



# INTEGRATED ANNUAL REPORT 2019-2020



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# 1. FOREWORDS





# 1. FOREWORDS

## MESSAGE FROM THE CHAIRMAN OF THE BOARD



The year under review has been momentous, as Cape Town Stadium outperformed its Service Delivery Business Plan targets contributing to the stadium's overall objective of achieving greater financial independence. The Stadium remains committed to reducing the grant amount required by the City of Cape Town as its shareholder.

The annual report will provide detailed insight into the Stadium's overall performance.

The Board of Directors has actively evaluated its role in providing strategic guidance to management while giving direction to the commercialisation of the Stadium amidst the global challenges posed by the Coronavirus (COVID-19) Pandemic. In an attempt to reduce expenditure and assist our shareholder, the stadium management curtailed specific vacant positions at the onset of the COVID-19 pandemic.

The diversity and representivity on the board engender the robust and honest debate concerning matters affecting the Stadium and its stakeholders. The directors' preparation for board meetings is evident and I thank them, in particular, for this.

The Board has furthermore considered and adopted the following policies and initiatives:

- Virement Policy;
- Updated Authorities Framework;
- Cost Containment Policy;
- Updated Directors and Audit Remuneration Policy;
- Updated Supply Chain Management Policy;
- The utilisation of the Recreational Facility for staff

I extend my sincere appreciation and gratitude to my co-directors, colleagues, and, the Cape Town Stadium staff for the input and performance during the 2019/2020 financial year.

In addition to the above, I should mention the successes recorded in this financial year include:

- The acquisition and hosting of prestigious international, national and local bowl, non-bowl film shoots and events;
- The recognition for delivering the first-ever zero-waste event with the highest spectator yield;
- The awarding of the "Best Stadium Facility" by World Rugby while being nominated for coveted categories of "Event of the Year" and "Fan Experience of the Year" in the 2020 Stadium Business Awards.
- The construction of the additional 1 68 hospitality suites is underway and at the end of the construction period, the stadium will boast a total of 236 suites and a business seating hospitality capacity of 7329.

Finally, the Board is satisfied that it has fulfilled its mandate by satisfying all responsibilities in the reporting period.

**Peter-John Veldhuizen**  
**Board Chairman**



## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



### Introduction

The Cape Town Stadium (RF) SOC LTD (CTS) has concluded its second full financial year of operations and has gained significant strategic direction through the development of the Integrated Event Strategy (IES) and the implementation of the approved commercial plan.

### Implementation of the commercial model

After the decision by the Board of Directors to support the implementation of a “hybrid” commercial model, together with the completion of the restructuring exercise by Price Waterhouse Coopers (PWC) in the 2018/19 financial year, the Commercial Department was formed in February 2020, with the following broad focus areas:

- Secure a Naming Rights Partner;
- Secure 6 commercial service providers via a tender process;
- Securing Western Province Rugby (WPR) as an anchor tenant and
- Complete the tender for a parking operator.

A Heads of Agreement (HOA) was signed between the City of Cape Town (CCT) and Western Province Rugby (WPR) in November 2019, detailing a high-level agreement on the commercial terms between parties, with WPR becoming the Anchor Tenant of CTS. This is an exciting step forward which has progressed further with the intended result being the conclusion of the Anchor Tenant Agreement (ATA) between Parties.

With the appointment of an agency to sell the Naming Rights in 2018, progress was made in identifying potential partners and approaching the market place. This process is well underway, with a shortlist of potential partners being earmarked for further discussions. It is anticipated a Naming Rights Partner will be announced before December 2020.

The 6 commercial tenders, namely that of pouring rights, preferred suppliers, concessionaires (food & beverages, liquor sales), hospitality service provider, and liquor distribution were completed and advertised. Due to technical supply chain management regulation requirements, the tenders were not awarded and will be re-advertised.

While the tender for a parking operator was completed during the year there were no interested bidders. These processes continue as detailed further in this report.

### **Development of the Integrated Event Strategy (IES)**

The success of the CTS is heavily dependent on the selection of a range of events that best utilises the scarce resources of the CTS, including that of limited event days. With the successful securing of WPR as an Anchor Tenant, the need for careful consideration and deliberation for the best use of the Stadium, together with the strategy of maximising the commercial opportunity at every event, the IES was developed and approved by the Board of Directors – the IES will ensure collaboration between various departments of the Stadium to ensure the best possible service delivery that maximises commercial value.

### **Business Planning**

A Service Delivery Agreement (SDA) between the Entity and the CCT was signed on 10 December 2018. The Cape Town Stadium SOC LTD Business Plan and SDBIP for the financial years 2020-2021 were approved by the Board of Directors. The CTS Management Team continues to deliver against these mandates. The approved SDBIP guides the delivery against these mandates.

### **Legislative Compliance and Policy Framework**

The Board of Directors established the below Sub-Committees:

- Events, Marketing & Communication Subcommittee;
- Human Resource, Social & Ethics Subcommittee;
- Audit & Risk Committee

These Sub-Committees continue to meet each quarter in line with their approved Terms of Reference. CTS continues to maintain an effective administration and governance framework including:

- The submission of annual reports and business plans in compliance with all due dates;
- The timeous submission of all notices, agendas, action lists, and minutes by the Company Secretariat;
- The regular updating of the Authority Framework (delegations).
- The implementation of a filing registrar to ensure proper record safekeeping

### **Performance**

COVID 19 and the restrictions placed on in particular mass gatherings, has had a significant negative impact on the hosting of events. With the implementation of Level 5 Lockdown on the 25 March 2020 and the uncertainty around mass spectator gatherings, CTS saw the cancellation of more than 30 events. While the CTS was unable to host events during the last quarter of the financial year, it continued to serve by partnering with the Western Cape Provincial Department of Transport and Public Works to assist more than 10 464 foreign nationals to return to their homelands.

As countries globally instituted travel bans and restrictions, this exercise was executed with operational precision to ensure all requirements were met.

To truly measure performance, the first three quarters of the year have been reflected in the critical targets below:

#### Events

Q1-4	Target	Actual	% Achieved
Bowl Events	28	31	All exceeded the target i.e. 100% plus
Non –Bowl Events	40	41	All exceeded the target i.e. 100% plus
Film Shoots	12	17	All exceeded the target i.e. 100% plus

#### Finance: Income and Expenditure

2020	Target	Actual	% Achieved
Income	16 630 317	17 085 963	Exceeded target by 12%
Expenditure	88 013 801	76 578 185	Savings on budget of 13%
Grant Funding	71 346 000	59 453 808	Savings on budget of 16.7%

#### Aligning the organisational design to deliver on the Entity's commercial mandate

The PWC exercise which resulted in the re-organisation of the Operations Department to incorporate the events portfolio has proved to be a great success and has resulted in a streamlined and client-centric Operations and Events Department. The completion of the PWC exercise has also resulted in the filling of all senior management positions as per the approved structure.

#### Further highlights that need to be noted:

- CTS received recognition from the Guinness World Record for hosting the highest number of spectators (51 954) during a live Tennis Exhibition Match – the *Match in Africa* between Roger Federer and Rafael Nadal was considered a huge success, with the bowl being transformed into a tennis arena;
- CTS also received recognition for delivering the first Zero-Waste event in South Africa during the Match in Africa;
- CTS was a recipient of the award for the "Best Stadium Facility" by the World Rugby Sevens Series for the hosting of the Cape Town leg of the series;
- CTS was nominated in two categories at the International Stadium Business Awards 2020: "Event of the Year" and "Fan Experience of the Year."

The year has also seen a shift in our marketing content towards an organic and engaging communication style – with content capturing the excitement of events hosted at CTS. This brand-fresh approach increased the following of 120% on Instagram when compared to the prior year.



Since inception, the 2019/20 was the first financial year with the appointment of all positions in the Finance Department - the CTS Chief Financial Officer was appointed in December 2019. CTS achieved a revenue target of 102.74% against a KPI target of 90% - generating R17 million in revenue against a target of R16.6 million.

A saving of 16.67% was achieved against a KPI savings target of 6% against the grant funding from CCT – with CTS utilizing R59.5 million in Grant Funding against a budget of R71.3 million.

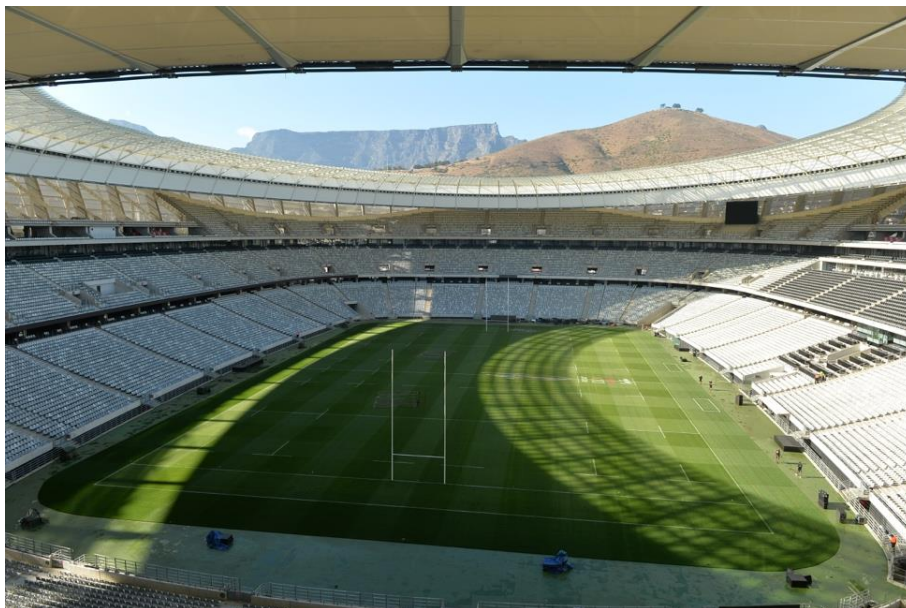
While there is no doubt COVID 19 was disruptive to our business, staff, and families, we are pleased to be able to have achieved and exceed our revised financial and event targets for the 2019/20 financial year as detailed later in this report.

I express my gratitude to the staff of the Entity who have shown their commitment and resilience in the face of a changing environment – the result being a year we can be proud of.

I would also like to express my thanks to our Chairman of the Board of Directors, Mr Peter-John Veldhuizen, and his Board Members for their dedicated and professional guidance throughout the year.

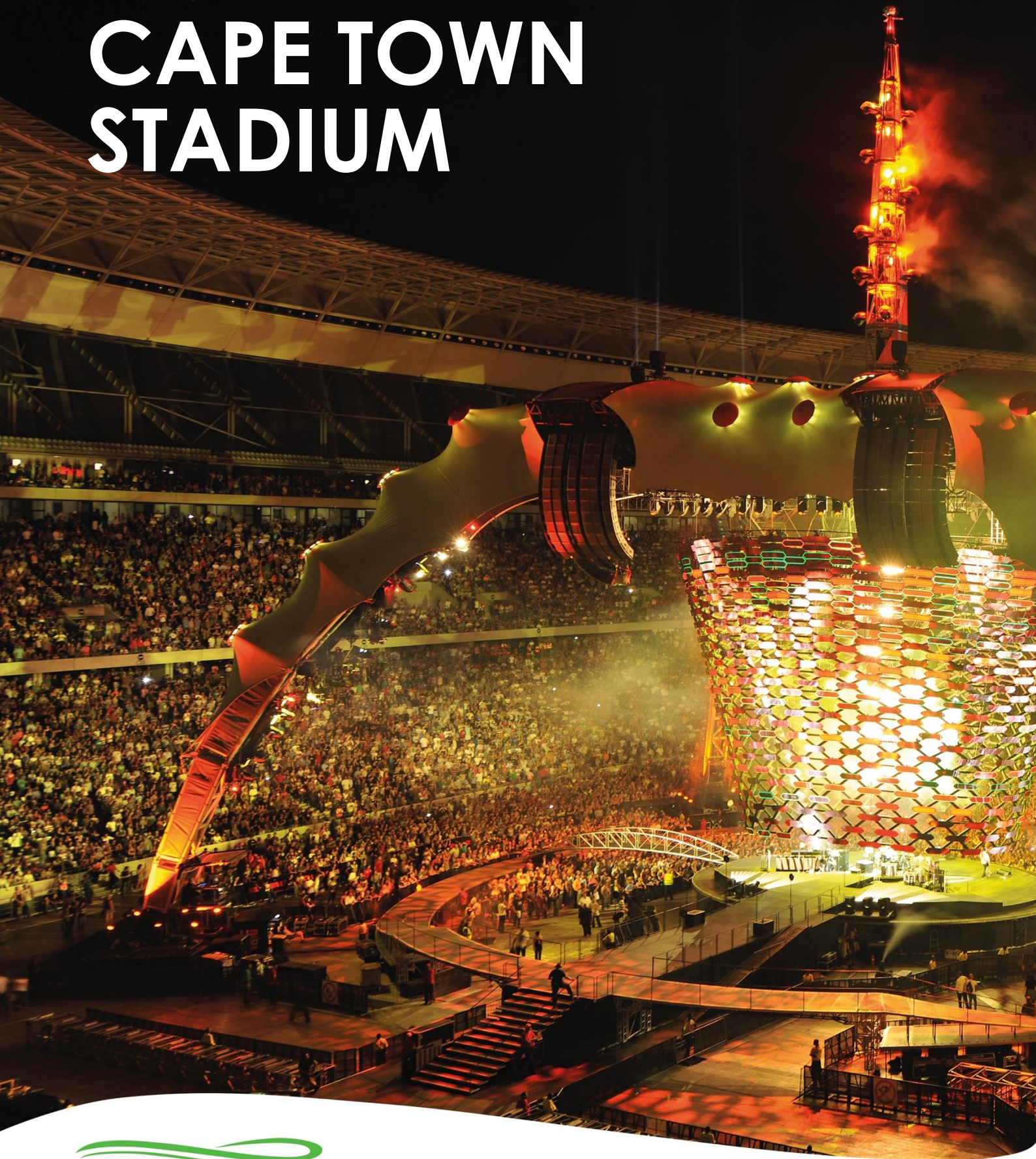
**Thank you**

**Lesley De Reuck**  
**CEO Cape Town Stadium (RF) SOC LTD**





# 2. INTRODUCTION: CAPE TOWN STADIUM





## 2.INTRODUCTION: CAPE TOWN STADIUM

CTS maintains its status as an iconic, world-class stadium. While managed and maintained to standards that are in line with this, CTS has taken strides to build stronger relationships with Event Organisers, spectators, and our community – recognising our commercial and operational success is linked to this.

