous report (if any).	Fully	2
3.3	Reporting cycle (annual, biennial, etc.)	Fully	2
3.4	Contact point for questions regarding the report or its contents.	Fully	86
3.5	Process for defining report content.	Fully	3
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	Fully	2
3.7	State any specific limitations on the scope or boundary of the report.	Fully	2
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Fully	2
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Partially	3-5
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	2
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	2, 86
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	138-142
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	5

GRI G3.1 CONTENT INDEX APPLICATION LEVEL B+

Profile Disclosure	Disclosure	Level of Reporting	Location of disclosure
4. Governance, Commitments, and Engagement			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Fully	68-73
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	68-69
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	70
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	80, 82
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance).	Fully	73, 98
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	74
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	72
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	15, 16, 74
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	68, 72
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	74
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Partially	77
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Fully	27, 75
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; or views membership as strategic.	Fully	26, 27
4.14	List of stakeholder groups engaged by the organisation.	Fully	80-83
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	80, 82
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	5, 71, 83
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Fully	82-83

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G3.1 DMAs	Disclosure	Level of Reporting	Location of disclosure
DMA EC	**Disclosure on Management Approach EC**		
Aspects	Economic performance	Fully	32-39
	Market presence	Partially	28-36
	Indirect economic impacts	Fully	38
DMA EN	**Disclosure on Management Approach EN**		
Aspects	Materials	Fully	51
	Energy	Fully	54-56
	Water	Fully	56-59
	Biodiversity	Fully	52
	Emissions, effluents and waste	Fully	59-61

	Products and services	Fully	51
	Compliance	Fully	50
	Transport	Partially	61-62
	Overall	Partially	50
DMA LA	**Disclosure on Management Approach LA**		
Aspects	Employment	Fully	40-41
	Labour/management relations	Fully	48
	Occupational health and safety	Fully	47, 50
	Training and education	Fully	41-43
	Diversity and equal opportunity	Fully	44-45
	Equal remuneration for women and men	Partially	45, 98-99
DMA HR	**Disclosure on Management Approach HR**		
Aspects	Investment and procurement practices	Partially	53
	Non-discrimination	Partially	49
	Freedom of association and collective bargaining	Partially	48
	Child labour	Partially	49
	Prevention of forced and compulsory labour	Partially	49
	Assessment	Partially	43
DMA SO	**Disclosure on Management Approach SO**		
Aspects	Public policy	Partially	43, 49, 77
DMA PR	**Disclosure on Management Approach PR**		
Aspects	Customer health and safety	Fully	48-50
	Product and service labelling	Fully	51
	Marketing communications	Fully	23
	Compliance	Partially	72

STANDARD DISCLOSURES PART III: Performance Indicators

Economic			
Indicator	Disclosure	Level of Reporting	Location of disclosure
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	17-18, 38, 104-107
Market presence			
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	53, 66
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	44-46
Indirect economic impacts			
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	34, 36, 38, 39

Environmental			
Indicator	Disclosure	Level of Reporting	Location of disclosure
Energy			
EN3	Direct energy consumption by primary energy source.	Fully	61-62
EN4	Indirect energy consumption by primary source.	Fully	54-56
EN5	Energy saved due to conservation and efficiency improvements.	Fully	54
Water			
EN8	Total water withdrawal by source.	Fully	56
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	62
EN22	Total weight of waste by type and disposal method.	Fully	59-61
EN23	Total number and volume of significant spills.	Fully	61
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	15, 51, 56, 76
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Partially	52-53

Social: Labour Practices and Decent Work			
Indicator	Disclosure	Level of Reporting	Location of disclosure
Employment			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	44-45
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	44, 46
Labour/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	48
Occupational health and safety			
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	48
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	47
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	47
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	41-43
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	43
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	70

Social: Human Rights			
Indicator	Disclosure	Level of Reporting	Location of disclosure
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Partially	49
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Partially	42, 49

Non-discrimination			
HR4	Total number of incidents of discrimination and actions taken.	Fully	49
Freedom of association and collective bargaining			
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Partially	48
Security practices			
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	42

Social: Human Rights			
Indicator	**Disclosure**	**Level of Reporting**	**Location of disclosure**
Local communities			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Partially	44, 64-67
Corruption			
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Fully	49
SO4	Actions taken in response to incidents of corruption.	Fully	49

Social: Product Responsibility			
Indicator	**Disclosure**	**Level of Reporting**	**Location of disclosure**
Product and service labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Partially	51, 53, 87
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	26
Marketing communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	51

UNITED NATIONS GLOBAL COMPACT INDEX

The following table outlines the specific pages of this report that contain information on the CTICC's Communication on Progress (COP) made over the last year, in terms of the key principles contained in the UNGC.

Principle	Description	Location
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	40-49, 77
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	49
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	48
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	40-49
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