

CAPE TOWN STADIUM (RF) SOC LIMITED

INTEGRATED ANNUAL REPORT 2023/24

Note

Final design and formatting will be completed once report is approved and ratified

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1. CHAIRMANS REPORT

Undoubtedly, a venue attracting 58,000 people into one space has a very special vision and purpose. With just under 750,000 spectators and attendees visiting the DHL Stadium in the 2023/24 financial year, it has been an exciting year for the business.

While the Municipal Entity (ME) was established in 2018, the formative years of the business focused on establishing a compliant operating framework and ensuring that the Entity was in a position to commercialise its assets through the correct application of legislative structures and processes. In 2020, COVID-19 brought the business to an abrupt halt that would last for 18 months. The 2022/23 FY was the first full year of trading post-COVID-19, and the 2023/24 FY under review was the first year where the performance of the business could be benchmarked.

With the Anchor Tenant Agreement (ATA) commencing in January 2023, the 2023/24 FY offers the completion of the first full financial year of operating under this agreement. It was also the second rugby season of implementing the complex event booking process to secure as many rugby matches as possible, given that the DHL Stadium is a multi-purpose venue hosting football, rugby and entertainment events. Looking back, it is pleasing to see the business's progress in acquiring a robust calendar of events.

The independent spectator surveys completed by the Vodacom United Rugby Championship (URC) provided an average score of 9.6 out of a possible 10 across the three events measured.

The value created by the DHL Stadium extends well beyond the business of the ME – with a cumulative economic impact of R7.9 billion across the 2022/23 and 2023/24 financial years. The stadium is a valuable asset of the City of Cape Town and its communities.

The Board of Directors, supported by its subcommittees, met regularly throughout the year in review. Robust and honest debates were held regarding matters affecting the business, the stadium and its shareholder. Through this process, the Board of Directors has offered strategic insight and guidance to the CEO and senior management team throughout the year. I would like to thank our Board members for their commitment and contribution throughout the year.

I would also like to thank the Municipal Entity shareholder, the City of Cape Town, for their unwavering support.

PJ Veldhuizen, Board Chairperson

2. MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The 2023/24 Financial Year has reminded us of the importance of diversifying our revenue streams in order to grow into a robust business that is able to hold its own against ever changing market forces.

We hosted 12 rugby matches for the financial year in review, as well as 16 football matches and 6 concerts in the stadium bowl. The DHL Stadium positions itself as a multi-purpose stadium and we believe we have retained and strengthened this market position over the last year.

We also delivered the second year of our 4-year Naming Rights agreement with DHL. DHL has become an integral relationship for the ME, developing into a mutually beneficial partnership. The overall media value achieved by ourselves doubled year on year, from R20 378 224 in the 2022/23 FY to R42 618 648 in the 2023/24 FY. This in turn increases the value of the DHL Stadium brand.

The financial year highlighted the market sensitivity that the business faces while its revenue is linked so heavily to the hosting of events. There was no Springbok Test match due to it being a Rugby World Cup year and the DHL Stormers did not make the playoffs of the URC Tournament. This reinforces our strategy to diversify our revenue streams, maximising the use of the stadium precinct and driving a strategy that will enable greater financial sustainability over time through property development and leasehold income. The attracting and hosting of world-class events will always remain core to our vision and to this end we have adopted a long-term outlook to event acquisition, focusing on securing events for the outer years.

The Rugby World Cup window period was well utilised to replace the pitch. The 100% natural grass pitch was replaced in the first quarter of the financial year with a hybrid pitch which is 50% grass and 50% synthetic fibre. This investment has proved to be immensely valuable to the business, offering a more robust pitch that affords a faster turnaround time between events.

We said farewell to Lesley De Reuck in October 2023. After leading the Municipal Entity as Chief Executive Officer since its inception in 2018, Lesley retired in October 2023. Lesley leaves behind the legacy of a healthy and well-organised business that I feel privileged to take forward.

I would like to thank my Senior Management Team for their dedication and care in the discharging of their duties and extend my gratitude to each and every staff member and service provider who have positively impacted on the business through the year.

