

An aerial photograph of the Cape Town Stadium, a large, oval-shaped stadium with a light blue roof and a dark blue interior. The stadium is situated on a coastal area with a blue sea in the background and some buildings and greenery in the foreground.

SO MUCH MORE
THAN JUST A STADIUM

Integrated Annual Report

Cape Town Stadium (RF) SOC Limited

1 February – 30 June 2018

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Annexure A – Performance scorecard



1. FOREWORD



MESSAGE FROM THE CHAIRMAN OF THE BOARD

It is with great pleasure that we present the Integrated Annual Report of Cape Town Stadium (RF) SOC Limited ("CTS") for the period 1 February – 30 June 2018.

The iconic Cape Town Stadium was purposely built for the 2010 FIFA World Cup SA™. Following a short unsuccessful attempt by a private management company to operate the Stadium post the 2010 World Cup™ event, the City assumed full time governance and management of the Stadium.

During this period the City undertook a comprehensive, legislatively compliant exploration of what business model best suited the governance and management of arguably its most valuable asset on its balance sheet. Public debate regarding the sustainability of the Stadium has not been without controversy - with some even calling for its demolition. Clearly it was imperative for the City that the Stadium reduces its financial burden on the ratepayers.

Following this business model assessment process, a corporate Municipal Entity ("ME"), much like the one which has successfully managed the commercially successful City owned CTICC, was established - Cape Town Stadium (RF) SOC Limited ("CTS"). It commenced operations on 1 February 2018. This report covers the first 5 months of its business operations.

The City of Cape Town ("COCT") is currently the 100% shareholder of the company whilst its Board of Directors is predominantly constituted by non-executive directors drawn from the ranks of the Cape Town private sector. CTS are mandated, *inter alia*, with the full commercialisation of the Stadium.

During the first 5 months of its business operations the Board and senior management of CTS was primarily engaged with the “bedding down” of its operating structures, negotiation of a Service Delivery Agreement (“SDA”) with the City, the Board approval of the CTS Business Plan for 2018/19, the implementation of various corporate policies and deliberation of the required development of a new independent operating budget for the Stadium's operations.

The vision and mission of CTS was also debated and agreed to by the Board during the period under review. In essence CTS must be recognised as a leading international, multi-purpose events facility which focuses on:

- client service excellence;
- team synergies;
- customer centricity;
- innovative approaches; and
- environmental stability.

The approved Business Plan confirms the more flexible public/private governance and management structure and strategy of the CTS. Amongst others, it clearly indicates that the securing of a long term premium Anchor Tenant and a private sector Naming Rights sponsor would unlock the real potential commercial value of the Stadium.

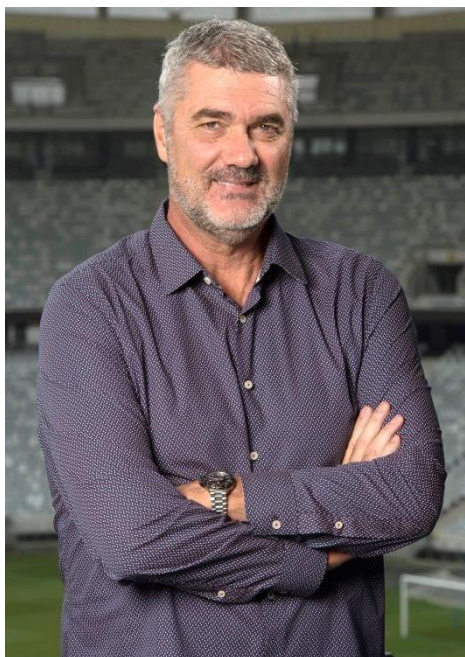
In terms of the current CTS business plan, and during the period under review, CTS Management has pursued the Stadiums approved naming rights strategy. Following a tender process, a specialist naming rights agent has been appointed who is currently engaged in the securing of an appropriate naming rights sponsor for the Stadium.

I can without reservation state that the Board, senior management and valued staff of the CTS are whole heartedly committed to the commercial success of the Stadium in terms of its more flexible operating structure. It would be remiss of me not to express my thanks and gratitude to all of my above CTS colleagues for this commitment. It is only through this ongoing commitment that we will achieve our business goals and in doing so commence with a process of ultimately attaining an era of financial sustainability at the Cape Town Stadium.

Peter-John Veldhuizen

Chairperson: Cape Town Stadium





MESSAGE FROM THE CEO

It is with some pride that I can announce that the Cape Town Stadium (RF) SOC Ltd ("CTS"), following its City Council approved establishment, appointment of Board members and holding of its inaugural Board meeting, commenced business operations on 1 February 2018.

An interim Service Delivery Agreement ("SDA") was following negotiation during the period under review, signed between the COCT and CTS on 05 July 2018.

It is also pleasing to note that the entire COCT appointed Stadium interim management compliment, previously seconded or appointed by the COCT, has accepted the challenge of operating in a fully commercialized and resourced operating environment and have been seconded, full time, to the new more flexible governance and management structure of the Company.

During the 5-month period under review (1 February to 30 June 2018), a monumental effort has gone into laying the operational, commercial, events, marketing and communication and legislative compliance foundation to ensure that the corporate Municipal Entity ("ME") operates optimally as per the Service Delivery Budget Implementation Plan ("SDBIP") and Service Delivery Agreement ("SDA") agreed to with the City.

Strategic Development

With reference to the above, the Board, during the period under review, provided input into and approved the following CTS management strategies.

Name of Strategy	Date Approved
Commercialisation Strategy	24 April 2018
Events Attraction Strategy	24 April 2018
Integrated Brand Management, Niche Marketing, PR and Communications Strategy	24 April 2018
Maintenance Strategy	24 April 2018

Business Planning

During the period under review, the following significant CTS business planning milestones were achieved:

7 March 2018:

- Business Plan and SDBIP approved
- Operational Budget 2018/19 approved

5 July 2018

- Signed Interim Service Delivery Agreement.

Legislative Compliance & Policy Framework

In order to achieve a legislative compliance framework for the new company a number of Board approved Policies were developed which are more fully articulated in the Support Services Section of this report.

The City also embarked on a Municipal Asset Transfer Regulations ("MATR") process that will allow the leasing of the Stadium to CTS. On finalisation of the above a final SDA will be signed that will guide the relationship between the COCT and CTS for the next 50 years.

Commercialization

During the 5 months under review, the Board and management of CTS, pursuant to the establishment of the more flexible commercial environment offered by CTS, initiated the overhaul of its previously legislatively restrictive commercialisation model in preparation for the full commercialization of the Cape Town Stadium.

From an events hosting perspective, the Stadium remains a multi-functional facility which continues to host a spread of local and international sporting, recreational, music, cultural, corporate, film shoots and other events. The hosting of some of these events, which includes the highly successful World Rugby Sevens™ tournament, contributed to the COCT receiving, earlier this year, of the award for the Best Events Destination in Africa.

In order to optimise the utilisation of the CTS facility, multi-year contracts were signed with a number of local sports and entertainment bodies.

In order to commercialize the 9 000m² of retail and office space available in the Stadium, a MATR process was embarked upon by the COCT, which on conclusion will enable us to make this space commercially available, at market rates, to the public. It is envisaged to ultimately establish a business hub in the Stadiums precinct, with the Stadium at its centre.