The Entity continues to deliver on its approved Business Plan (2019-2022) in a manner that is consistent with international best-practice, contributing to the socio-economic well-being of CCT by positively impacting the local economy through the hosting of major events.

### **Who do we serve**

Cape Stadium serves, inter alia, the following stakeholders and clients:

- City of Cape Town;
- National and international sporting bodies including SA Rugby, SAFA and the PSL;
- International and local music concert promoters;
- Event Organisers;
- Event attendees;
- National & International: film industry
- Advertisers & sponsors;
- Local and international corporate business;
- Local food, beverage & hospitality industry;
- Local and international communities; and the
- Rate Payers Associations

### **Cape Town Stadium's Vision**

To achieve worldwide recognition as a major event hosting facility and become the premium venue of choice.





### **Mission**

As a leading international, multi-purpose events facility our vision will be achieved through:

- client service excellence through focused strategic purpose;
- team synergies;
- customer centricity;
- innovative approaches and
- environmental sustainability

### **Our mission statement can be further refined as follows:**

The Cape Town Stadium will strive to achieve financial sustainability through the maximum possible leveraging of the commercialisation opportunities presented by the establishment of a new flexible public/private governance and management business vehicle.

The Stadium will deliver on its approved Business Plan in a manner that is consistent with international environmental best-practice. Furthermore, it will contribute to the socio-economic well-being of the City by impacting on the local economy through the hosting of major events as well as creating a safe and spectator-friendly environment where Cape Town residents can share in the Cape Town Stadium experiences.

### **Our Core values**

The actions taken by CTS are underpinned by the core values and principles that the management team and staff commit to:

- Professionalism
- Integrity
- Customer centricity
- Respect
- Efficiency
- Versatility

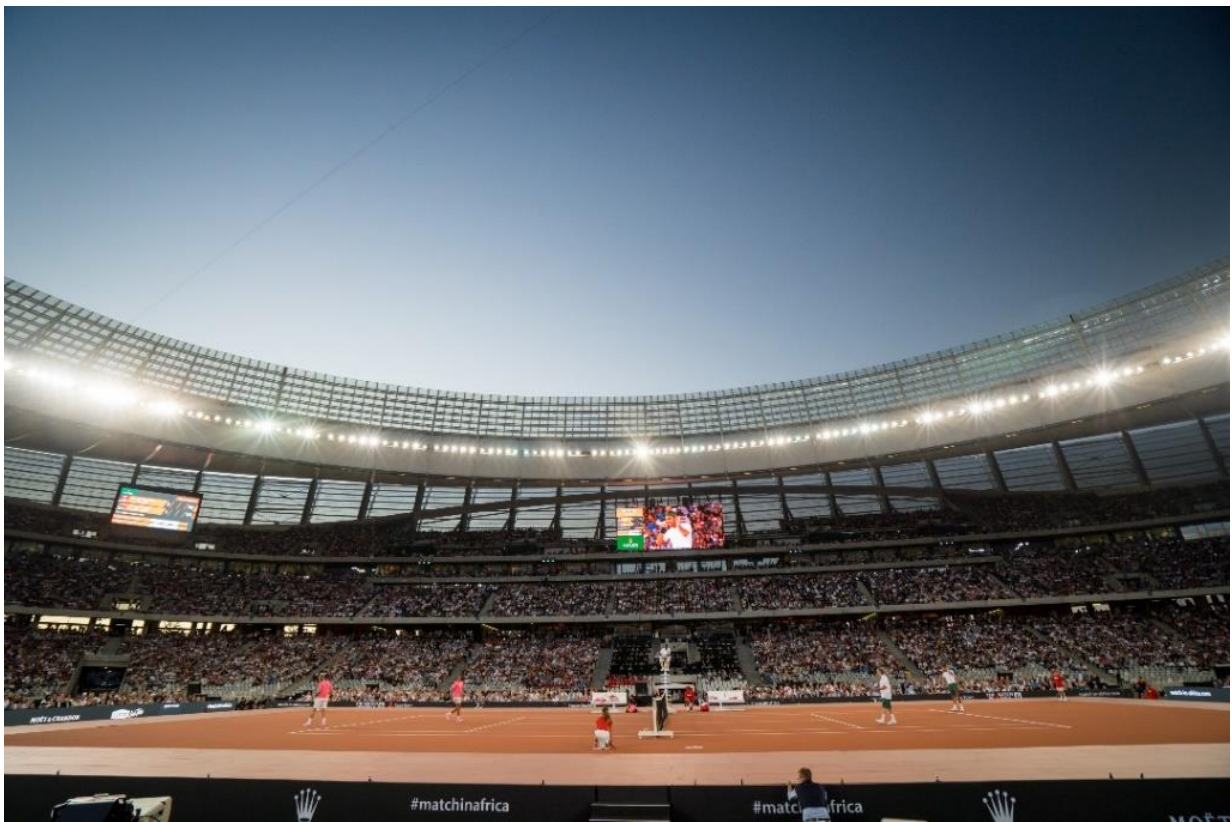
CTS utilises King IV report principles as a guiding mechanism in the course of conducting its business.

## Market position

CTS offers a unique market position of being a mass spectator venue that is dynamic and flexible, demonstrating the ability to host a multitude of events, of varying levels of complexity.

This approach has been well received by our clients, and has reinforced our market position of being *“so much more than just a stadium”*.

CTS is the only Stadium in the Western Cape that is awarded a High-Risk Safety Grading Certificate, which would allow it to host high-risk events.



## Target and market segmentation

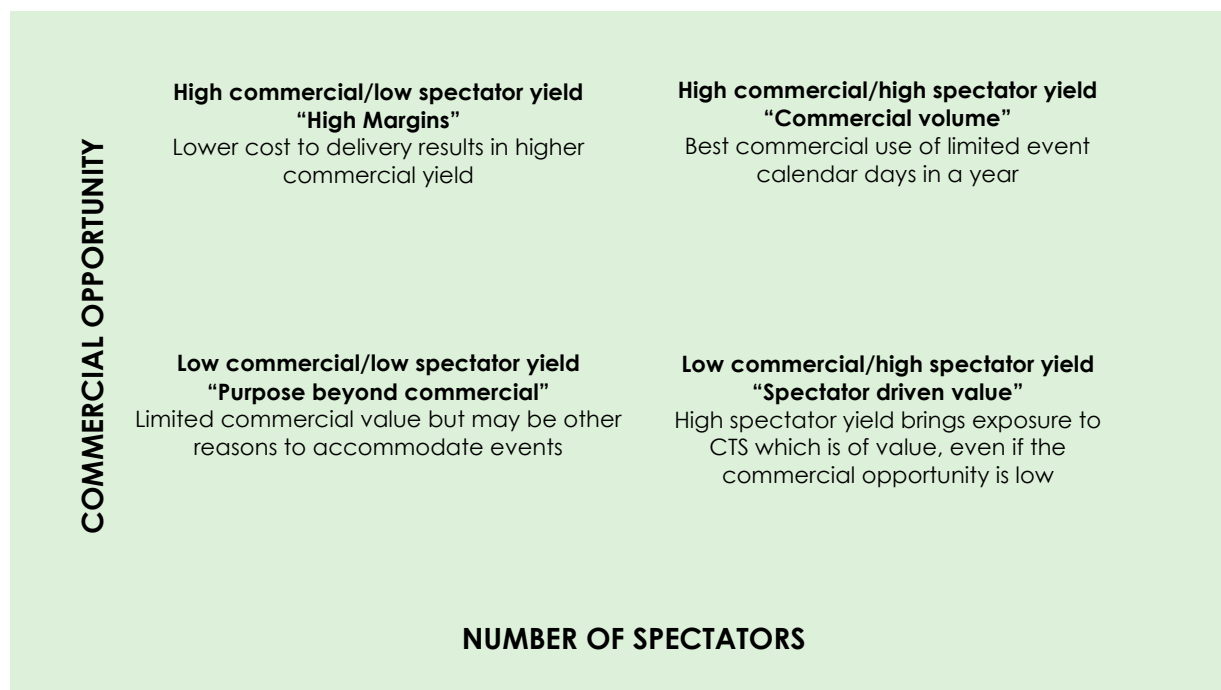
The long term financial sustainability of the Cape Town Stadium is paramount to defining the target market. Financial sustainability will be achieved through:

- 1) the creation of commercial opportunity that in turn results in revenue and
- 2) the hosting of events with a high spectator yield

This will in turn offer exposure to the stadium and compliments its potential for revenue generation.

Utilising the Boston Growth Matrix of market segmentation, the following target markets have been identified:

- **“High Margin”** events such as trade shows and hospitality intense events:  
While the number of spectators may be low, there is a greater opportunity to realise value either through a higher spend per head or lower delivery costs;
- **“Spectator Driven Value”** events where there is a large volume of spectators, regardless of the potential spend per head. The mere nature of high spectator volume events where the “bowl” is fully utilised, is that there is a greater exposure value which in turn results in commercial gain;
- **“Purpose beyond commercial”** events are those that have significant relevance to the stakeholders of the Cape Town Stadium, and while they may not achieve commercial gain, there is another compelling reason for hosting;
- **“Commercial Volume”** events are those that will offer both a high volume of spectators and a high commercial value – the ideal event to be hosted at Cape Town Stadium as it will realise the greatest commercial gains.



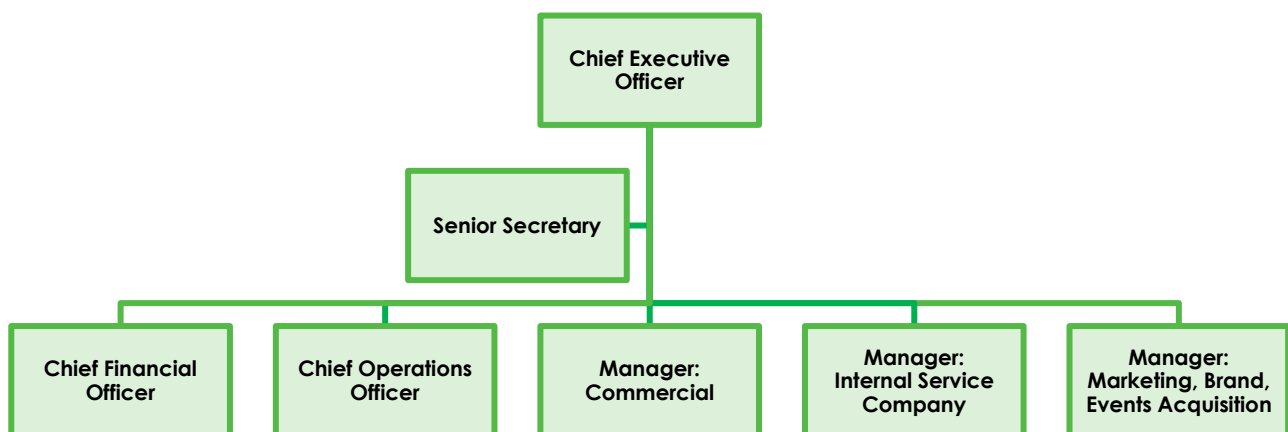




## Organisational structure

Following the PWC report completed in the 2018/19 financial year and the approval of the revised structure by the Board of Directors, the priority was to fill the top structure as per the recommendations made within the report. The Organisational Structure attached reflects the top levels of management. All positions were filled according to the adopted Recruitment and Selection policy. The filling of these positions means that for the first time in the Entities' history, the CEO has a full management compliment.

The decisions, initiatives, and actions were taken since these appointments confirm the value and effectiveness of the revised structure:





# 3. FORWARD- LOOKING STATEMENT



CAPE TOWN STADIUM



### 3.FORWARD-LOOKING STATEMENT

Cape Town Stadium aims to attract, host, and retain international, national, regional, and community-based events that are in line with the identified target markets. To this end, several strategic initiatives have been planned and will be implemented in the coming year:





## Infrastructure

With the capital investment of R264 625 588 by CCT for the completion of 168 new suites with upgrades to the business lounges, a unique new and valuable space has been included into the inventory for a rental by our clients – this is an exciting addition to CTS and will add immense value to our offering.

## Event Acquisition Strategy

The Event Acquisition Strategy aims to attract the most desirable events to the CTS, taking into account the identified target markets and commercialisation objectives.

The intention is to target high yielding events to CTS – those events with the potential to attract the greatest spectator yield, in turn creating a commercial opportunity for hospitality, food and beverages, alcoholic and non-alcoholic beverages, and other consumer products and services. The event acquisition strategy identifies 2 primary usage areas for events:

- **Bowl Events:** Events that utilise the internal bowl of the stadium, generally including the pitch. This may be for sporting events, concerts, religious ceremonies, or other identified usage. The manner in which space is utilised is flexible, dependent on the nature of the activity, stage configuration requirements, and event plans.
- **Non-Bowl Event:** Events hosted at CTS that utilise any space other than the pitch or bowl area. Potential clients for these areas include:
  - corporate meetings, training sessions, and workshops;
  - social gatherings such as weddings, parties, and celebrations;
  - Film shoots;
  - Displays, Expos, and product launches.

In the identification of space for non-bowl events, there are 2 specific drivers:

- **Dark Days:** Periods, where certain venues remain underutilised and little to no revenue, is being generated for the specific period. These dark days are generally “out of season periods” and allow for the CTS to optimise opportunities and generate revenue by reaching out to various industries where these days could be utilised;
- **Dark Spaces:** Spaces that are often overlooked or not generally utilised but offer unique value due to the nature of the venue if made available to the right target market. These dark spaces have been identified to promote the underutilised areas to specific target markets, resulting in increased revenue to CTS.

The approach to Event Acquisition will be collective and consultative – to ensure the selection of events will be best suited to the overall objectives and operational efficiencies of the stadium business. Such variables will include the Entity's financial position, ease, and cost of facility maintenance, the limited bowl events calendar, and the best use of space of non-bowl areas.

While the priority will remain to focus on maximising the “bowl” event calendar with events that offer a high commercial yield, the secondary focus will be to identify and target potential users of dark days and dark spaces, in turn complementing the bowl events and maximising the use of the entire stadium.