Gina Woodburn, Chief Executive Officer

3. INTRODUCTION

Cape Town Stadium (RF) SOC (CTS) Limited was established as a Municipal Entity in 2018, with the objective of commercialising the DHL Stadium in order to achieve financial sustainability as a vibrant, iconic venue in the heart of Cape Town.

The DHL Stadium is a multi-purpose 58 000 seater stadium that hosts bowl and non-bowl rugby, football and entertainment events. A total of 137 events were hosted at the DHL Stadium in the 2023/24 FY.

3.1. Vision & Mission

***To achieve global recognition as a world-class stadium
through the hosting of iconic events***

Enabling the creation of extra-ordinary experiences through collaboration with our partners through an innovative and dynamic approach.

We achieve this through

- team integration – ensuring that we understand and enable our client's objectives;
- adopting a client-centric, solution-driven approach, ensuring that we provide a legislatively compliant, safe and secure environment for our clients and guests; and
- taking care of our business and the stadium in a manner that is financially and environmentally sustainable, being mindful of our commitments to our stakeholders.

- The place where memories are made -

3.2. Our values

We acknowledge, that our objectives can only be achieved with the support of our stakeholders. Our long-term success is dependent on consistency in service excellence. To this end, we underpin our actions with the following values:

- **Integrity**
We hold ourselves and one another accountable and deliver on our promise to our stakeholders.
- **Innovation**
We have a “can do” approach, are nimble and open to change when working with our clients.
- **Excellence**
We hold ourselves to the highest standards of service delivery for our clients, guests and spectators.

- **Positivity**
We nurture a positive approach and work with resilience and determination to deliver the best for our clients.
- **Collaboration**
We believe our success lies in working together with stakeholders to achieve our objectives.
- **Courage**
We are bold and brave and take responsibility for our actions.
- **Trustworthy**
We build credible relations and take care of ourselves and each other.

4. MARKET POSITION

The DHL Stadium has retained its unique position of being the only venue in the Western Cape that can host high risk events with a capacity of 58 000 spectators. While the stadium structure and precinct, with ample secure parking positions itself as an ideal venue for non-bowl events such as conferences and exhibitions, the core purpose of the stadium is to host iconic bowl events.

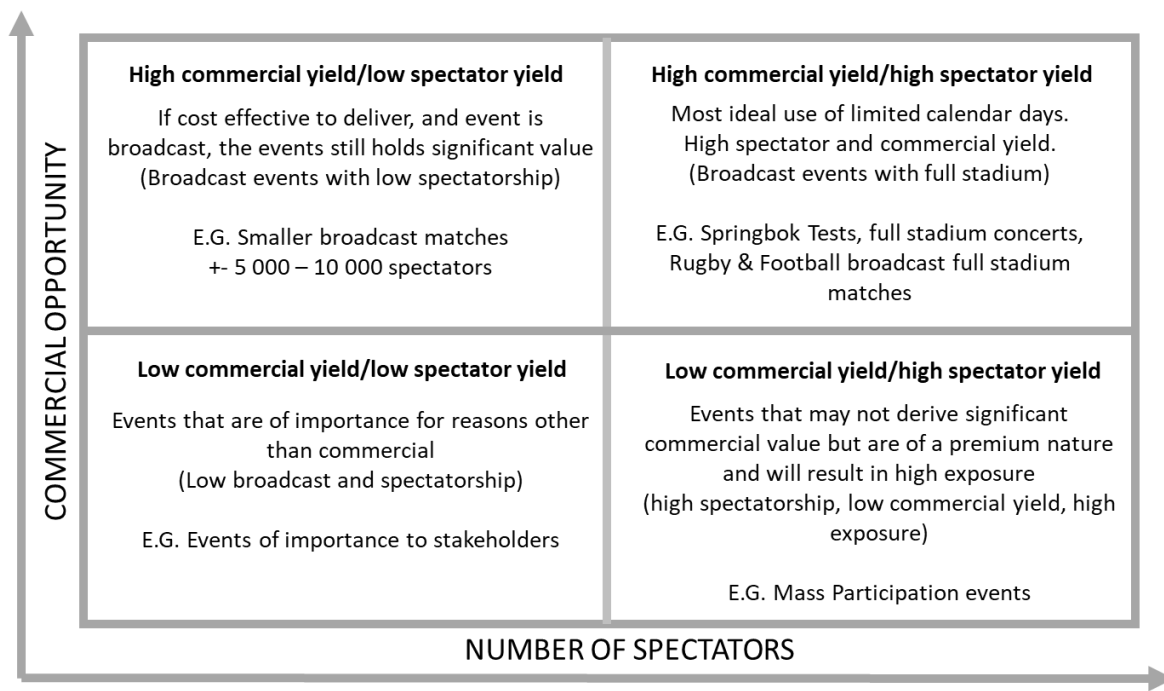
An economic impact assessment completed by BDO on the 2023/24 FY shows that the DHL Stadium contributed R3.3 billion in direct, indirect and induced impact of direct spend to the economy. This highlights the fact that when events are hosted at DHL Stadium, only a very small part of the value created is reflected in CTS's turnover. Largely, the hosting of mass spectator events stimulates the broader economy, with spectators commuting to the stadium from the greater Western Cape, and spending time and money in the City of Cape Town to the benefit of local businesses.