The same process will allow the company to appoint a commercial parking operator to manage the 1172 parking bays on both event and non-event days.

A tender was awarded to a Company that is now in the process of obtaining a Naming Rights sponsor for the CTS.

Reference has already been made, in the Chairman's message (above), to the significant strides made by the COCT and CTS, during the period under review, in securing a premium anchor tenant to take up a long term anchor tenancy at the Stadium. This relationship, if consummated, has the potential to significantly reduce the contributions which Cape Town ratepayers have been making towards the running of the Stadium since the 2010 FIFA World Cup SA™

MARKETING

We believe that the CTS are *"SO MUCH MORE THAN JUST A STADIUM"*.

We help create memories, impact on the social cohesion and wellbeing of our COCT citizens and contribute directly, through the hosting of major events, to the COCT economy through, amongst others, job creation, entrepreneurial opportunities and an enhanced tourism industry. Our staff are living and driving this principle passionately.

Customer centricity is recognised as a key component to *"being so much more than just a stadium"*, and is a philosophy that is delivered throughout the organisation.

INCOME

The budgeted revenue targets set for the reporting period, in terms of the CTS Business Plan, was achieved.

STAFF DEVELOPMENT

We are passionate about staff skills development at CTS as we fully appreciate the ultimate benefit that this will bring to the new, less commercially restrictive environment which the new CTS business entity enjoys.

The ultimate success of CTS will be underpinned by ensuring that suitably equipped and qualified staff, with appropriate skills sets and knowledge bases, is retained at the company. The staff training budget allocated to CTS for this period was fully utilised in order to achieve this aim. We are aware that this must be a continuous process which, in the short to medium term, will be focussed in the up-skilling of our staff in the commercial component of our business.

THANK YOU

The 5-month period under review has been an eventful and very intense period.

CTS was established and needed to be operationalized in an extremely short period of time. This could only be achieved with the unwavering commitment of its management team and all of the valued staff of CTS.

A special word of thanks to the numerous City officials who were involved throughout the establishment phase of CTS, in ensuring legislative compliance, giving guidance and support in order to ensure a successful transition.

I also need to thank our Chairman Peter-John Veldhuizen and his colleagues on the Board of Directors for their invaluable guidance and unwavering support as well as their understanding of the challenges faced by a newly established corporate Municipal Entity and their willingness to go “*over and above*” of what is expected of them as directors of CTS.

Lesley de Reuck

Chief Executive Officer



2. FORWARD LOOKING STATEMENT

A glimpse into the future

Cape Town Stadium is currently endeavouring to deliver on its mandate as per the signed SDA through the activation of all identified income streams. The objective is to maximise income at the Cape Town Stadium and thereby minimize the operational cost impact of running the Stadium, on the City's rate payers.

In this regard the CTS management has initiated and is in the process of revising a Commercialisation implementation model which would allow for the phased activation of the commercial opportunities such as:

- Naming rights sponsorship;
- Pouring rights sponsorships;
- Event day hosting & acquisition;
- Hospitality services;
- Liquor warehousing & distribution;
- Commercialization of commercial & retail office space;
- Activation of Commercial Parking opportunity;

An expert service provider was appointed to support CTS management with procuring a Naming Rights Sponsor. When concluded this would have a substantial impact on the income.

These income opportunities will be delivered through a Hybrid Commercialisation Model which combines the advantages of fully outsourcing or fully insourcing the services.

It will have a certain element deemed to be of strategic importance, which will be managed and controlled by CTS, whilst other elements that are required non-core specialist skills, will be outsourced.

The Hybrid Model will enable:

In-house Management (within the CTS management structure) in respect of:

- Commercial, strategic and management skills;
- Governance and municipal legislative compliance;
- Management of the event calendar and event scheduling;

- allocation of use of assets, commercial inventory and spaces;
- Management & quality control of outsourced services and performance measurement, and the financial control thereof; and
- Management & quality control of non-bowl events, including outsourced commercialisation agents / service providers.
- Commercialisation of aspects such as Naming Rights, Static & electronic advertising, pouring rights sponsorship, hospitality services etc., will be outsourced.

CTS is in the process of aligning the organogram to optimise the effectiveness of being able to deliver on the SDA deliverables. An expert service provider has been appointed and re-aligned the organogram will be taken to the Board for approval in the 3rd quarter of 18/19 financial year.

The Anchor Tenant

Significant tenders have been made by the City and CTS in securing a premium anchor tenant to take up long term tenancy at the CTS.

This relationship, if consummated, will have the potential to significantly reduce the Cape Town Stadium's operational deficit.

Retail and Leasing

The City has concluded an MATR process in September 2018. This now allows the CTS to commercialise the approximately 9000m² of retail and office space. This space will now be made available to the public at market rates.

The same process will allow the CTS to appoint a parking operator to manage the approximately 1172 parking bays on both event and non-event days. The successful activation of these commercial opportunities will ensure that the CTS will become substantially less dependent on funding from the City of Cape Town.

CTS is committed and focussed on reducing its dependency of the COCT and minimizing the financial impact on its ratepayers.

3. INTRODUCTION

It is with great pleasure that we welcome you to the new era of the Cape Town Stadium, under its newly established, commercially focused governance and operating structure - a place where memories are made.

The 2010 FIFA World Cup SA™ left behind many memories. It was a once in a lifetime event of epic proportions; bringing the world to South Africa and South Africa to the World. Not only did it create lifelong memories, but also upgraded infrastructure in line with world-class standards. A legacy of this is the iconic Cape Town Stadium - framed as it is, by Table Mountain and with breathtaking views of the Atlantic Ocean.

Critically, Cape Town Stadium has been maintained, since the 2010 event, to world - wide International Standards. As such, we have been able to attract and have hosted the “Who's Who” of the domestic and international event scene from across the globe – from U2, Justin Bieber, One Direction, Bon Jovi, Coldplay and Eminem to the HSBC World Rugby 7's, Premier League soccer matches to the Cape Argus Cycle Tour exhibition, from Cultural events to blockbuster film shoots. The Cape Town Stadium has hosted them all.

WHO DO WE SERVE?

The Cape Town Stadium is guided by the principles of client centricity. This is a principle that is incorporated into all aspects of its new business – from dealing with clients telephonically, electronically or in person; to the neighboring communities that share CTS's location.

We serve, inter alia, the following clients:

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

4. ABOUT CAPE TOWN STADIUM (RF) SOC LTD – SO MUCH MORE THAN JUST A STADIUM

OUR VISION

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

OUR MISSION

As a leading international, multi-purpose events facility our objectives toward attaining our vision are:

- 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 following core values will under-pin the business of CTS as it transitions into a fully commercialized, major stadium business entity:

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

The Cape Town Stadium (RF) SOC Limited will utilise the King IV report principles as a guiding mechanism according to which it will conduct its business.



5. GOVERNANCE

Board of Directors

A Board of Directors were appointed on 01 November 2017 and operates under the leadership of Mr PJ Veldhuizen.