### **Implementation of Commercial Strategy**

The Commercialisation Strategy was approved by the CTS Board of Directors on 24 April 2018. The primary objectives of 2019/20 included the advertising of 6 commercial tenders, the appointment of a parking operator, the securing of a Naming Rights Sponsor, and securing Western Province Rugby as an Anchor Tenant:

- **Commercial Tenders**

6 Tenders were completed in 2019 to enable the commercial overlay. These included food and beverage concessionaires, pouring rights, preferred product suppliers, liquor distribution, and hospitality service providers. Due to the income nature of the tenders (as opposed to a cost incurring tender), the MFMA Preferential Procurement Point System was not utilised as the manner to evaluate the tenders (as the formula appoints the lowest value and income-based tenders require the highest value).

These tenders were duly canceled in September 2020 and the revised tenders were drafted, together with an additional one supporting the sale of advertising space have been completed.

It is anticipated that the commercial overlay – and all service providers supporting the delivery of the commercial overlay – will be in appointed and operational by February 2021. This will see a shift in the stadium rental model from a “clean stadium” to one where the commercial eventing rights are retained by CTS unless negotiated otherwise. These rights include liquor distribution, food and beverage concessionaires, hospitality services, preferred product suppliers, pouring rights partners, and the right to sell advertising and other inventory.

This is an exciting milestone for Cape Town Stadium, and the first step to retaining control of the commercialisation of the stadium.

- **Naming Rights**

CTS is currently engaging with the City of Cape Town in the finalisation of the Naming Rights partner. It is anticipated this process will conclude before the end of 2020. The finalisation of this process will unlock the value of the balance of advertising space within the CTS which will in turn create commercial value.

- **WPR – Anchor Tenant**

With the binding Heads of Agreement (HOA) signed in November 2019 and the Anchor Tenant Agreement that amplifies the terms of the HOA currently in the drafting stage (together with an office lease agreement and a suite concession of use agreement), we anticipate that Western Province Rugby will commence their 2021 season at CTS with the “Home of Western Province Rugby” formally moving to CTS leading up to the commencement of the season. This will see WPR play all their Senior Professional Rugby matches at the stadium, together with any Springbok Test Matches allocated to them. It is estimated that this will bring approximately 14 -18 more events with the potential of an average attendance of 20 000 pax to the stadium per year.

While securing WPR as an Anchor Tenant is a key strategic objective, we intend to ensure that we remain accessible to other sporting bodies and teams, including football – to retain our position as a multi-purpose venue.

- **Development of space (retail, parking, office)**

A tender was advertised for the provision of parking services for Cape Town Stadium in 2019. This tender did not receive any responses and has been canceled. By November 2020 it is anticipated the special requirements of WPR will be confirmed and implemented, leading to the opportunity to further analyse office space, retail space, and parking areas – with the strategy for the way forward being defined ahead of the start of 2021.

Initial investigations have included the shared use of partial space with WPR to develop a museum, a shop, and stadium tours. These plans and others will be developed into a strategy for implementation in January 2021.

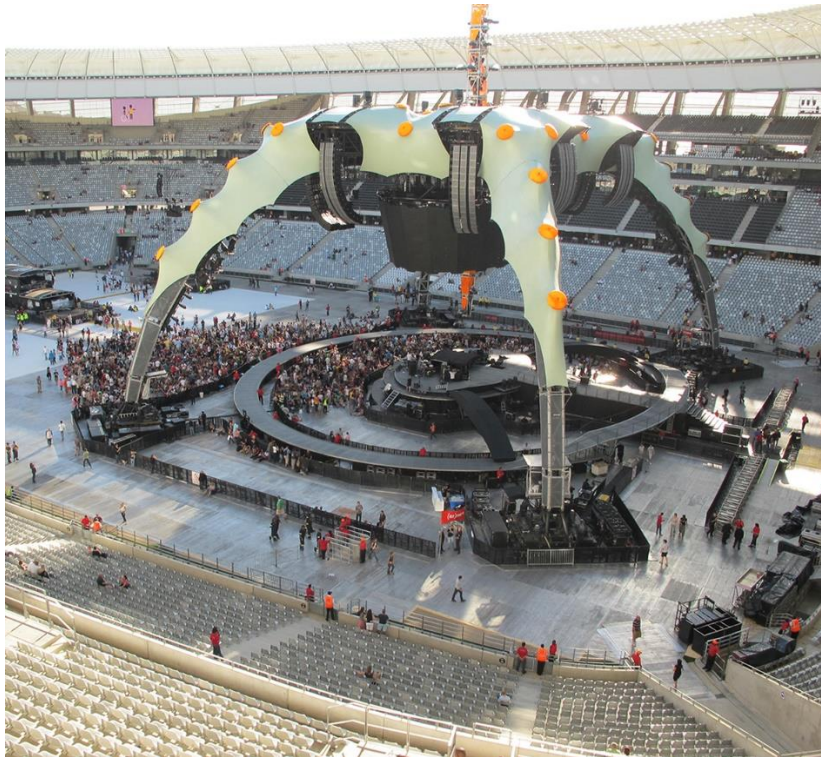




### **Integrated Events Strategy**

The Integrated Events Strategy (IES) ensures alignment between the various departments of CTS to ensure organisational effectiveness in the acquisition, retention, and delivery of events. This integrated effort will replace the “silo” orientated work approach, in turn providing an enhanced event delivery service for our clients and spectators. The key deliverables within the Integrated Events Strategy include:

- Increase annual spectator footfall to 1 million by 2024;
- Secure major events in line with the Events Acquisition Strategy that is based on the best commercial yield, while taking into account the need to accommodate smaller events and community alignment;
- Understand and proactively manage event delivery costs thus maximising profitability per event;
- Understand the client and spectator's journey to exceed expectations;
- Ensure management accountability and measurement of deliverables.



The custodian of the Integrated Events Strategy is the Operations and Events Department, who will form the “backbone” of service delivery, with all other departments contributing within their specialist field to ensure the overall business objectives are met with regards to the IES.

Core to the success of the Integrated Events Plan is a client-centric approach, which in turn will lead to repeat usage and enhanced spectator experience. It is through this approach that financial sustainability will be achieved.

## **Achieving Financial Independence**

CTS is a recently formed Municipal Entity (ME) and currently, CCT covers the shortfall on operational expenditure through grant funding, however, the mandate is for CTS to become financially sustainable.

This requires CTS to generate sufficient revenue to cover all its operational expenditure. The plan is to grow the revenue over time with the intention of CTS becoming financially sustainable within the next five years.

This will be achieved through the commercialisation of CTS, the realisation of revenue streams, and the optimisation of its resources. With a fully resourced Finance Department, CTS is now in a position to provide the necessary support this objective requires.

- **Acquisition of a financial system**

With the implementation of the commercial overlay and in turn the revenue reporting requirements, it has become apparent that the CCT SAP system will not be able to meet reporting requirements without significant modifications and expense. An investigation was completed on various options, the outcome being that CTS will require their financial system to meet business requirements.

The short-term plan is to procure a standard accounting package that will meet all reporting requirements and offer flexibility in what is required by the business. The new system will run in parallel to SAP and will provide more detailed information to management.



## Environmental Sustainability

Cape Town Stadium is committed to enhancing and advancing its current environmental practices. In realising its commitment to environmental sustainability, CTS has embarked on outlining policy direction, principles, and practices of Event Sustainability and Management Systems ISO201221 through the development of a strategy and standard operating procedure for events.

The stadium has identified various practices, techniques, and systems to improve its event sustainability and management systems. These practices and techniques include but are not limited to:

- The promotion of energy efficiency;
- The use of renewable energy sources (green energy solar, wind, water)
- The use of natural ventilation where possible;
- Ensuring the switching off of all technical equipment not required;
- The utilisation of local service providers reducing transportation requirements;
- The continued enhancement of its existing recycling and waste segregation;
- The utilisation of environmentally friendly products where appropriate;
- Providing assistance to Assisting Event Organisers to ensure environmental, economic, and social sustainability.

CTS is developing an Event Sustainability and Management Systems Guide. This guide will assist both internal departments and clients to implement workable operational mechanisms that would assist in reducing present and future carbon footprint, in turn promoting and contributing to responsible behaviour and a positive sustainable legacy.





## Community Engagement and Accessibility

While a major drive in the strategy over the next financial year is to commercialise the asset and in turn improving the financial sustainability, CTS remains mindful of the role we play in the greater Cape Town community and the importance of community accessibility. To this end, various initiatives will be included throughout the strategy to ensure this objective remains relevant to CTS. These strategies include:

- Identifying potential clients and uses within the dark space and dark time strategies
- Working together with Event Organisers to identify potential synergies with local organisations and communities that could benefit through attendance at selected events and
- Developing joint plans with the Anchor Tenant and sporting bodies to increase accessibility to events hosted at CTS.





# 4. DEPARTMENTAL REVIEW





## 4. DEPARTMENTAL REVIEW

### 4.1 Commercial Department

The Commercial Department is responsible for the development and implementation of the commercial strategy to maximise commercial revenues while taking into account the broader objectives of CTS. The CTS Business Plan (2020-2021) as approved by the Board set the following objectives for commercialisation:

- The appointment of an expert agency to proceed with the sale of the Naming Rights.
- The conclusion of the MATR process allowing for the commercialisation of retail, office, and parking to be commercialised
- Revision of the commercial strategy & implementation model promoting the insourcing of key functions (commercial, strategic, management skills, event calendar & scheduling, commercial inventory, quality, and financial control) and outsourcing of other functions (event-related services, property management services, and various suppliers)
- This model allowing for a partially outsourced model, that over time will see the majority of functions being in-sourced, to the benefit of CTS.
- The securing of a premium anchor tenant in Western Province Rugby

#### 2019/20 Highlights & successes

- **Commercial Department:** In February 2020 the Commercial Department was launched with the appointment of a Commercial Manager to drive the strategy forward. This resulted in a dedicated focus on commercial elements and the practical delivery of the identified strategy of insourcing key functions becoming a reality.
- **Naming Rights:** With the appointment of a service provider to sell the Naming Rights in May 2018, the offering was taken to the market during the 2019/2020 financial year, with the market reacting positively. It is anticipated that the process will be concluded by December 2020.
- **Commercialisation:** Core to the commercial offering is the event day commercial overlay – to this end a total of 6 tenders were completed and advertised in the first 6 months of the financial year. The tenders display complexity in that they were income-based tenders which resulted in the tenders not being awarded. The tenders will be re-advertised taking into account the preference price points.



While the aforementioned delay was not anticipated, the benefit it has brought is that discussions with Western Province Rugby (WPR) have progressed, a binding Heads of Agreement was signed in November 2019, with Western Province Rugby actively speaking in the market place of their imminent move to Cape Town Stadium. This has increased the perceived value of the commercial tenders and should result in more substantial bids.

- **Anchor Tenant:** Negotiations are in progress with regards to the Anchor Tenant Agreement which amplifies the terms agreed in the Heads of Agreement. This agreement, together with the Suite Concession Agreement and Office Lease Agreement, will form the basis of the future relationship with Western Province Rugby. It is anticipated these agreements will be concluded before December 2021, with all parties aiming for Western Province Rugby to commence their 2021 season at CTS.

A significant amount of time has also been spent on understanding and planning the realisation of commercial revenue streams in relation to the agreed revenue share model "Annexure 5B" which outlines the commercial revenue-share between WPR and CTS. This has required strategic alignment between in-house services, the commercial service providers that will be appointed through the commercial tender process currently underway, and the strategy for each revenue stream such as the Business Lounge, food and beverage, hospitality, liquor distribution, and concessionaire sales to the general public. The result is an encompassing strategy that aligns with the rights granted in "Annexure 5B".

- **Parking:** While a tender was completed to secure a parking service provider for CTS, there were no bids received. It was decided, rather than to go to market again with the same specifications, to wait until the needs of WPR had been defined so that the tenders for retail space, office space, and parking could be reviewed collectively to ensure alignment and the best possible commercial offering.

The implementation of the commercial strategy and in turn the revenue-generating activities have resulted in significant discussion and debate with stakeholders to ensure the process of implementation is aligned to the requirements of a Municipal Entity. While this process has been lengthy and detailed, taking a significantly greater amount of time than envisaged, it has been a rewarding process that will ensure the implementation of the commercial strategy will be robust and well-considered, creating a sound foundation for future years.

## 4.2 Operations & Events Department

The Operations and Events Department is responsible and accountable for event execution, overall operations, and asset preservation at CTS. The Department executes its mandate as follows:

- Client Relationship Management and centralised “point of contact” for all Event Organisers;
- Integrated Events Management Services and the provision and management of all operational business services;
- Safety and Security Management that is aligned to international best practice;
- Optimal and purposeful infrastructure and facilities management;
- Enhanced information technology and communication systems and services;
- Provision of policy directive aligned to Event Management, Event Sustainability, and Infrastructure Management.

### 2019/20 Highlights & successes

CTS's Operations and Events Department has had a phenomenal year of innovation, change, and growth. This resulting from the restructuring completed in the prior year – to amalgamate the events delivery and operations into one department.

- **Facility Maintenance**

The Operations and Events Department ensures critical, routine, and planned maintenance is executed timeously. The Stadium remains one of the most prestigious and iconic event-ready facilities within Cape Town and South Africa. Maintenance programmes are structured and delivered against a time-bound and budget-sensitive perimeter. The Maintenance Strategy provides both strategic and operational directive to ensure the delivery of the following types of maintenance:

- Preventive Maintenance
- Corrective Maintenance
- Reactive Maintenance
- Emergency Maintenance
- Capital Maintenance
- Safety at Sports and Recreational Events as legislated.

- **Integrated Events Strategy**

The Department has successfully drafted an **Integrated Events Strategy** that will play an integral role in the successful acquisition, commercialisation, and execution of events at CTS. In particular, this initiative will ensure effective communication and integration between departments, in turn facilitating excellence in service delivery and client centricity.

- **Monitor and Evaluation**

Further to this, the Operations and Events Department successfully implemented monitoring and evaluation tools to enhance operational efficiency these include but are not limited to:

- The introduction of an event readiness management tracker
- The implementation of a project management system (MS Projects) across its Operations Department
- The development of an event risk assessment protocol
- The implementation of a client satisfaction survey and client satisfaction tracker
- The development of an event sustainability and management system matrix
- The completion and awarding of 11 operational tenders to support service delivery

The Operations Department has safely and successfully hosted 89 events consisting of bowl, non-bowl, and film shoots.