Peter-John Veldhuizen
Chairperson
Non-executive
Appointed: 01/11/2017



Martin Van Staden
Non- executive
Appointed: 01/11/2017



Viola Manuel
Vice-Chairperson
Non- executive
Appointed: 01/11/2017



Patrick Lekay
Acting Chief Financial
Officer
Appointed: 13/12/2018



Samkelo Blom
Non- executive
Appointed: 01/11/2017



Lesley de Reuck
Chief Executive Officer
Appointed: 01/02/2018



Limia Essop
Non- executive
Appointed: 01/11/2017



Barry Lodewyk
Non-executive
Appointed: 01/11/2017
Resigned 02/07/2018

Sub-Committees

The following Board sub-committees were established during the period under review:

<u>HR, Social & Ethics Subcommittee</u>	<u>Audit and Risk Subcommittee</u>
Samkelo Blom (Chairman)	Viola Manuel (Chairperson)
Viola Manuel	Someshni Barns
Limia Essop	Rowan Nicholl
Peter -John Veldhuizen	Lindiwe Ndaba
<u>Events, Strategy and Marketing Subcommittee</u>	
Martin Van Staden (Chairperson)	
Viola Manuel	

6. OUR STADIUM - FAST FACTS AND NUMBERS

General

- Stadium site area 56 990m²
- Podium perimeter 1 336m
- Stadium perimeter 745m
- Stadium length 290m
- Stadium width 265m
- Stadium height 50m
- Roof area 40 000m²
- Floor space 116 290m²
- Pitch area 13 535m²
- Pitch playing surface 11 749m²
- Four changing rooms 396m²
- Internal parking bays 1172
- Conference hall (unfurnished) 526m

Hospitality Suites

- Business lounge 1 475m² Level 04
- Business lounge balcony 730m² Level 04
- Business lounge 965m² Level 03
- Business lounge (level 04) 2 132
- VIP/hospitality seating (Current)
- Suites (level 05) 1396
- Networking lounges (level 05) 1198

Amenities

- 68 Wheelchair/physically challenged viewing areas/bays 120
- Concessionaire stands 19
- International HD Broadcast quality 2000 lux floodlights 360
- Main gates 3
- Turnstiles 87
- Entrances & doors 868
- TV studios 4
- Media seats 178
- Spectator Rest Rooms – 530

General Seating

- Total stadium seating 55063
- Lower tier 23 018
- Middle tier 15 594
- Upper tier 11 725



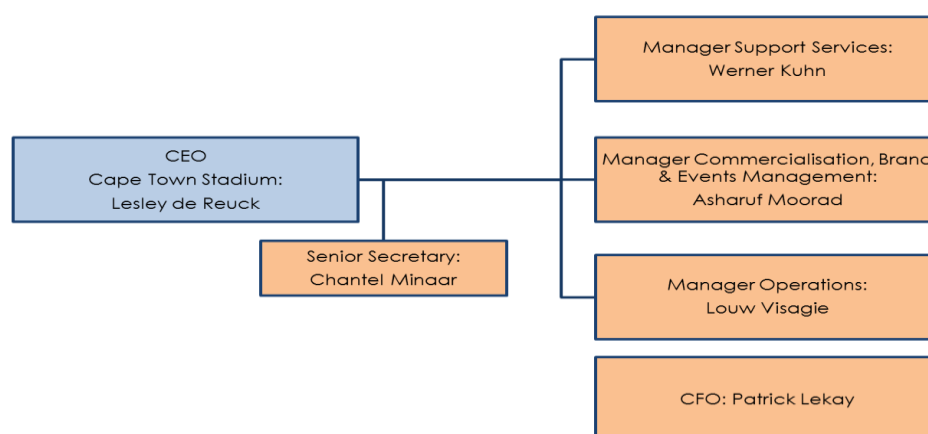
7. ORGANISATIONAL STRUCTURE

The Cape Town Stadium consists of a dedicated and professional staff component with a proven record of operational efficiency and customer orientated focus.

The diagram below shows the Senior Management structure of the ME.

The total current staff compliment is 39, with 19 vacancies which, per the approved Business Plan, will be filled in due course – including a Head of Finance and a Head of Events.

Current CTS Management Team



During the period under review, Cape Town Stadium embarked on an assessment of the functionality of its organogram with the view of potentially realigning the structure that would allow for optimum ability to deliver on the mandate and ensure legislative compliance.

8. SUPPORT SERVICES: FINANCE AND ADMINISTRATION, LEGAL AND HUMAN RESOURCES



Support Services highlights during the period under review include:

- Achieved 97 % verification of assets
- Achieved 100% on declaration of interests
- No occupational safety incidents reported in the period
- 100% of training budget spent
- Number of training interventions: 17 including Labor Law, project planning and office administration related

Nine Policies were adopted during this time period.

<ul style="list-style-type: none"> • Entertainment Policy • Directors and Audit committee members remuneration policy • Suite Policy • Gift Policy • Code of Ethics Policy 	<ul style="list-style-type: none"> • Business Travel and Subsistence Policy • Health and Safety Policy and SOP • City SCM Policy • City HR Policy
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9. COMMERCIALISATION, BRAND AND EVENTS MANAGEMENT



PERFORMANCE / HIGHLIGHTS

1. STRATEGIES

During the period under review, a total of three (3) Board approved strategies were developed for this department. The strategies were as follows:

- 1.1. Commercialization Strategy
- 1.2. Integrated Brand Management, Marketing, P.R. and Communications Strategy
- 1.3. Integrated Events Attraction and Leveraging Strategy



1.1 Commercialisation

The Strategies main goal is to drive CTS towards financial sustainability and a decrease in dependency on the COCT financial support.

Pursuant to achieving this goal, 13 possible income streams were identified. One of these, the CTS Naming Rights, was actioned and an expert service provider was appointed and has been successfully working towards obtaining an appropriate and financially relevant Naming Rights sponsor for the Stadium.

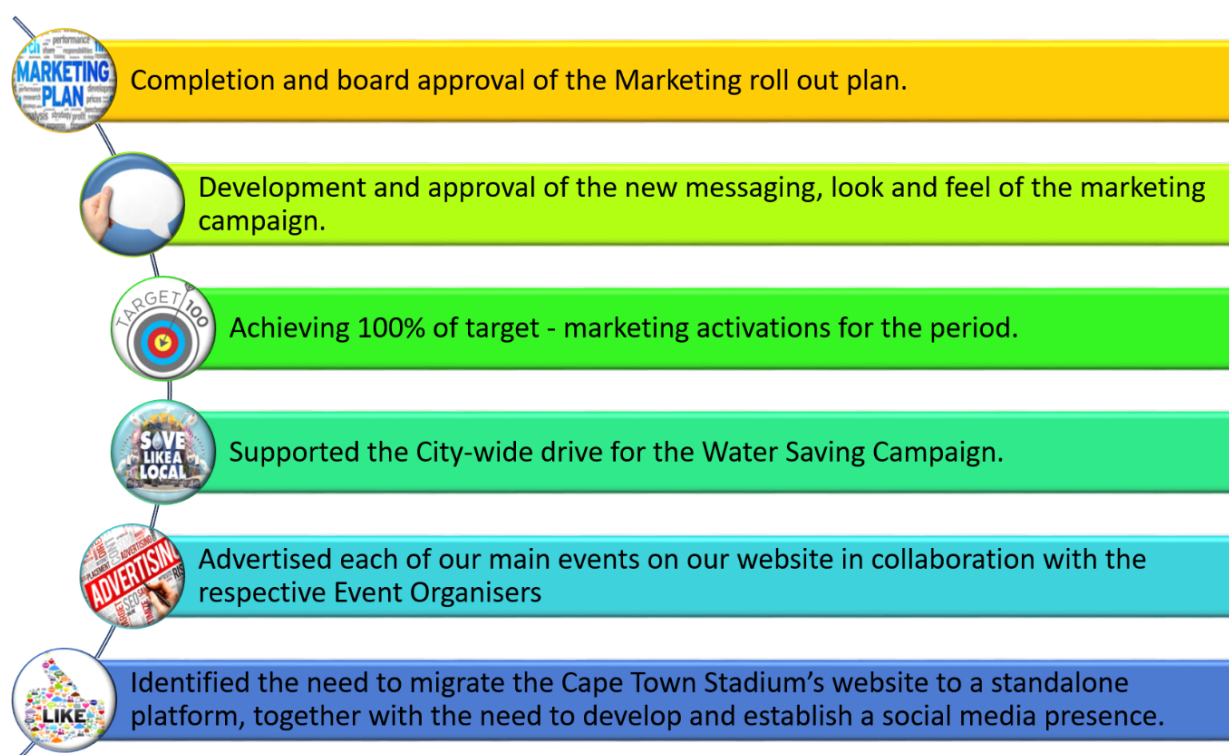
CTS.