### **Suites Development**

The Department is also responsible for the project management and the construction of the additional hospitality suites at the Cape Town Stadium project managing an R264 625 588 tender. The project consists of six (6) phases of which some had already been achieved. The six phases include:

- Concept Design Phase
- Feasibility Design Phase
- Detailed Design Phase
- Procurement Phase
- Construction Phase (currently underway to conclude March 2021)
- Closeout Phase

Cape Town Stadium ("CTS") will boast with a compliment of 236 suites at the end of the construction period offering clients and the primary anchor tenant a wide variety of hospitality activation while unlocking the stadiums full commercial potential and opportunity. The new hospitality seating capacity increases to 7329.

The Department has outperformed its Service Delivery Business Plan (SDBP) targets for the year under review contributing towards the stadium's overall objective to achieve greater financial independence.



## **Environmental sustainability**

Cape Town Stadium is uniquely situated and positioned in a diverse natural environment. The stadium is committed to enhance, protect, and manage its natural and cultural resources for long term prosperity, in a way that promotes social well-being, and optimises economic opportunities. The development of an Event Sustainability and Management System guide and policy directive will contribute to various environment practices, techniques, and systems which in turn would contribute to environmental, economic, and social responsibility.

The Operations and Events Department has delivered exceptional work in the period under review and we remain committed to ensuring Cape Town Stadium ("CTS") remains a world-class multi-purpose facility of choice.

## **4.3 Marketing, Brand & Events Acquisition Department Mandate and Deliverables**

The Marketing, Brand, and Events Acquisitions department has been mandated to support the commercial model of the Cape Town Stadium which is aligned to striving towards achieving financial sustainability. This department will support this goal by way of promoting and marketing the Cape Town Stadium, and its brand, through the various channels available. For example, Instagram, LinkedIn, CTS dedicated Website. This department is also mandated with Events Acquisitions, which is the targeting of high-yielding events to be hosted at the Cape Town Stadium which will inter alia focus on quiet periods on the events calendar, as well as smaller events to be hosted in the non-bowl areas of the CTS.

With the realisation of the need to be able to communicate specific messaging and marketing promotions which will be aligned with the CTS market position and target markets, the department has focused on building an audience and increasing its social media following.

### **2019/2020 Highlights and Successes**

The department has implemented the following towards realizing its objectives:

- Elevated the brand to "top-of-mind" to instill confidence that the CTS is a leading multi-purpose events facility that is attractive to both international and national markets;
- Actively marketed CTS on multiple platforms as a preferred event hosting facility both locally and abroad;
- Created and maintain an engaging virtual audience through interactive social media platforms.

The department has created engaging content and increased its social media presence through entertainment value on Instagram, resulting in an approximate 120% increase in followers from the prior year. Whilst there were some signature events to promote during the first three quarters of the year, the unexpected onset of COVID-19 brought the events calendar to a halt thus creating a void of event content.

This was substituted by creating content that supported the sentiments of national and local governments with regards to COVID-19 communication including hand hygiene, social distancing, and the wearing of masks.

During the national lockdown, which was imposed rather suddenly without much forewarning, a significant number of expatriates were stranded in our country. The CTS played a role in being the assembly point for many of these foreign nationals to gather, undergo medical examinations, and were later processed for transportation to the airport where they caught their respective flights home to their countries of origin.

This department used this opportunity to showcase the CTS as a South African citizen doing its part to fly our national flag high. This opportunity was utilised to further enhance the CTS brand by communicating about the above in both the formal as well as on social media.

June 2020 was the 10<sup>th</sup> anniversary of the FIFA 2010 Soccer World Cup. While it was not possible to host physical gatherings and celebrations, engaging content was shared via social media to allow for South Africans to reminisce on an event that brought great enjoyment and excitement to Cape Town.

- In early 2020 a LinkedIn account was registered for the CTS to create a platform for business to business engagement. This platform, together with other existing platforms, (LinkedIn, Instagram, CTS Website, Newsletter) will be key to going to market with commercial messaging and promotions.



Some insights into how some of the platforms performed during the period under review:

### INSTAGRAM METRICS

Type of measure	Achieved
Increase in Followers	120%
Engagements on the platform	16 710
Reach	198 359
Video views	5 555

### LINKEDIN METRICS

Type of measure	Achieved
• Impressions	54 013
• Clicks	1 219
• Video views	26 179

The following is a list of high-level achievements over the period:



Despite COVID-19 being a large inhibitor during this financial year, this department has still performed very well. The marketing, brand, and events acquisitions department remains committed to delivering its mandate in support of driving the Entity's endeavours to become financially independent.



## 4.4 Internal Company Services Department

The Internal Company Service Department is responsible to lead and manage the internal company services function to ensure effective and efficient organisation-wide support to all employees at the CTS.

These functions include:

- Human Resources Management (Time and Attendance, Succession Planning, etc.)
- General administration;
- Ensuring compliance of all record-keeping systems;
- The provision and coordination of Legal support;
- A Company Secretariat Service;
- The coordination of legislatively driven and reporting processes.

The HR section successfully managed the processing of new Job Descriptions and finalising sign off via the workflow. This resulted in a decrease in the vacancy rate of 20.51% in the previous financial year to 16.12%.

During the period the revised organisational structure as proposed by PWC and approved by the Board of Directors was implemented, with the appointment of the full staff compliment and the provision of the necessary HR and support function to achieve this. Functional training was also completed with HR Staff to assist stadium employees.

The AG audit required the Entity to provide amongst others, information on HR and Administration. There were no findings and the department contributed considerably to obtain a clean audit.

### 2019/20 Highlights & successes

- Achieved 100% on completion of declaration of interests' submissions;
- No occupational safety incidents reported in the period;
- 93% of the training budget spent despite the restrictions resulting from the COVID19;
- Further development and refinement of the Entity HR Manual;
- Refining the Records Management System to comply with prescribed policy and regulations;
- Establishment of a Stock control system to ensure proper record keeping of stock and stationary;
- Developed a Succession Plan for implementation in the 2020/21 financial year
- Alignment of all Cape Town Stadium Key Indicators to the Corporate Objectives;
- Co-developed together with the Operations and Events Department for the COVID 19 HR and Operational Strategy for the Cape Town Stadium - this strategy was successfully implemented and CTS has been and remains 100% compliant.

## Legislative Compliance

- In accordance with the Company's Act directions, the Board and Subcommittees concluded on all scheduled meetings required for the year.
- The relationship between Board/ Subcommittee members and management of the CT Stadium was and remains supportive, positive, and ensured productive discussion leading to decisions taken without undue delay.
- The Board exercised its oversight role through inter alia approving the following policies:
  - Updated Authorities Framework
  - Virement Policy
  - The utilisation of the Recreational Facility for staff
  - Cost Containment Policy
  - Updated Directors and Audit Remuneration Policy
  - Updated SCM Policy

The Internal Support Services department will continue to deliver a high level and quality support function to ensure staff remain informed on Human Resource updates and will continue to ensure compliance with legislative requirements.

## 4.5 Finance Department

The Finance Department provides daily financial support function and strategic value to CTS with the objective of delivering a compliant financial strategy. The Finance Department also provides support to the Operations, Events, and Commercial Departments by assisting in the development of financial models for Event Organisers and ensuring that the agreed revenue is timeously collected from clients.

Specific functions include:

- Developing Financial Strategies which is aligned to the business strategy
- Compiling and managing the Entity's budget
- Policies development and processes to assist with internal control
- Ensure financial compliance with the MFMA
- Facilitate the external audit with the Auditor-General and internal audit process with the internal auditors.

- Accurate and meaningful financial reporting to management, the CTS Board and Board committees/sub-committees and CCT
- Management and verification of fixed assets at CTS on behalf of the City of Cape Town
- Offer to advise, contribute, and inform the various Departments with regards to financial processing and record-keeping
- Implement and improve on systems, processes, and internal controls for all new and existing areas of the business to ensure good governance
- Take the necessary steps throughout the year to ensure that CTS achieves a clean audit

### **Financial Performance**

- A saving of 16.67% was achieved against a KPI savings target of 6% against the grant funding from CCT – with CTS utilizing R59.5 million in Grant Funding against a budget of R71.3 million. The Entity will continue to implement cost savings initiatives and optimize resources.
- CTS achieved an income target of 102.74% against a KPI target of 90% - generating R17 million in revenue against a target of R16.6 million.
- CTS successfully received a clean audit for the 2018/19 financial year and will make every effort to continue maintaining the clean audit status.

### **2019/20 Highlights & successes**

- CTS appointed a CFO in December 2019
- Achieved 99.43% asset verification for the 2019/20 financial year
- Evolved the Finance Department into a fully staffed and functional department
- Constituted its supply chain management bid committee systems and has processed more than 17 tenders during the year. (11 ops and 6 commercials – these did not make it all the way but went through the process)
- Even though this was not a normalized year due to the COVID-19 pandemic CTS managed to exceed its revenue target by 12%
- CTS received a clean audit from the Auditor General

The Finance Department will continue to provide support to all other departments and will implement processes and systems to improve efficiencies. The department also supports the Chief Executive Officer with meeting MFMA compliance. The department will also continue to strive to meet the objective of achieving a clean audit status.



# 5. BROAD BASED BLACK ECONOMIC EMPOWERMENT



## 5. BROAD BASED BLACK ECONOMIC EMPOWERMENT

### MANAGEMENT CONTROL

Categories	Number	%	Race	Gender
Board	3	50%	W	M
	1	17%	A	M
	2	33%	C	F
Executive Directors	1		W	M
Non-Executive Directors	All Members of the Board except for the CEO are Non-Exec Directors			
Senior Management	All Staff at the Entity was seconded by the City and they remain City Employees which the City will report on in terms of this requirement			
Middle Management				
Junior Management				

### SKILLS DEVELOPMENT

Categories	Number	Race	Gender
<b>2020</b>			
Seconded Employees	4	C	F
Internships, apprenticeship, learnership	2	B	M
<b>2019</b>			
Seconded Employees	8	C	F
	1	B	F
	4	C	M
	1	B	M
Internships, apprenticeship, learnership	2	B	M

## SOCIO-ECONOMIC DEVELOPMENT

CTS is in its startup stages and therefore did not make any direct contribution towards socio-economic development in this regard.

## ENTERPRISE AND SUPPLIER DEVELOPMENT

<b>Total Spend</b>	47 456 883	
<b>Total Number of Suppliers</b>	42	
<b>Total % BBEES Spend</b>	55%	
	<b>Total Suppliers</b>	<b>Total Spend</b>
Spend below R100 000 per supplier	26	505 114
Spend between R100 000-R500 000 per supplier	3	793 133
Spend between R500 000-R1 000 000 per supplier	2	1 196 331
Spend between R1 000 000-R2 000 000 per supplier	2	2 350 971
Spend between R2 000 000-R5 000 000 per supplier	5	15 435 690
Spend above R5 000 000 per supplier	4	27 175 643
	42	47 56 883



# 6. FINANCIAL STATEMENTS



CAPE TOWN STADIUM

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## GENERAL INFORMATION FOR THE YEAR ENDED 30 JUNE 2020

The Cape Town Stadium (RF) SOC Ltd ('the company'), which became effective as of 1 February 2018, is a company registered in accordance with the laws of South Africa as a municipal entity of the City of Cape Town ('the City') under registration number 2017/488432/30.

The company entered into a service delivery agreement with the City for 50 years with an option to renew for a further 49 years. Services to be provided by the company include general facility operations, events and entertainment services, commercialisation, marketing and hospitality, finance, legal, and administration management. The company is responsible for all maintenance, required to provide services at the stadium, in accordance with the City's imposed maintenance standards.

The board of directors, in accordance with the provisions of the service delivery agreement, approved the company's commercialisation strategy as well as the commercial implementation plan during the 2018/19 financial year. As part of the plan, several commercial opportunities such as pouring rights, hospitality rights, naming rights, liquor distribution rights, etc. were identified and will go to the market through a competitive process. These commercial tenders, once implemented, have the potential to substantially increase the income of the Cape Town Stadium and will likely be awarded during the 2020/21 financial year.

The authorised share capital of the company is 1000 ordinary shares of a single class with no par value. The company has issued 100 ordinary shares with no par value.





## DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020

### ADMINISTRATION

#### Registered Office and Postal Address

1 Fritz Sonnenberg Road  
Green Point  
Cape Town  
8051

#### Auditors

The Auditor-General of South Africa  
17 Park Lane Building  
Park Lane  
Century City  
7441

Private Bag X1  
Chempet  
7442

#### Company Secretary

Z Sungay CA(SA)  
City of Cape Town  
12 Hertzog Boulevard  
Cape Town  
8001

#### Bankers

Nedbank Ltd  
Fifth Floor Clock Tower Campus  
Clock Tower Precinct  
Cape Town  
8001

PO Box 86  
Cape Town  
8000

## DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.

### DIRECTORS

The directors of the Cape Town Stadium for the period under review were:

#### **Independent Non-Executive Directors**

##### **Peter-John Veldhuizen**

Chairperson

Appointed: 1 November 2017

##### **Viola Manuel**

Deputy Chairperson

Appointed: 1 November 2017

##### **Samkelo Blom**

Appointed: 1 November 2017

##### **Limia Essop**

Appointed: 1 November 2017

##### **Martin Van Staden**

Appointed: 1 November 2017

##### **Johannes Dique**

Appointed: 16 October 2018

#### **Executive Directors**

##### **Lesley De Reuck**

Chief Executive Officer

Appointed as acting CEO: 1 February 2018

Appointed as CEO: 24 April 2018

## **DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.**

### **BOARD COMMITTEES**

#### **Audit and Risk Committee**

The Audit and Risk Committee (the committee) submits its report in respects of the financial year-end 30 June 2020, as required by section 94 of the Companies Act, No.71 of 2008 (Companies Act).

#### **Audit Committee mandate**

The committee is governed by formal terms of reference, which have been approved by the board and reviewed annually. It fulfills its role as a statutory committee of Cape Town Stadium SOC (RF) Ltd ("the Company") in respect of its statutory duties in terms of section 166 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), Local Government: Municipal Planning and Performance Management Regulations, 2001 and section 94(7) of the Companies Act, 2008 (Act No. 71 of 2008) (Companies Act), and its terms of reference.

The committee has an independent role with accountability to both the board and its shareholders. Under no circumstances will it assume the managerial role or functions of management, which remain the responsibility of the executive directors, officers, and other members of management. The committee merely plays an oversight and advisory role and makes objective and independent recommendations to the board.

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.