Another of the identified income streams is the approximately 9000m² spaces available at the Stadium that can be utilized as commercial office or retail space. The COCT has embarked on a MATR process that would allow CTS to offer this space commercially to the market.

Furthermore, in view of the establishment of the more commercially flexible operating environment allowed by municipal legislation in respect of a corporate municipal entity, a process was embarked upon during this period to refine and finalize the Commercialization implementation model.

1.2 Integrated Brand Management, Marketing, P.R. and Communications Strategy

The Integrated Brand management, Marketing, PR and Communications Strategy was developed and approved on 24 April 2018. The following highlights were achieved:



1.3 Integrated Events Attraction and Leveraging Strategy

During the course of the period, the Cape Town Stadium hosted a number of jewel events comprising of both Bowl & Non-bowl events, as well as Film & Still Shoots.

Event descriptions

Note:

- a) **Bowl Event:** This relates to any major event hosted at the CTS which utilizes the pitch area. This space allows for approximately 55 000 pax seated in the stands, with the possibility of seating an additional 15 000 pax on the pitch. This is dependent on the stage configuration and Event Organizer's event plan. Events range from sporting events to music concerts and cultural events.
- b) **Non-Bowl Event:** This relates to any event hosted at the CTS which utilizes any space other than the pitch area. These range from expos and exhibitions to product launches and conferences.

- c) **Film and Still Shoots:** These relate to all types of film shoots and photographic projects within any space at the CTS. These ranges anywhere from an individual photographic shoot to major commercial film shoots.

The Cape Town Stadium remains a multi- purpose facility

Events hosted:

Non Bowl Events

13 events hosted during this time period for example: Cycle Tour exhibition, We are Africa exhibition, Provincial Government Conference, Red Bull Break dancing competition, etc.

Bowl events

12 events hosted during this time period for example: Carlos Santana, Ultra Music Festival, Kaapse Klopse competition, 3 x Nedbank Cup matches, 3 x PSL Soccer matches, Religious event, etc.

Film and Still shoots

5 Film & still shoots, e.g. Film Afrika TV Series, Big Sky Productions Small Shoot, CTC FC Team Photo Shoot, etc.

178 913 pax in attendance for the 5 month period

Negotiations for the hosting of the World Rugby Seven's Tournament for the years 2019 – 2022 was initiated.



A SNAPSHOT OF SOME EVENTS HOSTED DURING THE PERIOD UNDER REVIEW



“We are Africa” exhibition



Ultra



Carlos Santana



Cape Town City vs Kaizer Chiefs

10. OPERATIONS

Cape Town Stadium Facility Maintenance Strategy was developed and approved by the Board during the period under review:

FINANCIAL SUSTAINABILITY

The 3-year budget projection was presented and approved. Routine maintenance programs were developed and the target of 100% compliance was achieved. The overall expenditure on repairs & maintenance was within the variance target set.

OPERATIONAL EFFICIENCY

Critical operational deliverables are planned amongst the stakeholders responsible for delivery of an "event-ready facility". The team provides a structured solution ensuring that respective works are delivered on time, within scope and budget constraints.

VISCERAL CONTRIBUTION TOWARDS THE CAPE TOWN STADIUM BRAND

The Health and Safety Policy has been presented, approved and implemented. This will ensure 100% compliance with the Occupational Health & Safety Act (Act 85 of 1993) and Regulations.

In terms of the SASREA ACT No 2 of 2010 an application for an annual existing Stadium and event risk grading certificate in terms of Section 8 (1) & 8 (4) Of the Safety and Sports Recreational Events Act, 2010, Cape Town Stadium complied and was issued a 12 Months Grading Certificate dated 16 Feb 2018 that expires 16 February 2019. CTS are the only facility in the Western Cape which can host high risk events in lieu of the compliance or grading certificate issued.

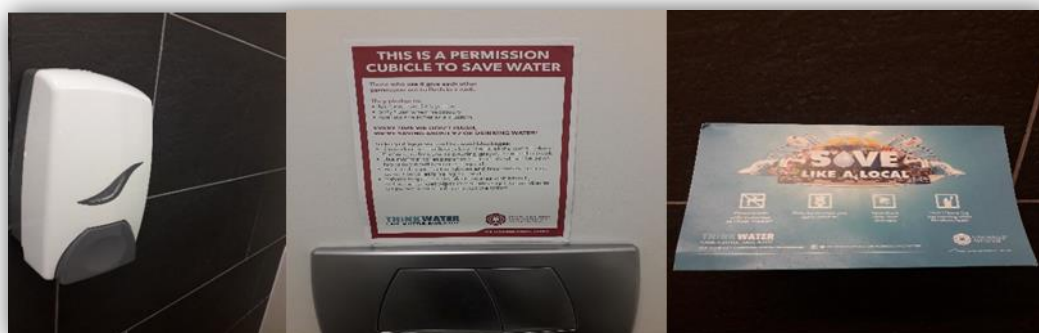
INFRASTRUCTURAL INTEGRITY/LONGEVITY

Maintenance programs are monitored and evaluated by the respective Project Managers. Contractual meetings are facilitated on an ongoing basis where responsibilities and standards are set and reported upon. Shortcomings are highlighted and targets for reparations are established. These practices enhance the lifespan of plant and equipment.

11. AN ENVIRONMENTALLY FRIENDLY STADIUM

10.1 The CTS implemented various initiatives in order to contribute to the environmental sustainability of the asset and to comply with existing environmental challenges especially in terms of the water shortage in the Western Cape:

- Water reduction flows to all taps were reduced from five seconds to three second to save water. In certain areas which were not in use, their main valves were closed off. In all ablution facilities, hand sanitizer units were installed for cleansing purposes.
- Communication/pamphlets were placed in all toilets to drive the water saving initiative in the Western Cape.