#### **Composition of the committee**

The Committee comprises of five (5) members, two (2) non-executive directors nominated by the board which includes the chairperson and two (2) City of Cape Town audit committee members as well as the Portfolio Manager Probity. The chairperson, Viola Manuel, has been appointed by the Municipal Council of the City of Cape Town (Council), on the recommendation of the board. The appointment of the members of the Committee, in terms of section 166 of the MFMA and section 94 of the Companies Act, shall be confirmed by the shareholders at each annual general meeting of the Company.



## **DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.**

The members of the Committee, collectively have sufficient qualifications, financial literacy, skills, and experience to fulfill their duties, including an understanding of the following: financial and sustainability reporting, internal controls, governance, operations, economics, commerce, human resources, performance management, external and internal audit processes, relevant legislation, risk management, sustainability, and information technology governance, as it relates to integrated reporting and governance processes within the Company. The Committee members keep up to date with developments affecting the required skills-set.

### **Attendance of meetings**

The Committee constitutes at least four (4) meetings to discharge all its duties as set out in these terms of reference. The Committee chairperson formally reports to the board on the activities of the Committee at relevant board meetings. Additional Committee meetings may be held with the approval of the Chairperson, at the request of a member of the external auditors, the internal auditors, or the request of the board or management. The Committee must meet with the internal and external auditors separately at least once a year without management being present.

The following (or nominated representative) will normally be in attendance at Committee meetings by invitation only and may not vote:

Chief Executive Officer, Chief Financial Officer, Chief Audit Executive

The following will be permanent invitees to Committee meetings and may not vote:

- Representatives from the external auditors
- Other assurance providers as required (e.g. risk, legal counsel, forensics, and governance)
- Professional advisors
- City of Cape Town representatives
- Chairperson of the board and board members

The committee met four (4) times during the period under review. Each of these official meetings had a quorum of over 50% present.

### **Key responsibilities of the committee**

The statutory responsibilities of the committee are as set out in the Companies Act, No 71 of 2008, and the Municipal Finance Management Act, No 56 of 2003.

## **DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.**

### **The Committee:**

- Exercises oversight of the internal financial controls of the Company;
- Provides independent oversight of the effectiveness of the Company's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance providers, internal audit, and the finance function;
- Makes submissions to the board of directors and advise the board, the accounting officer, and the management of the Company on matters relating to internal financial control and internal audits, 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 Company;
- Deals appropriately with any concerns or complaints, whether from within or outside the Company or on its initiative, relating to —
  - the accounting practices and internal audit of the Company,
  - the content or auditing of the Company's financial statements,
  - the internal financial controls of the Company or any related matter
- Performs such additional oversight functions as may be determined by the board from time to time.

### **The Committee oversees Integrated Annual Reporting as follows:**

Regards all factors and risks that may impact the integrity of the Integrated Annual Report, including factors that may predispose management to present a misleading picture, significant judgments and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information.

The committee prepares a report, to be included in the Integrated Annual Report for that financial year describing how the committee carried out its functions; stating whether the committee is satisfied that the auditor of the company was independent, and commenting in any way the committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the Company.

The committee reviews the annual financial statements, summarised integrated information, any other intended release of financial information, and provides the Municipal Council of the City of Cape Town with an authoritative and credible view of the financial position of the Company, its efficiency and effectiveness, and its overall level of compliance with the MFMA and any other applicable legislation and respond to the Council on any issues raised by the Auditor-General in the audit report.

## **DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.**

Comments on the annual financial statements, the accounting policies and practices, and the effectiveness of the internal financial controls; reviews the disclosure of sustainability issues and performance information in the Integrated Annual Report to ensure that it is reliable and does not conflict with the financial information. The committee recommends to the Board whether or not it should approve the Integrated Annual Report.

### **The Committee ensures that a combined assurance model is applied as follows:**

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.

### **Discharge of responsibilities:**

The committee has a detailed work-plan, which is formally adopted to support its effective functioning during the year. The committee is satisfied that it has discharged its responsibilities as stipulated in the terms of reference, for the period under review and the period it is reporting on. It is satisfied that it has met and complied with all its legal, regulatory, and other requirements.

### **Internal Control functions exercised by the committee:**

Evaluated the effectiveness of the system of internal control (including information technology and financial control), risk management, and corporate governance. Reviewed management's and the internal and external auditors' reports on the effectiveness of the system for internal financial control, financial reporting, and risk management.

Reviewed management's responses to reported weaknesses in internal, operating, and financial controls; and management information systems and the safeguarding of assets, and the proposed remedial action.

Assessed steps were taken by management to encourage ethical and lawful behaviour; financial discipline and accountability for use of public resources. Considered measures applied to any required significant changes to the design or implementation of internal controls.



## **DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.**

### **The Committee also:**

Reviewed the effectiveness of the system for monitoring compliance with applicable laws, regulations, ethics programmes, and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.

Obtained and consider regular updates from management regarding compliance matters, where necessary was satisfied that all regulatory compliance matters have been considered in the preparation of the annual financial statements and that management discloses the impact of all significant issues in the financial reports. Reviewed the findings of any examinations by regulatory agencies and any auditor observations.

The committee has extensively reviewed quarterly financial and performance reporting. The findings of the external auditors and Internal audit have been discussed with management. Based on the processes and assurances obtained, the committee believes that effective internal controls are effective and accounting practices are appropriate.

### **Risk management:**

The Committee has assisted the board in ensuring that the Company has implemented an effective policy and plan for risk management that will enhance the Company's ability to achieve its strategic objectives and that the disclosure regarding risk is comprehensive, timely, and relevant.

The Committee is responsible for overseeing the risk management process and specifically, the Committee must oversee financial reporting risks, internal financial controls, fraud risks as they relate to financial reporting, and information technology risks as they relate to financial reporting.

### **The Committee performs all the functions as is necessary to fulfill its role as stated above, including the following:**

Oversees the development and annual review of a policy and plan for risk management, including fraud and IT risks, to recommend for approval to the Board. Monitors implementation of the policy and plan for risk management taking place by means of risk management systems and processes. Makes recommendations to the Board concerning the levels of tolerance and appetite, and monitoring that risks are managed within the levels of tolerance and appetite as approved by the board.

## DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.

Oversees that the risk management plan is widely disseminated throughout the Company and integrated into the day-to-day activities of the Company. Ensures that risk management assessments are performed continuously. Oversees the risk areas of operations to be covered in the scope of the internal and external audits.

Ensures that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks. Ensures that management considers and implements appropriate risk responses and that continuous risk monitoring by management takes place.

Liaises closely with the relevant other board committees to exchange information relevant to risk. Expresses the Committee's formal opinion to the Board on the effectiveness of the system and processes of risk management. Reviews reporting concerning risk management that is to be included in the annual integrated report with regard to being timely, comprehensive, and relevant.

### **Internal audit:**

The Committee is responsible for overseeing the internal audit function, and in particular the Committee:

- Reviews and recommends the internal audit charter, internal audit plan, mandate, and budget as well as any deviation thereto for approval by the Board;
- Oversees that the internal audit function is adequately resourced, has sufficient skills, and has appropriate standing in the Company; quarterly ensure that the audit plan is being followed;
- Ensures that the Chief Audit Executive has unrestricted access to management, the chairperson of the Committee and, where necessary, the chairperson of the board;
- Advises on the independence and effectiveness of Internal Audit through evaluating compliance with the Institute of Internal Auditors 'International Professional Practices Framework for Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics and Standards: ensuring that no restrictions or limitations are placed on Internal Audit in the performance of its functions;

## DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.

- Obtaining annual confirmation from the Chief Audit Executive regarding Internal Audit independence, objectivity, and competency; regular reviewing of the functional reporting lines of Internal Audit to ensure that the organisational structure is consistent with the principles of independence and accountability;
- Considers and advises on significant differences of opinion between management and Internal Audit;
- Reviews and monitors management's responsiveness to the findings and recommendations of internal audit and forensics investigations and monitor timely implementation of remedial measures to address adverse findings;
- Considers and reviews any difficulties encountered in the course of the audits, including any restrictions on the scope of internal audit's work or access to required information;
- Ensures that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate, however, at least once every five years;
- Reviews of the extent to which the internal audit function has coordinated with other internal and external assurance providers in providing proper coverage in terms of the combined assurance model.

### **External audit:**

The Committee is responsible for overseeing the external audit process and in this regard the Committee -

Advises on the terms of engagement and remuneration for the external audit engagement;

- Discusses the nature and scope of the audit with the external auditor before the commencement of the audit;
- Reviews and monitors management's responsiveness to the external auditor's findings and recommendations;
- Monitors and reports on the independence of the external auditor in the Integrated Annual Report;



## DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.

- Ensures that there is a process for the audit committee to be informed of any reportable irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor;
- Reviews the quality and effectiveness of the external audit process by:
  - reviewing whether the auditor has met the agreed audit plan, and understanding the reasons for the changes, including changes in perceived audit risks and the work undertaken by the external auditors to address those risks;
  - reviewing and discussing the external auditor's findings; reviewing and discussing any major issues that arose during the course of the audit that has subsequently been resolved, and those that have been left unresolved
  - reviewing and discussing key accounting and audit judgments;
  - reviewing and approving the fees charged by the external auditor;
  - reviewing the content of the external auditor's management letter and determine whether recommendations have been acted upon.

### **Annual financial statements and conclusion:**

The committee has reviewed the annual financial statements and integrated annual report and is satisfied with their integrity. The committee recommended the 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 the accounting policy note 1 and the manner required by the Municipal Finance Management Act (MFMA). The committee has reviewed the external auditors' management representation letter and management's response thereto.

The committee is confident that with the continued support of the board, the shareholder and the key stakeholders, the work it does will continue to be effective and accurate.

#### **Committee members**

VC Manuel (Chairperson)  
Johan Dique  
S Barnes  
RG Nicholls  
L Ndaba

#### **Qualifications**

MBA, Dip. Education, BA  
CA(SA), BCom (Hons)  
MBA, Dip. Business Management  
CA(SA), CIA, BCom  
BCom, CIA

**Viola Manuel**

**Chairperson of the Audit and Risk Committee**

## **DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.**

### **Human Resource (HR), Social and Ethics Subcommittee**

#### **The mandate of the Subcommittee**

This report is presented by the HR & Social Ethics Subcommittee and explains how the committee has fulfilled its role. The HR & Social ethics subcommittee is governed by the terms and reference which have been approved by the board in conjunction with the Municipal Finance Management Act. The committee is accountable to the board of CTS and its reports and decisions are mandated and approved by the board. The committee is made up of Independent Non-Executive directors. The executive directors and members of the Cape Town Stadium executive management team also attend the committee meetings. In this financial year, the committee has met 5 times and is chaired by Samkelo Blom. A total of 4 members form part of the committee.

#### **Terms of Responsibilities of the committee and Terms of Reference/Mandate**

- Oversight of HR matters at Cape Town Stadium
- Provide strategic input to CEO on people practices
- Review HR policies and Occupational Health and Safety policies of CTS
- Receive reports every quarter on HR, Skills Development, and other people matters
- Monitor and review compliance with ethics, BEE, and other relevant matters

#### **Highlights**

In the last financial year, the committee was seized with strategic and tactical issues pertaining to oversight of the board on HR& Social Ethics matters. Having bedded down and rolled out the new Organisational Design, the committee was kept abreast by CTS Executive management of the rollout and execution of the Organisational design level. The recruitment of key staff such as CEO, Commercial Manager et led to more in-depth involvement by the committee in the selection and appointment process. The committee continued to play an oversight role through ensuring HR policies, processes, and continued engagement with staff is maintained during this period. The HR social ethics committee meetings during this period amongst other things deliberated on: Skills development, performance management, absenteeism, and also labour relations. The committee is satisfied that the CEO and executive management of CTS continue to execute the people's agenda and mandate to the best of the ability with discretion and professionalism.

## DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 *cont.*

### Composition of the committee

The HR committee comprises of four independent non-executive directors.

#### Committee members

SM Blom (Chairperson)

PJ Veldhuizen

L Essop

VC Manuel

#### Qualifications

BA, Dip HR, Cert: Coaching

LLM, MBA

MAP, BSocSci

MBA, Dip. Education, BA

### Samkelo Blom

**Chairperson of the Human Resource, Social & Ethics Sub-committee**





## **DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.**

### **Events, Marketing and Communications Subcommittee**

The Events, Marketing & Communications Subcommittee (the committee) submits its annual report as required by section 94 of the Companies Act, No. 71 of 2008 (Companies Act).

#### **MANDATE OF THE COMMITTEE**

The committee is governed by formal terms of reference, which have been approved by the Board. It fulfills its responsibilities in terms of the Companies Act, No. 71 of 2008 (Companies Act), the Municipal Finance Management Act, No. 56 of 2003 (MFMA), 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 management of the Cape Town Stadium. The committee acts in an advisory and oversight capacity; it does not relieve the board of its responsibilities but makes objective and independent recommendations. 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.

#### **COMPOSITION OF THE COMMITTEE**

The committee comprises six members, of which three are independent Non-Executive Directors of the Board and three executive managers of the company and all of whom hold appropriate qualifications and experience, nominated by the Board and appointed by the City of Cape Town. The committee is chaired by Mr. Martin van Staden.

#### **ATTENDANCE OF MEETINGS**

The Committee meets every quarter in an annual cycle from July to June to discuss all quarterly feedback reports and statistics on the subjects related to the purpose of the committee. During the period in review, the committee met four times in total.

#### **KEY RESPONSIBILITIES**

The committee has oversight responsibility of all Events, Marketing, and Communications related issues at the Cape Town Stadium ("CTS"). The Committee provides for communication, consultation, and cooperation amongst the leadership regarding policies and procedures which includes:

- Sharing best practice and knowledge
- Providing opportunities for discussion
- Coordinating policies and practice amongst the relevant sections.

## **DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 cont.**

Responsibility for data analysing, discussion, and the processes to rectify incorrect data. Coordination of the implementation of new systems, policies, and processes in the various areas relating to Events, Marketing, and Communications. Review of proposals for business improvement processes to ensure compliance with established policies, and where necessary recommendations of systems, policies, and process change arising from such reviews.

### **HIGHLIGHTS**

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 requirements.

During the period of review, the committee advised and monitored the implementation of a new digital strategy for the Cape Town Stadium. This included the migration of the Cape Town Stadium website from the City of Cape Town website to a new stand-alone platform. The primary focus of the website design is to be an information portal for new business and offering a better consumer experience for spectators at events staged at the Cape Town stadium.

The committee also advised and monitored the implementation of a social media strategy with the appointed digital agency for Cape Town Stadium. This included establishing clear targets and objectives of establishing a relevant presence on social media to help build on future business and add value to the spectator experience at the stadium.