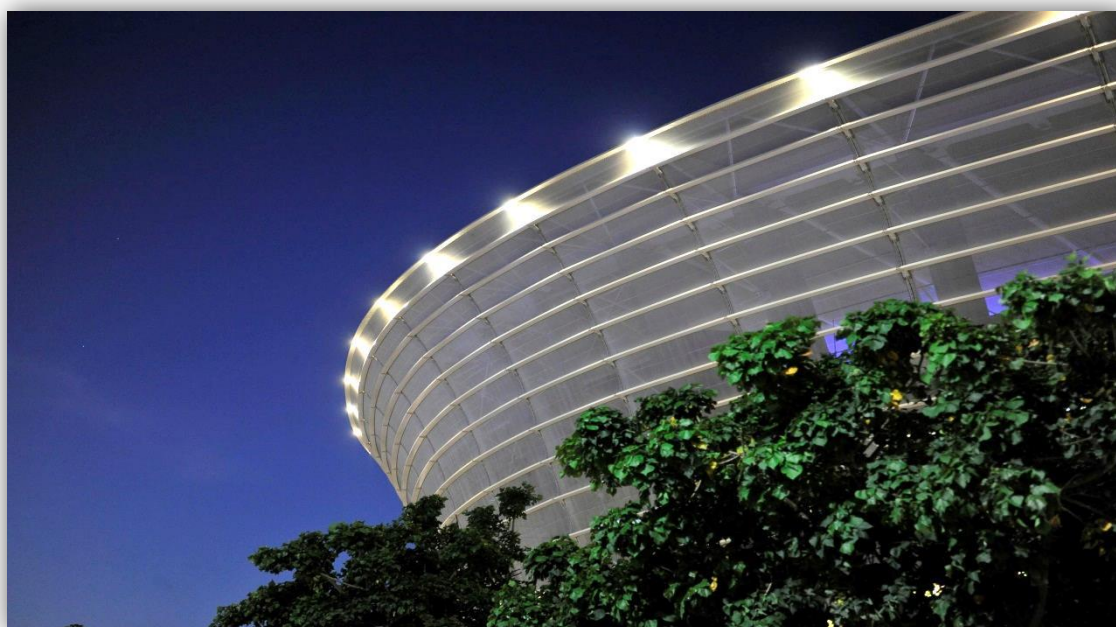
- With respect to the Stadium pitch, soil moisture levels are measured daily to determine the amount of moisture in the soil. If the levels are adequate, no watering takes place.
- Fertilizing with granular fertilizers has been changed over to liquid foliar fertilizer applications. This meant that there was not a need to irrigate to dissolve the fertilizer granules into the soil.
- A liquid fertilizer named, "Humate Sure" is applied to the pitch on a monthly

basis. This product helps moisture to remain in the soil on and around the roots of the grass plant. This results in less irrigation applications.

- The pitch seed mixture has also been amended to allow for a bigger percentage of the Fescue grass plant, one of the main characteristics of the Fescue grass plant is drought tolerance.

10.2 LIGHTING

- The “Intellibus” intelligent lighting control system facilitates the management of various lighting scenes or scenarios depending on the purpose. Standard day-to-day requirements can be met, but flexibility built into the design, allows for deviations as and when required. A further enhancement to consumption management is the use of LED (light emitting diode) technology installed in all critical areas, including our emergency lights. Thus, meeting the relevant occupancy legislative requirements stipulated in the respective national safety standards. Due to the age or end of lifespan of certain halogen and fluorescent fittings in critical areas, the replacement fittings incorporated the use of LED technology.

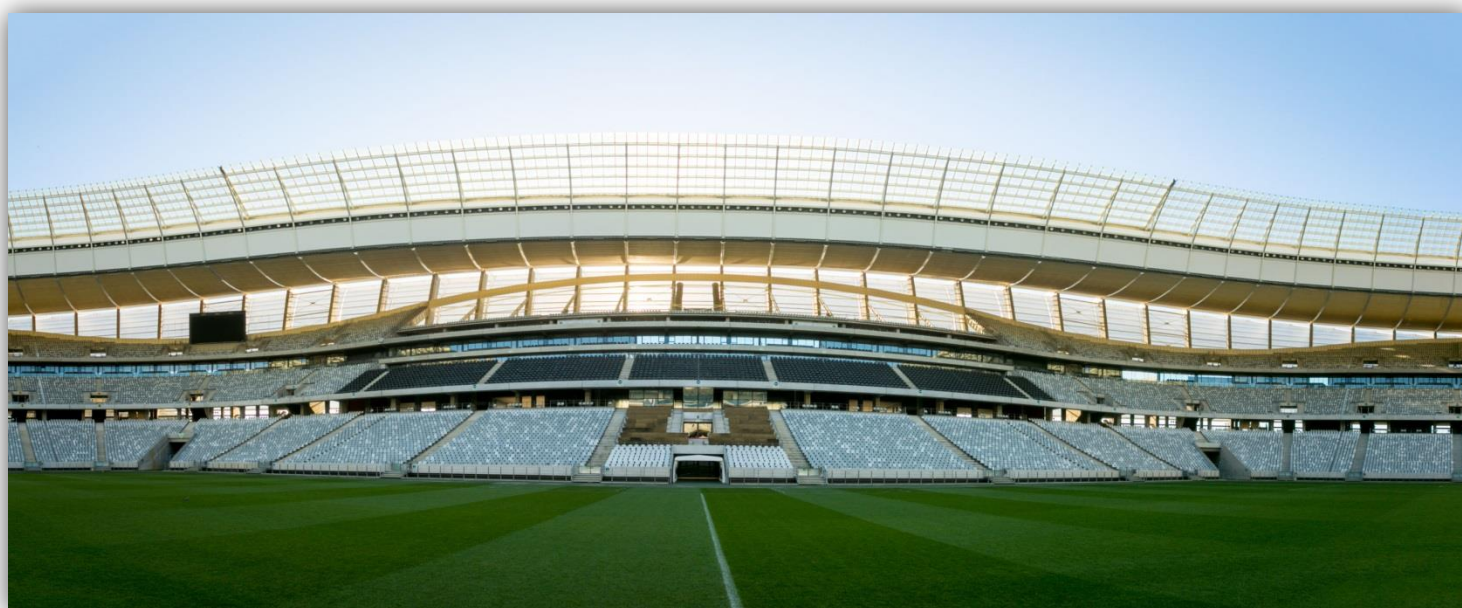


11.3 The Stadium cleaning is performed in accordance with ISO 9001 quality standards. All cleaning products are environmental friendly, which use very little water. The Waste Management program includes the process to separate wet and dry waste offsite.



- The high level cleaning in the stadium uses natural spring water and the following areas are cleaned annually;
 - Façade cleaning
 - Façade steel cleaning
 - High level windows
 - Stadium glass roof
 - Union steel structure
 - Smoke screens
 - Chromodek
- Internal roof membrane
- Complementing the focus on environmental sustainability, processes have been enhanced to monitor and reduce energy consumption.

Lastly: The Operations Department are not only engaged with continuous maintenance activities, but plan and execute event responsibilities. Measurement and evaluation tools are utilised to ensure that a world class standard is maintained.



CAPE TOWN STADIUM

ANNUAL FINANCIAL STATEMENTS

FOR THE
FIVE MONTHS
ENDED 30 JUNE 2018

AUDITED



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GENERAL INFORMATION

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

The main objective of the company is to manage and operate the Cape Town Stadium, which includes general facility operations, events and entertainment services management; commercialisation, marketing and hospitality management; finance, legal and administration management.

The authorised share capital of the Cape Town Stadium (RF) SOC Limited is 1000 ordinary shares of a single class with no par value. The Cape Town Stadium (RF) SOC Limited has issued 100 ordinary shares with no par value.