The committee encouraged and supported several new marketing initiatives to attract new business and build better relationships with event owners and promoters in the relevant target markets.

As part of the Cape Town Stadium objective to be a world-class venue the committee has advised stadium management staff on establishing a Crisis Communications Strategy which was adopted during the period of review.

During the Cape Town Stadium staff structure review, the committee advised the board on establishing a department to be responsible for marketing and commercial functions to ensure greater efficiency and a system to attract new business to the stadium.

## DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE YEAR ENDED 30 JUNE 2020 *cont.*

Up until COVID-19 hit, events were on a positive trajectory especially with the move of WP Rugby to Cape Town Stadium. The events industry has been brought to a grounding halt and now the work of the committee is to implement COVID-19 protocols to make it safe for events to return as soon as government regulations allow.

The marketing committee comprises three independent non-executive directors.

### Committee members

MJ Van Staden (Chairperson)

L Essop

VC Manuel

### Qualifications

BCom Sports

MAP, BSocSci

MBA, Dip. Education, BA

### Martin van Staden

Chairman of the Events, Marketing & Communication Sub-committee

### DETAILS OF DIRECTOR'S MEETING ATTENDANCE 01 JULY 2019 – 30 JUNE 2020

MEETING TYPE	BOARD MEETING	AUDIT & RISK COMMITTEE	HR, SOCIAL & ETHICS COMMITTEE	EVENTS, MARKETING & COMMUNICATIONS COMMITTEE
NUMBER OF MEETINGS HELD	5	4	4	4
PJ Veldhuizen	4	-	4	-
L Essop	5	-	4	4
J Dique	5	4	-	-
V Manuel	5	4	4	3
M van Staden	3	-	-	4
S Blom	5	-	4	-



## **DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

The Directors are responsible for the maintenance of adequate accounting records and the preparation, integrity, and fair presentation of the financial statements of the company. 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 Local Government: Municipal Finance Management Act, (Act 56 of 2003), Local Government: Municipal Systems Act, Act 32 of 2000 and the Companies Act, (Act 71 of 2008). The financial statements are based on appropriate accounting policies which are consistently applied.

The Directors are also responsible for the company's system of internal financial control. These control procedures are designed to provide reasonably, 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 period 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 the availability of financial resources.

### **Approval of the financial statements**

The financial statements which appear on page 65 to 85 are compiled for the financial period from 1 July 2019 to 30 June 2020 and were approved by the board of directors and signed by the Chief Executive Officer (CEO) on behalf of the Cape Town Stadium.



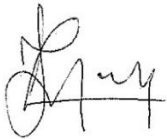
**L DE REUCK**

**Chief Executive Officer**

12 September 2020

## COMPANY SECRETARY CERTIFICATE FOR THE YEAR ENDED 30 JUNE 2020

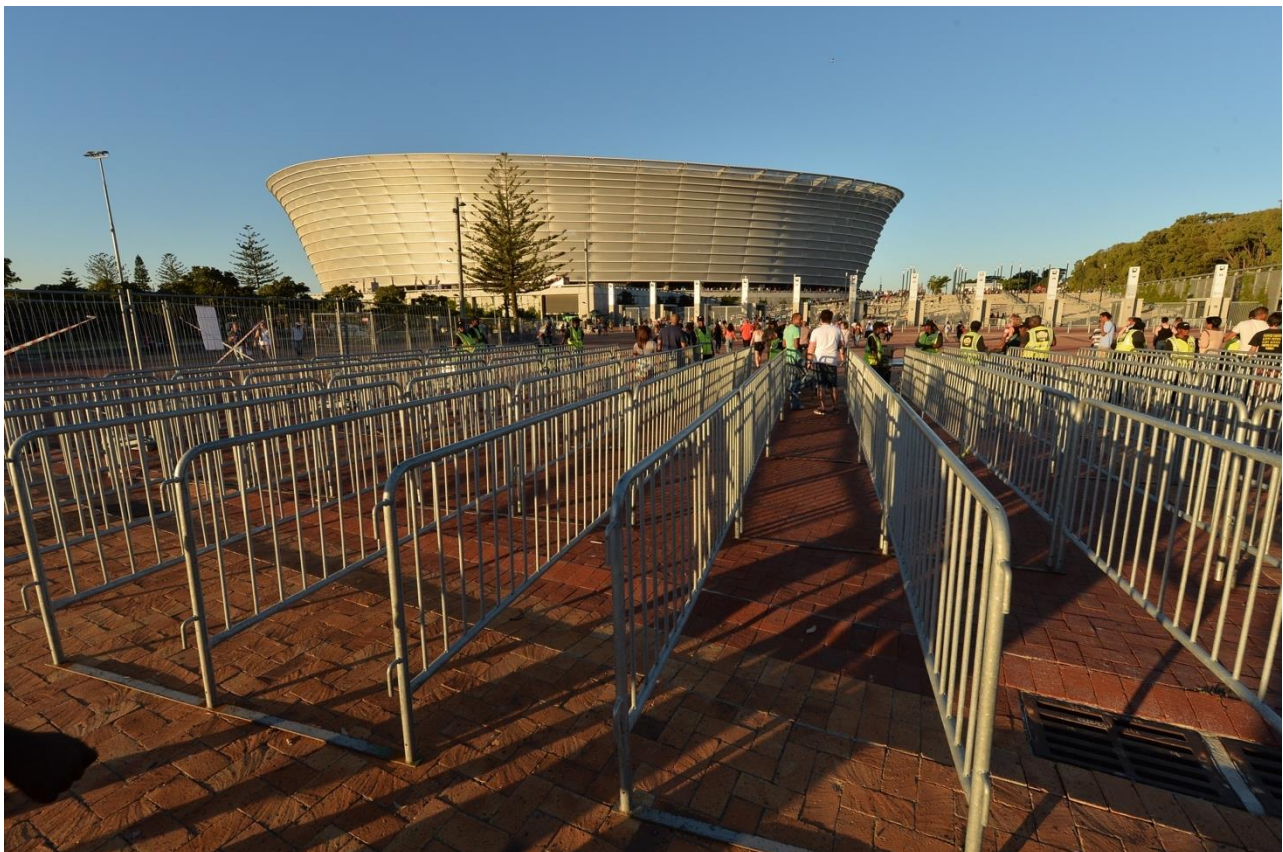
In terms of Section 88(2)(e) of the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (the Act), I certify that the Company has lodged with the Companies and Intellectual Property Commission, all returns and notices as required by the Act in respect of the financial year ended 30 June 2020, and that all such returns and notices are true, correct and up to date.



**Z SUNGAY CA(SA)**

**Company Secretary**

10 September 2020



# REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL OF THE CITY OF CAPE TOWN FOR THE CAPE TOWN STADIUM

## REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF THE CITY OF CAPE TOWN ON THE CAPE TOWN STADIUM SOC (RF) LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### OPINION

1. I have audited the financial statements of the Cape Town Stadium SOC (RF) Limited set out on pages 65 to 85, which comprise the statement of financial position as at 30 June 2020, the statement of financial performance, statement of cash flows and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cape Town Stadium SOC (RF) Limited as at 30 June 2020, and its financial performance and cash flows for the year then ended 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 56 of 2003 and the Companies Act 71 of 2008.

#### BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### EMPHASIS OF MATTER

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 15 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of errors in the financial statements of the department at, and for the year ended, 30 June 2020.



## **REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL OF THE CITY OF CAPE TOWN FOR THE CAPE TOWN STADIUM cont.**

### **RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS**

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, 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.
9. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity, cease operations, or has no realistic alternative but to do so.

### **AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, or due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT**

### **INTRODUCTION AND SCOPE**

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic focus areas presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

## REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL OF THE CITY OF CAPE TOWN FOR THE CAPE TOWN STADIUM cont.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipal entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus area presented in the municipal entity's annual performance report for the year ended 30 June 2020:

STRATEGIC FOCUS AREA	PAGES IN THE ANNUAL PERFORMANCE REPORT
Strategic focus area 1 – the opportunity city	1 – 3

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic focus area:
- Strategic focus area 1 – the opportunity city

### REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not identify any material findings on compliance with specific matters in key legislation set out in general notice issued in terms of the PAA.

## REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL OF THE CITY OF CAPE TOWN FOR THE CAPE TOWN STADIUM cont.

### OTHER INFORMATION

19. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information does not include the financial statements, the auditor's report and the selected strategic focus area presented in the annual performance report that has been specifically reported in this auditor's report.
20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic focus area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. I have nothing to report in this regard.

### INTERNAL CONTROL DEFICIENCIES

22. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control

*Auditor-General*

**Cape Town**  
28 February 2021



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected strategic focus area and on the municipal entity's compliance with respect to the selected subject matters.

### FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipal entity's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Cape Town Stadium SOC (RF) Limited to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## **ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT cont.**

### **COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

Rand (R)	Note	2020	2019 RESTATED
<b>ASSETS</b>			
<b>Current Assets</b>		<b>6 462 846</b>	<b>7 162 688</b>
Cash and cash equivalents	8	-	10 789
Service-in-kind benefit	10	2 010 000	-
Receivables from non-exchange transactions	11	3 956 863	6 379 727*
Receivables from exchange transactions	11	495 983	772 172
<b>Total Assets</b>		<b>6 462 846</b>	<b>7 162 688</b>
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>2 010 000</b>	<b>-</b>
Share capital	9	-	-
Accumulated Surplus/(Deficit)		<b>2 010 000</b>	
<b>Current Liabilities</b>		<b>4 452 846</b>	<b>7 162 688</b>
Payables from exchange transactions	12	2 566 055	3 164 800
Other payables	12	495 983	782 961
Value-added tax	13	1 390 808	3 214 927*
Bank overdraft	8	-	-
<b>Total Net Assets and Liabilities</b>		<b>6 462 846</b>	<b>7 162 688</b>

\*The prior period figures were restated.

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Rand (R)	Note	2020	2019
<b>REVENUE</b>				
<b>Exchange revenue</b>		2	<b>17 124 376</b>	<b>* 22 180 057</b>
Rental of facility			17 085 963	22 125 761
Other income			38 413	54 296
<b>Non-exchange revenue</b>			<b>67 831 439</b>	<b>57 497 889</b>
Contributions		3	59 453 808	55 119 794
Services in-kind received			8 377 631	** 2 378 095
<b>Total Revenue</b>			<b>84 955 815</b>	<b>79 677 946</b>
<b>EXPENDITURE</b>				
Board members' remuneration			271 660	320 076
Contracted services		4	44 980 700	42 410 808
Employee costs		5	731 556	-
Security services			8 589 195	8 140 628
Cleaning costs			6 855 706	8 202 213
Consultants			3 691 608	3 272 387
General expenses		6	17 825 390	17 331 834
<b>Total expenditure</b>			<b>82 945 815</b>	<b>79 677 946</b>
<b>Surplus/(deficit) before taxation</b>			<b>2 010 000</b>	-
<b>Taxation</b>			-	-
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>			<b>2 010 000</b>	-

\*Due to the lockdown restrictions caused by the COVID-19 pandemic, no events could take place from 27 March 2020 up until 30 June 2020, and therefore no revenue could be generated for the last quarter of the 2019/20 financial year.

\*\* Services in-kind include the recognition of the current asset (Land and Buildings) in the amount of R2 million which is in line with GRAP 23 recognition. Please refer to note 10.



## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

Rand (R)		Share Capital	Accumulated Surplus/(Deficit)	Total
Balance at 1 July 2018		-	-	-
Surplus/(deficit) for the year		-	-	-
Share issues	9	-	-	-
<b>Balance at 30 June 2019</b>		-	-	-
Surplus/(deficit) for the year		-	2 010 000	2 010 000
<b>Balance at 30 June 2020</b>		-	<b>2 010 000</b>	<b>2 010 000</b>

The accumulated surplus is a result of the adoption of GRAP 23 in relation to the services in kind of asset recognition.



## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

Rand (R)	Note	2020	2019
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from contributors and others		79 276 602	73 360 590
Cash payments to suppliers		(79 285 146)	(73 352 090)
<b>Cash generated/(utilised) by operations</b>	7	<b>(8 544)</b>	<b>8 500</b>
Finance income received		635	2 523
Bad debts are written off		(2 880)	-
<b>Net cash flow from operating activities</b>		<b>(10 789)</b>	<b>11 023</b>
Net increase/(decrease) in cash and cash equivalents		(10 789)	11 023
Cash and cash equivalents at beginning of the year		10 789	(234)
<b>Cash and cash equivalents at the end of the year</b>	8	<b>-</b>	<b>10 789</b>



## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

FINANCIAL PERFORMANCE	APPROVED BUDGET	FINAL BUDGET	ACTUAL	FAVOURABLE/ (UNFAVOURABLE) VARIANCE	VARIANCE %
Board members remuneration	400 000	400 000	271 660	128 340	<b>32.09</b>
Employee costs	-	750 000	731 556	18 444	<b>2.46</b>
Contracted services	49 603 727	50 043 013	44 980 700	5 062 313	<b>10.12</b>
Security services	8 163 164	9 463 164	8 589 195	873 969	<b>9.24</b>
Cleaning costs	8 000 000	7 000 000	6 855 706	144 294	<b>2.06</b>
Consultants	4 779 000	4 779 000	3 691 608	1 087 392	<b>22.75</b>
Services in-kind utilised	-	-	6 367 630	(6 367 630)	-
General expenses	17 067 910	15 578 624	11 457 760	4 120 864	<b>26.45</b>
<b>Total expenditure</b>	<b>88 013 801</b>	<b>88 013 801</b>	<b>82 945 815</b>	<b>5 067 986</b>	<b>5.76</b>
Rental of facility	16 630 317	16 630 317	17 085 963	455 646	<b>2.74</b>
Other Income	37 484	37 484	38 413	929	<b>2.48</b>
Services in-kind received	-	-	8 377 631	8 377 631	-
Contributions	71 346 000	71 346 000	59 453 808	(11 892 192)	<b>(16.67)</b>
<b>Total revenue</b>	<b>88 013 801</b>	<b>88 013 801</b>	<b>84 955 815</b>	<b>(3 057 986)</b>	<b>(3.47)</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES

The Cape Town Stadium's significant accounting policies, which are in all material respects consistent with those applied in the previous year, are set out below.

#### **BASIS OF PRESENTATION**

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including interpretation guidelines and directives issued by the Accounting Standards Board (ASB) in accordance with the Local Government: Municipal Finance Management Act, (Act 56 of 2003) (MFMA).

These annual financial statements have been prepared on an accrual basis of accounting and have used the historical cost convention as the basis of measurement, except where indicated otherwise.

Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation.

#### **COMPARABILITY**

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, the disease caused by a novel coronavirus, a pandemic, and on 26 March 2020, President Cyril Ramaphosa announced a national lockdown in response to the pandemic. As the pandemic increases in both magnitude and duration resulting in a broader economic downturn, the entity has had to discontinue the normal operations of the organisation and this has impacted the comparability of the financial information presented in these financial statements.

#### **GOING-CONCERN ASSUMPTION**

These annual financial statements have been prepared on the basis that the Cape Town Stadium (RF) SOC Ltd will operate as a going concern for at least the next 12 months which is based on the contractual commitment the City of Cape Town entered into with the Cape Town Stadium.

#### **USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES**

In the process of applying the accounting policies, management has made the following accounting judgments, estimates, and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively:

- **Going concerned**

Management considers key financial metrics and approved medium-term budgets, the impact of the COVID-19 pandemic, the associated conditions of a general economic downturn, together with the municipal entity's dependency on a grant from the City of Cape Town, to conclude that the going concern assumption used in compiling of its annual financial statements, is appropriate.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020.

### • **Budget information**

Variances between budget and actual amounts are regarded as material when there is a variance of:

- 10% or greater in the statement of financial performance

All material differences are explained in note 17 to these annual financial statements.

### • **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 payment based on the creditworthiness. The recent outbreak of COVID-19 has significantly affected the South African economy and our ability to generate budgeted revenue; however, our debtor's balance due to the pandemic has not been affected. This uncertainty is factored into the assessment of impairment.

## **ADOPTION OF NEW AND REVISED STANDARDS**

### **Standards and interpretations effective and adopted in the current year**

The following GRAP standards are applicable and effective in the current year:

- GRAP 20 - Related-party disclosures (revised)
- GRAP 108 - Statutory receivables

The Cape Town Stadium (RF) SOC Ltd has no statutory receivables.

The Cape Town Stadium has based its accounting policies on these standards and therefore the application of the standards will have no impact on the financial statements.

### **Standards and interpretations issued, but not yet effective**

At the date of submission of these financial statements, the following amendments to Standards of GRAP and approved Standards of GRAP had been issued but were not yet effective:

#### • **Annual periods commencing on or after 1 April 2019:**

- GRAP 18 - Segment reporting
- GRAP 34 - Separate financial statements
- GRAP 35 - Consolidated financial statements
- GRAP 36 - Investments in associates and joint ventures
- GRAP 37 - Joint arrangements
- GRAP 38 - Disclosure of interest in other entities
- GRAP 110 - Living and non-living resources
- IGRAP 20 - Accounting for adjustments to revenue to pay levies

Preliminary investigations indicate that these standards will have no impact on the Cape Town Stadium (RF) SOC Ltd.

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 cont.**

### **CASH AND CASH EQUIVALENTS**

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

The bank balance is swept to the City's bank account and therefore the entity has no cash and cash equivalents at the year-end.

### **VALUE-ADDED TAX**

The Cape Town Stadium (RF) SOC Ltd is registered for value-added tax (VAT) on an invoice basis. The registration date for VAT is 21 January 2020.

### **INCOME TAX**

The Cape Town Stadium is registered for income tax. Income tax is recognised in surplus or deficits.

### **REVENUE RECOGNITION**

Revenue comprises the invoiced services net of value-added tax, rebates, and all discounts. Revenue arising from the rendering of services is recognised when the event takes place. Revenue is measured at the fair value of the consideration receivable.

### **REVENUE FROM EXCHANGE TRANSACTIONS**

Revenue from exchange transactions relates to income earned from venue rental, stadium tours, and other services. The income is recognised as per the contractual agreement between the client and the Cape Town Stadium (RF) SOC Ltd.

### **REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Non-exchange transactions are transactions where the Cape Town Stadium (RF) SOC Ltd received revenue from another entity without giving approximately equal value in exchange. A Grant is received from the City of Cape Town (parent municipality) in terms of a service delivery agreement between the two parties. Revenue from the grant is recognised when the Cape Town Stadium (RF) SOC Ltd's own generated revenue is insufficient to cover its operational expenditure.

### **LEASES**

Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

The Cape Town Stadium (RF) SOC Ltd leases the stadium from the City of Cape Town in accordance with a signed SDA.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 *cont.*

### EMPLOYEE BENEFITS

#### Short-term employee benefits

The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service.

### TRADE PAYABLES

Trade payables are initially measured at fair value plus the transactional cost and are subsequently measured at amortised cost, using the effective interest rate method.

### RECEIVABLES

Receivables that arise out of contractual rights are classified as contractual receivables. Contractual receivables are recognised initially at fair value plus transactional cost, which approximates amortised cost.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority. As all amounts are receivable within 12 months from the date of reporting they are classified as current.

### BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP Standards on an accrual basis.

The approved budget is the most recent adjustments budget approved by Council. The final budget is the most recently approved budget that has been adjusted for changes made in terms of legislation and may not have been formally approved again by the Council. Where entities are required to have the budget(s) approved again for any subsequent adjustments, the most recently approved budget becomes the final budget for purposes of disclosure.

The amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in note 17 to the annual financial statements. Variances between budget and actual amounts are regarded as material when there is a variance of 10% or greater in the statement of financial position, the statement of financial performance, and the cash flow statement.

The budget amounts are those approved by the Council both before and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP) process.

Comparative information is not required for the statement of comparison of budget and actual amounts.

## **NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 cont.**

### **SERVICES IN-KIND**

The Cape Town Stadium (RF) SOC Ltd uses movable assets (e.g. furniture, IT equipment, and other office equipment) from the City of Cape Town to perform its daily operations. In addition, the City of Cape Town provided the Cape Town Stadium (RF) SOC Ltd with the services of an acting CFO, internal audit, and legal services in accordance with their obligations as stipulated in the service delivery agreement (SDA). Furthermore, the Cape Town Stadium (RF) SOC Ltd agreed to lease the stadium from the City of Cape Town in accordance with a signed SDA.

In terms of GRAP 23, revenue relating to services in-kind shall be recognised when it is probable that future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. The function performed by internal audit, legal services, acting CFO as well as the depreciation charges for the movable assets, are included in the number of services in-kind revenue, as these are services that could be reliably measured. An estimated market related rental and a current asset equivalent to six (6) months rental for the operating lease was also included in services in-kind revenue. The remainder of the support services provided by the City is not recognised as it cannot be reliably measured as required in terms of GRAP 23.

The Cape Town Stadium (RF) SOC Ltd recognises the use of these assets and the services of the acting CFO, internal audit, and legal services as services in-kind utilised. This is based on the principle that the services provided are used immediately, and a transaction of equal value is recognised to reflect the usage of the services in-kind provided.

### **COMPARATIVE INFORMATION**

When the presentation or classification of items in the annual financial statements is amended, comparative amounts are restated and nature and reason are disclosed. Where accounting errors have been identified and/or a change in accounting policy has been made in the current year, the correction is made retrospectively as far as is practicable, and the comparatives are restated accordingly.

### **RELATED PARTIES**

The Cape Town Stadium (RF) SOC Ltd regards a related party as a person or an entity with the ability to control the entity either individually or jointly, or the ability to exercise significant influence over the company, or vice versa. The City of Cape Town controls 100% of the shareholding of the company and therefore is regarded as a related party. Management is regarded as a related party and comprises the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), and the board of directors.

### **OFFSETTING**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 cont.

### 2. EXCHANGE REVENUE

Rand (R)	2020	2019
<b>Rental of facility</b>	<b>17 085 963*</b>	<b>22 125 761</b>
Bowl events	13 342 491	17 922 108
Non-bowl events	2 536 692	3 809 667
Film shoots	1 206 780	393 986
<b>Other income</b>	<b>38 413</b>	<b>54 296</b>
Stadium tours	37 778	51 773
Interest income	635	2 523
<b>Total exchange revenue</b>	<b>17 124 376</b>	<b>22 180 057</b>

\*Due to the lockdown restrictions caused by the COVID-19 pandemic, no events could take place from 27 March 2020 up until 30 June 2020, and therefore no revenue could be generated for the last quarter of the 2019/20 financial year.

### 3. NON-EXCHANGE REVENUE

<b>Contributions</b>		
City of Cape Town	59 453 808	55 119 794
<b>Analysis of government grants and subsidies</b>		
Operating	<b>59 453 808</b>	<b>55 119 794</b>
<b>Service in kind</b>		
Services in-kind received	8 377 631	2 378 095
<b>TOTAL</b>	<b>8 377 631</b>	<b>2 378 095</b>

Services in-kind received includes the functions performed by the internal audit department, the legal department, the allowance received by the acting CFO, the depreciation charges for the movable assets, an estimated market related rental and a current asset equivalent to six (6) months rental for the operating lease. A market related rental of 5% of estimated annual turnover as determined by an expert valuer was used in determining the operating rental for the financial year. The estimated annual turnover utilised was as per the future average turnover for the next three (3) years based on the business plan. The same basis was used in determining the services in kind asset for the six (6) month period. There is no significant risk causing material adjustment to the carrying amount of the services in kind benefit within the next financial year.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 cont.

### 4. CONTRACTED SERVICES

Rand (R)	2020	2019
Building Contracting Services	11 549 803	9 040 590
Electrical Services	6 059 460	5 964 121
Information Technology Services	4 958 223	4 970 685
Administrative and Support Cost	18 120 866	17 093 608
Other	4 292 348	5 341 804
<b>TOTAL</b>	<b>44 980 700</b>	<b>42 410 808</b>

### 5. EMPLOYEE COSTS

Employee costs	731 556*	-
<b>TOTAL</b>	<b>731 556</b>	<b>-</b>

\*The CFO was appointed in the current year and is the only employee of the Cape Town Stadium (RF) SOC Ltd.

### 6. GENERAL EXPENSES

<b>Rand (R)</b>		
Municipal services	8 744 378	10 035 014
Hire charges	438 484	821 559
Auditors' remuneration	553 172	594 080
Printing and stationery	129 937	133 822
Licenses	325 999	264 358
Services in kind utilised	6 367 630	2 378 095
Other expenditure	1 265 790	3 104 906
<b>TOTAL</b>	<b>17 825 390</b>	<b>17 331 834</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 7. CASH GENERATED/ (UTILISED) FROM OPERATIONS

	2020	2019
Surplus/(deficit) before tax	2 010 000	-
Adjustment for:		
Finance income	(635)	(2 523)
Services in-kind received	(8 377 631)	(2 378 095)
Services in-kind expenses	6 367 631	2 378 095
Bad debts are written off	2 880	-
Movements in working capital		
Decrease/(increase) in receivables	2 699 053	(1 766 289)*
(Decrease)/increase in payables	(885 723)	(828 723)
(Decrease)/increase in net VAT	(1 824 119)	2 606 035*
<b>Cash generated/(utilised) from operations</b>	<b>(8 544)</b>	<b>8 500</b>

\*Restatement of prior period error. Refer to note 15.

### 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents only consist of the cash held with the bank.

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

Current account	-*	10 789
The following bank accounts were held by the entity		
Nedbank - Current Account	-	10 789

\* The bank account balance is zero as of 30 June 2020 due to the Cape Town Stadium (RF) SOC Ltd's bank account being swept to the City of Cape Town's bank account as the City administers all payments on behalf of the entity and covers the shortfall of the operational expenditure through the grant in accordance with the service delivery agreement (SDA).

### 9. SHARE CAPITAL

The authorised share capital of the Cape Town Stadium (RF) SOC Ltd is 1000 ordinary shares of a single class with no par value. The entity has issued 100 ordinary shares with no par value to the City of Cape Town on 1 November 2017. The City of Cape Town is the sole shareholder of the company.

#### Rand (R)

Authorised ordinary shares	1000	1000
Issued ordinary shares at no par value	100	100

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 10. SERVICE IN-KIND BENEFIT

The service-in-kind balance is made up as follows:

Short-term portion

Long-term portion

Value of Service-in-kind benefit at 30 June 2020

2020	2019
2 010 000	-
-	-
<b>2 010 000</b>	-

An amount of R2 million will be charged to the Statement of Financial Performance each year to reflect the annual benefit utilized. This is a non-cash charge and arose as a result of the GRAP 23 accounting recognition of the service-in-kind benefit.

### 11. RECEIVABLES FROM NON-EXCHANGE AND EXCHANGE TRANSACTIONS

Receivables from non-exchange transactions

Receivables from exchange transactions

**Total**

3 956 863	6 379 727
495 983	772 172
<b>4 452 846</b>	<b>7 151 899</b>

Receivables age analysis

Current (0-30 days)

31-60 days

61-90 days

91-120 days

+120 days

**Total**

4 238 344	6 874 859
15 536	1 471
75 520	54 327
6 900	98 806
116 546	122 436
<b>4 452 846</b>	<b>7 151 899</b>

Receivables from non-exchange transactions relate to the grant payment due from the City of Cape Town as denoted in the service delivery agreement entered into between the City of Cape Town and the Cape Town Stadium. Receivables past due were impaired in line with the accounts receivable policy. The carrying value of these receivables is denominated in the following currency: South African Rand. The maximum exposure to credit risk at the reporting date is the carrying value of each class receivables mentioned above. The entity does not hold any collateral as security.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 12. PAYABLES FROM EXCHANGE TRANSACTIONS AND OTHER PAYABLES

<b>Rand (R)</b>	<b>2020</b>	<b>2019</b>
Payables from exchange transactions	2 566 055	3 164 800
Other payables	495 983	782 961
<b>Total</b>	<b>3 062 038</b>	<b>3 947 761</b>

The carrying amount of payables from exchange transactions and other payables is stated at a cost due to the short-term nature of these payables.

### 13. VALUE-ADDED TAX

VAT payable	1 390 808	3 214 927
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\*The Cape Town Stadium (RF) SOC Ltd registered for VAT on 21 January 2020, backdated to 1 February 2018.

### 14. OPERATING LEASE COMMITMENTS

#### Lessee

#### Cape Town Stadium

Payable within one year	100	-
Payable within two to five years	400	-
Payable after five years	4 437	-
<b>Total</b>	<b>4 937</b>	<b>-</b>

Future minimum lease payments for the operating leases relate to the lease from the City of Cape Town for a period of 50 years for use of Cape Town Stadium, remaining term is 49 years 4.5 months. Minimum lease payments recognised as an expense during the period amount to R63.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 15. RESTATEMENT OF PRIOR PERIOD ERROR

Following the identification of an error in the prior year, management decided to restate the prior year comparatives in respect of contributions recognised and the VAT liability that was not recognised.