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM

FOR THE FIVE MONTHS ENDED 30 JUNE 2018

ADMINISTRATION

Registered Office and Postal Address

1 Fritz Sonnenberg Road
Green Point
Cape Town
8051

Company Secretary

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

Auditors

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

Bankers

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

Private Bag X1
Chempet
7442

PO Box 86
Cape Town
8000

DIRECTORS

The directors of the Cape Town Stadium during the five months under review were:

PJ Veldhuizen

Chairperson
Independent Non-executive Director
Appointed: 1 November 2017

MJ Van Staden

Independent Non-executive Director
Appointed: 1 November 2017

VC Manuel

Deputy Chairperson
Independent Non-executive Director
Appointed: 1 November 2017

BJ Lodewyk CA(SA)

Independent Non-executive Director
Appointed: 1 November 2017
Resigned: 2 July 2018

SM Blom

Independent Non-executive Director
Appointed: 1 November 2017

L De Reuck

Chief Executive Officer
Appointed: 24 April 2018

L Essop

Independent Non-executive Director
Appointed: 1 November 2017

P Lekay

Acting Chief Financial Officer
Appointed: 24 April 2018

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM FOR THE FIVE MONTHS ENDED 30 JUNE 2018 (continued)

BOARD COMMITTEES

Audit and Risk Subcommittee

The committee comprises of five members, of whom two are independent non-executive directors, two are members of the City of Cape Town's audit committee and one is the Portfolio Manager: Probity of the City of Cape Town.

The board nominated the two independent non-executive directors and the audit committee were appointed by the Council of the City of Cape Town in terms of section 166 of the Municipal Finance Management Act (MFMA).

Committee members

BJ Lodewyk (Chairperson)
VC Manuel
S Barnes
RG Nicholls
L Ndaba

Qualifications

CA (SA)
MBA, Diploma in Education, BA
Higher Cert. Management
CA (SA)
BCom, CIA

Human Resource (HR), Social & Ethics Subcommittee

The committee comprises of three independent non-executive directors.

Committee members

SM Blom (Chairperson)
PJ Veldhuizen
L Essop

Qualifications

BA
LLM, MBA
MAP, BSoc Sc

Events, Strategy and Marketing Subcommittee

The committee comprises of three independent non-executive directors.

Committee members

MJ Van Staden (Chairperson)
BJ Lodewyk
VC Manuel

Qualifications

BCom Sports
CA (SA)
MBA, Dip. Education, BA

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS

The Directors are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements of the Cape Town Stadium (RF) SOC Ltd. 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 Municipal Finance Management Act of South Africa, Act 56 of 2003 and the Companies Act of South Africa, Act 71 of 2008. The financial statements are based on appropriate accounting policies, consistently applied.

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

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

The financial statements have been audited by the Auditor-General of South Africa, who was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and subcommittees of the Board. The Directors are of the opinion that all representations made to the independent auditors during the audit are valid and appropriate. The responsibility of the external auditors is to express an opinion on the financial statements in accordance with the applicable accounting framework.

Approval of the financial statements

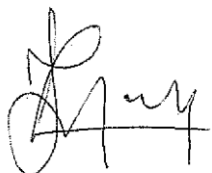
The financial statements which appear on pages 47 - 57 are compiled for the five months from 1 February 2018 to 30 June 2018 and were approved by the board of directors and signed by the Chief Executive Officer (CEO) on behalf of the Cape Town Stadium.



L DE REUCK
Chief Executive Officer

COMPANY SECRETARY CERTIFICATE
FOR THE FIVE MONTHS ENDED 30 JUNE 2018

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 2018, and that all such returns and notices are true, correct and up to date.



Z SUNGAY CA(SA)
Company Secretary

31 August 2018

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 47 to 57, which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, cash flow statement and statement of comparison of budget and actual amounts 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 2018, 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 of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No 71. of 2008) (Companies Act).

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' *Code of ethics for professional accountants* (IESBA code) and the 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.

Other matter

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

Unaudited supplementary schedules

7. The supplementary information set out on pages 58 to 59 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

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 or to 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, whether 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 of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected strategic focus areas presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipal entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did 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 annual performance report of the municipal entity for the year ended 30 June 2018:

Strategic focus area	Pages in the annual performance report
Strategic focus area 1: the opportunity city	61

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 raise any material findings on the usefulness and reliability of the reported performance information for this strategic focus area.

Other matter

17. I draw attention to the matter below.

Adjustment of material misstatements

18. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of strategic focus area 1. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipal entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

20. The material findings on compliance with specific matters in key legislation are as follows:

Financial statements

21. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of liabilities, general expenditure and revenue from non-exchange transactions identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Strategic planning and performance management

22. A multi-year business plan was not developed for inclusion in the budget, as required by section 87(5)(d) of the MFMA.

Other information

23. 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 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 the auditor's report.
24. 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 thereon.
25. 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.
26. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
27. When I do receive and read the other reports or statements forming part of the annual report, such as the statement of the chairperson, corporate governance statement, report from the chief executive officer and report from the chief financial officer, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

28. 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. The matters reported below are limited to the significant internal control deficiencies that resulted the findings on compliance with legislation included in this report.
29. A multi-year business plan was not developed for inclusion in the budget, due to inadequate time allocated for the completion thereof before the end of the first financial year of operations.

30. Controls such as reconciliation and review procedures were not adequate to ensure that the financial statements submitted for auditing were accurately prepared, which resulted in the financial statements not meeting the requirements of section 122 of the MFMA.

Auditor - General

Cape Town

30 November 2018



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 areas 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 related to events or conditions that may cast significant doubt on the municipal entity's ability 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 the 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 continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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, related safeguards.

MANAGEMENT COMMENTS AND CORRECTIVE ACTIONS TO BE INSTITUTED ON THE MATTERS RAISED IN THE REPORT OF THE AUDITOR-GENERAL

Management comments and corrective action to be instituted on the matters raised in the report of the Auditor-General to Council on the consolidated annual financial statements of the Cape Town Stadium (RF) SOC Ltd for the year ended 30 June 2018 in terms of section 121(4) of the Municipal Finance Management Act, No. 56 of 2003.

The audit report is unqualified and has findings for which management comments and corrective actions are required. The findings are categorised under the heading "Report on audit of compliance and legislation" and management comments and corrective actions are also provided in accordance with the relevant findings per the paragraph references.

PARAGRAPH 29

A multi-year business plan has subsequently been approved by the board and Council.