In the prior year, there was no VAT liability recognised because the Cape Town Stadium (RF) SOC Ltd registered for VAT on 21 January 2020. The registration is backdated to 1 February 2018 when the entity was established. Consequently, the prior years are affected.

The correction for each of the financial statement line items and notes affected are disclosed below.

Rand (R)	2018 AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	2018 RESTATED	CORRECTION OF ERROR	MOVEMENT	2019 RESTATED
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>						
No effect to the statement of financial performance						
<b>STATEMENT OF FINANCIAL POSITION</b>						
Net Assets						
Value-added tax payable	-	608 892	608 892	2 606 035	-	3 214 927
Receivables from non-exchange transactions	4 776 718	608 892	5 385 610	2 606 035	(1 611 918)	6 379 727
<b>STATEMENT OF CASHFLOW</b>						
No effect to the cashflow statement						

### STATEMENT OF CASHFLOW

No effect on the cash flow statement

### Notes affected to the annual financial statements:

Rand (R)	Note	2018 AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	2018 RESTATED	CORRECTION OF ERROR	MOVEMENT	2019 RESTATED
Decrease/(increase) in receivables	7	(4 776 718)	(608 892)	(5385610)	(2 606 035)	6 225 356	(1 766 289)
Decrease/(increase) in net VAT		-	(608 892)	(608 892)	(2 606 035)	608 892	(2 606 035)
Amounts due by City of Cape Town	16	4 776 718	608 892	5 385 610	3 214 927	(2 220 810)	6 379 727

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

### 16. RELATED PARTY

#### Parent Municipality

The company is wholly controlled by the City of Cape Town which owns 100% of the company's issued shares. There is a service delivery agreement (SDA) in place between the company and the City of Cape Town which sets out the objectives of the company and the responsibilities of both the company and the City of Cape Town.

#### Related Party Transactions

Rand (R)	2020	2019
<b>Revenue:</b>		
Services in-Kind Received	8 377 631	2 378 095
Grants and Subsidies Received	59 453 808	55 119 794
<b>Expenditure:</b>		
Contracted Services	18 120 866	17 093 608
Municipal Services	8 744 378	10 035 014
Services in-Kind Utilised	6 367 631	2 378 095
Lease rental	63	-

#### Related Party Balances

Amounts owing to City of Cape Town	2 085 020	1 169 913
Amounts due by City of Cape Town	3 956 863	6 379 727*

The Cape Town Stadium (RF) SOC Ltd entered into an operating lease agreement with the City of Cape Town in the current financial year. \*Restatement of prior period error. Refer to note 15.

#### Executive Management

No business transactions took place between the Cape Town Stadium (RF) SOC Ltd and management.

#### Directors' Remuneration

#### Non-Executive Directors' Remuneration

##### Rand (R)

Peter-John Veldhuizen (Chairperson)	47 335	73 738
Viola Manuel	80 986	115 341
Samkelo Blom	52 395	65 597
Martin Van Staden	36 249	40 380
Limia Essop	52 496	44 549
Johan Dique	50 111	45 395
<b>TOTAL</b>	<b>319 572</b>	<b>385 000</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 cont.

### 16. RELATED PARTY (continued)

#### Executive Director's Remuneration

Rand (R)	Annual Salary	Bonus	Allowances	Social Contribution	Total
<b>2020</b>					
<b>Chief Executive Officer</b>					
Lesley De Reuck	1 508 532	47 321	158 613	255 099	1 969 565
<b>Chief Financial Officer</b>					
Fairoza Parker CA(SA)	725 362	-	-	6 194	731 556
	<b>2 233 894</b>	<b>47 321</b>	<b>158 613</b>	<b>261 293</b>	<b>2 701 121</b>
<b>2019</b>					
<b>Chief Executive Officer</b>					
Lesley De Reuck	1 402 803	44 432	159 535	246 856	1 853 626

The executive director's remuneration is included in contracted services.

#### Acting Chief Financial Officer (CFO)

Rand (R)	2020	2019
Kim Theron - Acting Allowance	74 193	25 467

A CFO was appointed in December 2019.

#### Other related party

The Cape Town International Convention Centre Company SOC Limited (RF) is also a municipal entity of the City of Cape Town.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 cont.

### 17. BUDGET INFORMATION

#### Explanation of variances greater than 10% between the final budget and actual amounts

##### Statement of financial performance

- (i) Board member's remuneration  
Board fees did not increase in the current year and there were fewer board meetings held compared to the prior period since the entity has become more established. This resulted in savings being realized.
- (ii) Contracted Services  
Due to the COVID-19 pandemic, no events could be hosted at the Cape Town Stadium, therefore fewer City services were required for bowl events during quarter 4 of the period under review, and as result savings were realised in administrative and support costs.
- (iii) Consultants  
The process of appointing a naming rights partner is yet to be concluded resulting in a saving in this expenditure line item.
- (iv) Services in-kind utilised and received  
No budget provision was made for services in-kind utilised and received as the value of the services in-kind to be provided by the City could not be estimated at the time of the budget preparation.
- (v) General Expenses  
Due to the suspended operations as a result of COVID-19 restrictions as well as improved cost management, this resulted in a saving of the general expenses.
- (vi) Contributions  
Due to the various factors as mentioned above and the improved cost management, the underspending of the expenditure resulted in the contribution from the City of Cape Town being significantly less than anticipated.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 cont.

### 18. SUPPLY CHAIN MANAGEMENT REGULATIONS

#### 18.1 Deviations

In terms of section 36(1) of the Municipal Supply Chain Management Regulation and the Cape Town Stadium's Supply Chain Management Policy, the CEO may dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process in exceptional circumstances. During the 2019/20 financial year the following deviations were awarded:

NO	SUPPLIER	NATURE OF GOODS/SERVICES	REASON FOR DEVIATION	PERIOD OF CONTRACT	VALUE OF AWARD
1	Sail Rights Commercialisation (PTY) Ltd	Appointment of expert naming rights provider for the commercialisation of the naming right on the Cape Town Stadium	Exceptional case where it is impractical or impossible to follow the official procurement process	1 July 2020 - 30 June 2023	Rates Based
2	International Risk Management (Pty) Ltd t/a Invula Risk Management (IRM)	Deviation for the appointment of a business consultant for the implementation of the business management model and the commercialisation of the Cape Town Stadium	Exceptional case where it is impractical or impossible to follow the official procurement process	1 July 2020 - 30 June 2023	Rates Based

In terms of section 36 of the Municipal Supply Chain Management Regulations and the Cape Town Stadium's Supply Chain Management Policy, the CEO may ratify any minor breaches of the procurement process.

Rand (R)	2020	2019
Total deviations for the year	-	195 840
Incident		
Sole/Single provider	-	195 840

There were no deviations in 2020.

18.2 According to section 45 of the Municipal Supply Chain Management Regulations, disclosure needs to be given of awards to close family members of persons in the service of the state, in compliance with the provisions of the Cape Town Stadium (RF) SOC Ltd's Supply Chain Management Policy.

No awards were given to close family members of persons in the service of the state.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 *cont.*

### 19. EVENTS AFTER REPORTING DATE

Management is unaware of any events after the reporting date that would materially alter the amounts or disclosure in these annual financial statements.

### 20. CONTINGENT LIABILITY

Cape Town Stadium registered for vat in January 2020 with effective date from when the entity was formed in February 2018. This required Cape Town Stadium to lodge and pay all the backlog of monthly vat returns from February 2018 up until registration date in order to comply with SARS administrative systems. Historically from February 2018 the entity's vat had been paid over to SARS through the City's monthly vat returns and SARS had been paid timeously. However, on submission of all the historical vat returns SARS systems automatically calculated penalties and interest in the amount of R1.4million. SARS is of the view that penalties and interest is due to the late submission of returns however, Cape Town Stadium has disputed and lodged an objection on the basis that payment had been made timeously through the City. Cape Town Stadium awaits the outcome of the SARS objection process.





## GLOSSARY OF ABBREVIATIONS

<b>ASB</b>	Accounting Standards Board
<b>GRAP</b>	Generally Recognised Accounting Practice
<b>IGRAP</b>	Interpretation of the Standards of Generally Recognised Accounting Practice
<b>MFMA</b>	Local Government: Municipal Finance Management Act, Act 56 of 2003
<b>SDA</b>	Service Delivery Agreement
<b>CTS</b>	Cape Town Stadium (RF) SOC Limited
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer

[www.capetown.gov.za/capetownstadium](http://www.capetown.gov.za/capetownstadium)



# Cape Town Stadium Performance Assessment Report for 2019/20 - 1 April 2020 to 30 June 2020




ANNEXURE B






👍 - Meets or exceeds target    🙅 - Currently does not meet target    🙋 - Information not available or work on hold

No	Indicator	Annual Target 30 June 2020	Target Performance Q4 - 30 June 2020	Actual Performance Q4 - 30 June 2020	Rating	Reason for variance	Remedial action
<b>Strategic Focus Area 1: Opportunity City</b>							
<b>Corporate Objective: Financial Sustainability</b>							
1.	Percentage reduction of the Grant Allocation from the City of Cape Town	6%	6%	16.67%	👍	Well above target	Maintain the Momentum
2.	Percentage Achievement of Projected Revenue	90%	90%	102.74%	👍	Well above target. The Entity assisted the Western Cape Government during the COVID-19 pandemic with the repatriation programme which resulted in additional income for the Entity.  Due to the COVID-19 pandemic the Entity was allowed to adjust its operational budget. The income is based on the special adjustment budget which was approved during May 2020.	Maintain the momentum
<b>Corporate Objective: Positioning Cape Town as a forward looking globally competitive City</b>							
3.	Percentage Compliance with approved Repairs and Maintenance Programme	100%	100%	100%	👍		
4.	Percentage Spent on Repairs and Maintenance Budget	80%	80%	92.6%	👍		
5.	Percentage Compliance with OHSA Act and regulations (Act 85 of 1993)	100%	100%	100%	👍		

## Cape Town Stadium Performance Assessment Report for 2019/20 - 1 April 2020 to 30 June 2020

ANNEXURE B

 - Meets or exceeds target
  - Currently does not meet target
  - Information not available or work on hold

No	Indicator	Annual Target 30 June 2020	Target Performance Q4 - 30 June 2020	Actual Performance Q4 - 30 June 2020	Rating	Reason for variance	Remedial action
6.	Number of Marketing Interventions implemented as per the approved Marketing Plan	13	13	16			
7.	Number of Bowl Events Hosted	31	31	31			
8.	Number of Non Bowl Events Hosted	40	40	41			
9.	Number of Film shoots hosted	15	15	18			
10.	Percentage approved commercialisation programmes implemented as per approved plan.	100%	100%	0%		<p>During the year, there were six (6) commercial income tenders that were drafted and advertised. At the BAC, the tenders were referred back, and the reason were given that no preferential point system and/or formula had been used and applied in accordance with the regulations and legislation. This would mean that the tenders were irregular and cannot be awarded. The current opinion from the legal advisor on the BAC is that the entity will need to cancel the current six (6) tenders and re-advertise. A second opinion has been sought from National Treasury, as the author of the PPP regulations to provide an advisory and guidance on this matter. Pending the outcome and opinion of National Treasury, the actual result on this indicator is thus noted at nil.</p>	<p>A written opinion has been sought from National Treasury, as the drafters of the PPP Regulations, to provide advise and guidance on the matter of the use of preferential points on income tenders.</p>

# Cape Town Stadium Performance Assessment Report for 2019/20 - 1 April 2020 to 30 June 2020

ANNEXURE B

👍 - Meets or exceeds target    👎 - Currently does not meet target    🤝 - Information not available or work on hold

No	Indicator	Annual Target 30 June 2020	Target Performance Q4 - 30 June 2020	Actual Performance Q4 - 30 June 2020	Rating	Reason for variance	Remedial action
<b>Corporate Objective: Economic Inclusion</b>							
11	Percentage budget spent on implementation of WSP	65%	65%	61.06%	👎	The training target was adapted downwards as a result of the COVID-19 scenario. It was very difficult to forecast accurately the amount envisaged to be spent at the end of the quarter as the entire period was a very uncertain period. Although some online training did occur, the target was not reached as proposed.	In the future, focus will be shifted more towards online training.
<b>Strategic Focus Area 4: Inclusive City</b>							
<b>Corporate Objective 4.3: Building Integrated Communities</b>							
12.	<b>Building Integrated Communities-</b> Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the City's approved employment equity plan (EE) (NKPI)	80%	80%	50%	👎	No Management positions in the applicable higher levels were appointed. All these positions are currently filled.	Until such time as senior management positions become vacant the current status will remain as is. When a vacancy eventually occurs in these levels, all efforts will be made to employ according to the criteria and taking into account Employment Equity parameters/criteria set.
<b>Strategic Focus Area 5: Well Run City</b>							
<b>Corporate Objective 5.1: Operational Sustainability</b>							
13.	<b>Operational Sustainability -</b> Percentage of absenteeism	≤ 5%	5%	1.22%	👍		
14.	<b>Operational Sustainability -</b> Percentage of declarations of interest completed	100%	90%	100%	👍		
15.	<b>Operational Sustainability -</b> Opinion of the Auditor General	Clean Audit	Clean Audit (Annual Target)	Clean Audit	👍		

\* - Clean Audit is defined as an unqualified audit report with no material findings on compliance to laws, regulations and predetermined objectives.

/

REVIEWED: INTERNAL COMPANY SERVICES MANAGER

Werner Kuhn

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Werner Kuhn  
Date: 2020.08.26  
10:06:00 +02'00'

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APPROVED: CEO CT STADIUM

Lesley de Reuck

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Lesley de Reuck  
Date: 2020.08.26  
10:06:22 +02'00'

The Cape Town Stadium performed well for 2019/20 Financial year. 12 of the total 15 performance indicators were achieved and in some cases were exceeded. The target not reached for the works skills plan was due to the cancellation of training as a result of the COVID-19 Pandemic. Due to the recent case law that was brought to the attention at the Entity's Bid Adjudication committee which resulted in the commercial tenders not being adjudicated. The commercial tenders are being updated as per the legal opinion obtained and will be re-advertised shortly.



CAPE TOWN STADIUM

THANK YOU