PARAGRAPH 30

Management has recognised the internal control deficiency and a comprehensive compliance checklist have now been put in place.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018



Rand (R)	Note	2018
NET ASSETS AND LIABILITIES		
Net Assets		(4 776 718)
Share capital	6	-
Accumulated deficit		(4 776 718)
Current Liabilities		4 776 718
Payables from exchange transactions	4	4 776 484
Bank overdraft		234
TOTAL NET ASSETS AND LIABILITIES		-

Payables from exchange transactions

□

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE FIVE MONTHS ENDED 30 JUNE 2018

Rand (R)	Note	2018
REVENUE		
Exchange revenue		6 332 359
Rental of facility		6 306 949
Other income		25 410
Non-exchange revenue		17 815 396
Contributions	1	17 398 677
Services in-kind received		416 719
Total revenue		24 147 755
EXPENDITURE		
Board members remuneration		204 862
Contracted services	2	19 632 962
Security services		3 885 050
Cleaning costs		2 083 881
Consultants		993 095
General expenses	3	2 124 623
Total expenditure		28 924 473
DEFICIT FOR THE PERIOD		(4 776 718)

CASH FLOW STATEMENT

FOR THE FIVE MONTHS ENDED 30 JUNE 2018

Rand (R)	Note	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from contributors and others		24 147 755
Cash payments to suppliers		(24 147 989)
Cash utilised by operations	5	(234)
Net cash from operating activities		(234)
Net decrease in cash and cash equivalents		(234)
Cash and cash equivalents at 1 February 2018		-
CASH AND CASH EQUIVALENTS AT 30 JUNE 2018		(234)

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE FIVE MONTHS ENDED 30 JUNE 2018



FINANCIAL PERFORMANCE	Approved Budget	Final Budget	Actual per annual financial statements	Variance final budget and actual amounts	Variance %
Board members remuneration	250 000	250 000	204 862	45 138	18,06
Contracted services	23 925 245	23 925 245	19 632 962	4 292 283	17,94
Security services	3 338 730	4 438 730	3 885 050	553 680	12,47
Cleaning costs	1 134 094	2 134 094	2 083 881	50 213	2,35
Consultants	3 322 885	3 322 885	993 095	2 329 790	70,11
Other expenses	11 597 046	9 497 046	2 124 623	7 372 423	77,63
Total expenditure	43 568 000	43 568 000	28 924 473	14 643 527	33, 61
Rental of facility			6 306 949	(6 306 949)	-
Other Income			25 410	(25 410)	-
Services in-kind received			416 719	(416 719)	-
Contributions	43 568 000	43 568 000	17 398 677	26 169 323	60,07
Total revenue	43 568 000	43 568 000	24 147 755	19 420 245	44, 57

□

SIGNIFICANT ACCOUNTING POLICIES

FOR THE FIVE MONTHS ENDED 30 JUNE 2018

BASIS OF PREPARATION

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 Municipal Finance Management Act, Act 56 of 2003.

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

The financial statements have been prepared on the going-concern basis.

ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective and adopted in the current year

The ASB has issued no new standards or interpretations that are effective for the current year. The ASB issued improvements to the Standards of GRAP that are applicable and effective in the current year. These improvements did not lead to changes in the accounting policy for the Cape Town Stadium.

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 2018:**
 GRAP 21 - Impairment of non-cash-generating assets (revised)
 GRAP 26 - Impairment of cash-generating assets (revised)

The Cape Town Stadium is assessing the potential impact on its financial statements resulting from these amendments. So far, the Cape Town Stadium does not expect any significant impact. The Cape Town Stadium has not early adopted the amended standards in preparing these financial statements.

- **Annual periods commencing on or after 1 April 2019:**
 GRAP 20 - Related-party disclosures (revised)
 GRAP 32 - Service concession arrangements: Grantor
 GRAP 108 - Statutory receivables
 GRAP 109 - Accounting by principals and agents
- **Annual periods commencing on or after 1 April 2020:**
 GRAP 18 - Segment reporting
 GRAP 20 - Living and non-living resources

SIGNIFICANT ACCOUNTING POLICIES

FOR THE FIVE MONTHS ENDED 30 JUNE 2018 (continued)

ADOPTION OF NEW AND REVISED STANDARDS (continued)

- **No effective dates provided yet:**

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

IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset

IGRAP 18 - Recognition and derecognition of land

IGRAP 19 - Liabilities to pay levies

Preliminary investigations indicate that these standards will have no impact on the Cape Town Stadium.

REVENUE RECOGNITION

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

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions relate to income earned from venue rental, sale of goods and other services. Commission income is recognized for the rendering of services as an agent in accordance with the contract of hire agreements.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are recognized when the Cape Town Stadium received revenue from another entity without giving approximately equal value in exchange. Grants received from the City of Cape Town (parent municipality) in terms of the interim service delivery agreement between the two parties are recognized on a cash receipt basis.

SERVICES IN-KIND

The Cape Town Stadium uses the furniture, IT and other office equipment of the City of Cape Town to perform its daily operations. The Cape Town Stadium recognizes the use of these assets as services in-kind revenue. The services provided are used immediately, and a transaction of equal value is recognized to reflect the usage of the services in-kind provided. Significant services performed by employees of the

City of Cape Town on behalf of the Cape Town Stadium are disclosed in the notes to the financial statements, as the entity is unable to reliably measure the fair value of the services in-kind received.

PAYABLES

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

SIGNIFICANT ACCOUNTING POLICIES

FOR THE FIVE MONTHS ENDED 30 JUNE 2018 (continued)

BUDGET INFORMATION

The budget figures have been prepared in accordance with the GRAP Standards on an accrual basis. The approved budget covers the fiscal period from 1 February 2018 to 30 June 2018 and was approved by the Cape Town Stadium board of directors as part of the City of Cape Town (parent municipality) adjustment budget process which took place January 2018.

RELATED PARTIES

The Cape Town Stadium 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 Cape Town Stadium, or vice versa. The chief executive officer, chief financial officer and board members are regarded as management.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FIVE MONTHS ENDED 30 JUNE 2018

1. CONTRIBUTIONS

Rand (R)	2018
City of Cape Town	17 398 677
Analysis of government grants and subsidies	
Operating	17 398 677

2. CONTRACTED SERVICES

Administrative and Support Cost	5 487 037
Information Technology Services	2 164 167
Building Contracting Services	6 920 023
Electrical Services	2 873 051
Other	2 188 684
TOTAL	19 632 962

The contracted services are disclosed per function.

3. GENERAL EXPENSES

Hire charges	302 742
Materials consumables tools & equipment	198 893
Municipal services	359 864
Printing & Stationery	234 550
Licences	102 675
Other expenditure and services in-kind utilised	925 899
TOTAL	2 124 623

Significant services in-kind performed by employees of the City of Cape Town are as follows:

- Patrick Lekay (Manager: Accounting and Assets) – Acting CFO
- Kim Theron (Financial Analyst) – financial accounting and reporting

The entity is unable to reliably measure the fair value of significant services in-kind received relating to support services performed by employees of the City of Cape Town in terms of the interim service delivery agreement, due to the fact that these services are performed as part of the employees' daily functions.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FIVEMONTHS ENDED 30 JUNE 2018 (continued)

4. PAYABLES FROM EXCHANGE TRANSACTIONS

Rand (R)	2018
Trade and other creditors	4 776 484

These payables have been incurred at year-end and will be settled by the City of Cape Town in terms of the funding arrangement as per section 7 of the interim service delivery agreement.

5. CASH UTILISED BY OPERATIONS

Net deficit for the five months	(4 776 718)
OPERATING DEFICIT BEFORE WORKING CAPITAL CHANGES	(4 776 718)
Increase in payables	4 776 484
CASH UTILISED BY OPERATIONS	(234)

6. SHARE CAPITAL

The authorised share capital of the Cape Town Stadium (RF) SOC Limited is 1000 ordinary shares of a single class with no par value. The entity has issued 100 ordinary shares with no par value.

7. RELATED PARTY DISCLOSURES

Holding company

The Cape Town Stadium (RF) SOC Limited is controlled by the City of Cape Town which owns 100% of the company's shares. An interim service delivery agreement has been signed by the Cape Town Stadium (RF) SOC Limited and the City of Cape Town.

Related party transactions

Services in-kind received	416 719
Grants and subsidies received	22 166 839
Service charges	359 864
Contracted Services	5 378 040
General expenses – services in-kind utilised	416 719

Significant services in-kind performed by employees of the City of Cape Town are as follows:

- Patrick Lekay (Manager: Accounting and Assets) – Acting CFO
- Kim Theron (Financial Analyst) – financial accounting and reporting

Executive management

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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FIVEMONTHS ENDED 30 JUNE 2018 (continued)

7. RELATED PARTY DISCLOSURES (continued)

Directors Remuneration

Rand (R)	2018
Non-executive directors' remuneration	
Peter-John Veldhuizen (Chairperson)	67 958
Barry Lodewyk(resigned)	32 567
Martin van Staden	36 425
Samkelo Blom	36 546
Viola Manuel	39 933
Limia Essop	8 322
TOTAL	221 751

	Annual salary	Car allowance	Social contribution	Travel and subsistence	Total
2018					
Chief Executive Officer					
Lesley de Reuck	545 000	61 000	90 000	10 000	706 000

No remuneration was paid to the Acting Chief Financial Officer (Patrick Lekay).

8. BUDGET INFORMATION

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

(i) Board members remuneration

The savings are due to board members attending fewer meetings than planned.

(ii) Contracted services

The savings in the administrative and support costs are due to the vacant positions in the entity.

(iii) Security services

The savings are due to planned events which did not occur at the stadium venue.

(iv) Consultants

Due to a delay in the supply chain management process, the tender was not completed timeously resulting in the saving in this expenditure category.

(v) Other expenses

The savings in this category are a combination of stadium events not occurring and delays in the tender processes, resulting in expenses not being incurred in this financial period.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE FIVE MONTHS ENDED 30 JUNE 2018 (continued)

8. BUDGET INFORMATION (continued)

(vi) Contributions

The contribution was based on the original budget parameters of the stadium when it was still a department of the City of Cape Town. Due to the factors as mentioned above, the underspending of the expenditure resulted in the contribution from the City of Cape Town being significantly less than expected.

9. EVENTS AFTER REPORTING DATE

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

10. GOING CONCERN

The going concern basis has been adopted in preparing the financial statements. Even though a deficit is reflected on the Statement of Financial Performance, the Directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts the funding arrangement contained in the interim service delivery agreement which ensures that the operations of the entity will be funded by the City of Cape Town to the extent that its expenditure exceeds its revenues.



ANNEXURE A: DISCLOSURE OF BANK ACCOUNTS
IN TERMS OF SECTION 125(2) (A) OF THE MFMA
 AS AT 30 JUNE 2018



BANK ACCOUNT HELD WITH NEDBANK

Main bank account

Account Number	2018 (R)
11 5156 9038	(234)



GLOSSARY OF ABBREVIATIONS

ASB	Accounting Standards Board
GRAP	Generally Recognised Accounting Practice
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
MFMA	Local Government: Municipal Finance Management Act



ANNEXURES

ANNEXURE A- PERFORMANCE SCORECARD



Corporate Objective 1.1 (b): Cape Town Business Brand Programme : Positioning Cape Town as forward looking globally competitive City.

1	Develop and Impliment the CT Stadium as a Brand Management Investment Portfolio	1.1 Approval of an integrated CT Stadium Brand Management and Investment Portfolio and Commercial strategy.	Draft CT Stadium Investment Portfolio and and Commercialisation strategy tabled and accepted by the Board.	Draft strategy tabled and accepted by Board			61
		1.2 Approval of an integrated Brand Management , Niche Marketing,PR and Communication strategy.	Draft CT Stadium integrated Brand Management , Niche Marketing,PR and Communication strategy tabled and accepted by the Board.	Draft strategy tabled and accepted by Board			
		1.3 Approval of an Integrated Events Attraction and Leveraging Strategy for Cape Town Stadium	Draft CT Stadium Integrated Events Attraction and Leveraging Strategy tabled and accepted by the Board.	Draft strategy tabled and accepted by Board			
2		Approval of an Integrated Strategic Facilities Management Strategy	Draft CT Stadium Integrated Strategic Facilities Management Strategy tabled at Board and Subcommittee Meeting	Draft strategy tabled and accepted by Board			

Strategic Focus Area 5: Well Run City

Corporate Objective 5.1: Ensure a transparent and corruption-free government [Programme 5.1 (a): Transparent government (oversight) programme.]

1	Operational Sustainability - Percentage spend on repairs and maintenance	100%	100%	150%		Over expenditure due to underbudgeting on Repairs and Maintenance .	Veriments to be done to cover over expenditure using budgets on other G/L accounts with savings.The operational budget in it's entirety was not overspent though.
2	Operational Sustainability - Percentage of absenteeism	≤ 5%	≤ 5%	5.96%		Under achievement due to a prolonged absence of an employee who underwent a major operation.	
3	Operational Sustainability - Percentage OHS incidents reported	≤ 5%	≤ 5%	0%			
4	Operational Sustainability - Percentage OHS investigations completed	100%	Annual Target	0%		No OHS investigations was conducted	
5	Operational Sustainability - Percentage of assets verified	100%	100%	97%		The asset verification process was a newly rolled out process and created many challenges. The process of asset verification at the CT Stadium is very difficult as a result of many events hosted and the constant movement of equipment and assets from one venue to another. The remaining three percent of assets not verified, will be sought and verified in the course of the next three months	Ensure assets moved from one storeroom to another is returned to that same store room in order for the asset location to remain constant. A process to be discussed with the operational team will be embarked upon to ease the verification process .
6	Operational Sustainability - Percentage Internal Audit findings resolved	75%	75%	0%		No Follow-up audits were done for departments therefore it is N/A	
7	Operational Sustainability - Percentage of declarations of interest completed	100%	75%	100%			
8	Operational Sustainability - Opinion of the Auditor General	Unqualified Clean Audit	N/A	N/A			
9	Economic Inclusion- Number of Expanded Works Programme (EPWP) work opportunities created	468	4	4		Target was based on an annual performance , however we are only reporting for the period February to June 2018.Target was based on a misinterpretation of the Definition in terms of work opportunities created.	Correct interpretation of the formula will result in more realistic target and achievement
10	Economic Inclusion- Number of Full Time Equivalent (FTE) work opportunities created	221	221	1.68		The indirect employees work opportunities are based on events days. Due to the significant reduction in events as a result of many factors including the exchange rate these opportunities were less than envisaged. This is also linked to the misinterpretation of the formal re work opportunities.	A more realistic target and events forecasting based on previous statistics, will ensure that the target and actual are better aligned.
11	Economic Inclusion- Percentage budget spent on implementation of WSP	95%	95%	137%		Over expenditure due to underbudgeting on Training..	Veriments to be done to cover over expenditure using budgets on other G/L accounts with savings.The operational budget in it's entirety was not overspent though.
12	Building Integrated Communities- Percentage adherence to EE target in all appointments (internal & external)	85%	85%	0%		No appointments were made during this period.	It is envisaged that a number of positions will be filled during the next quarter where we will strive to adhere to the EE targets set .
13	Building Integrated Communities- Percentage adherence to equal or more than 2% of complement for persons with disabilities (PWD)	2%	2%	0		No appointments were made during this period.	We will consider this category when we are able to fill positions during the next quarter .

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