The DHL Stadium plays a vital role in the events economy in the Western Cape, championing the attraction and hosting of global, iconic events.

The process of defining our target markets has allowed us to adopt a focused approach to event acquisition, with scarce resource being directed at securing events that provide the greatest alignment to our identified target markets.

4.1. Bowl Events

While CTS primary revenue stream from bowl events remains the rental, the implementation of the commercial overlay for events in the prior year sees CTS generating secondary income from turnover on the sale of products and services to the general public and hospitality guests. The greater the number of spectators, the greater the value creation will be for both CTS and the Event Organiser.



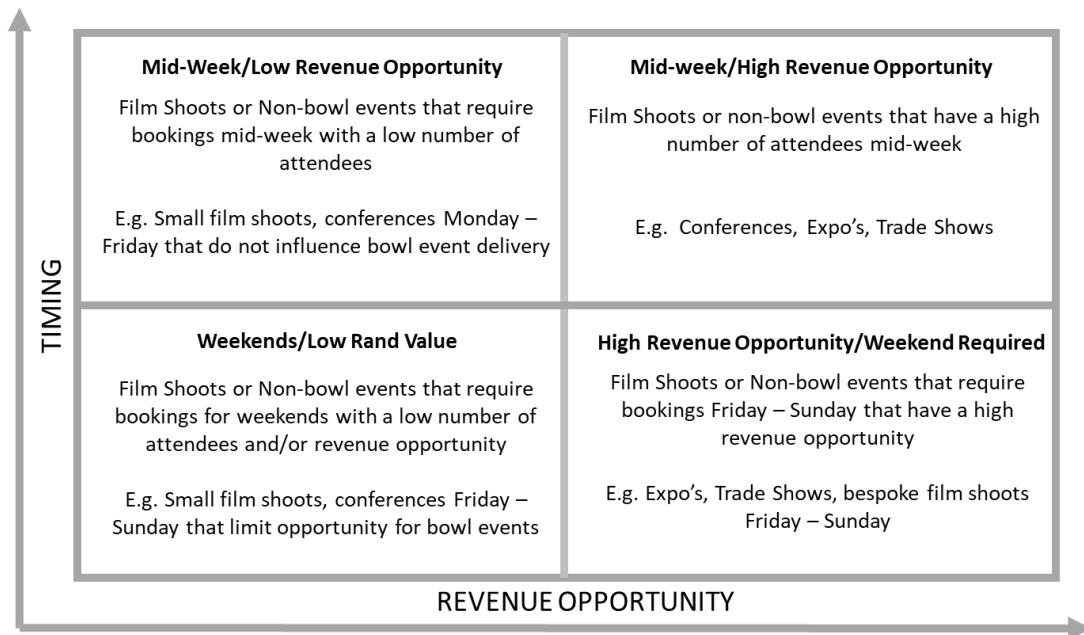
Target Markets: Bowl Events

4.2. Non-bowl Events

Strategic focus has been placed on understanding the target markets of non-bowl events in the 2023/24 FY. There are two main influencers to the selection of non-bowl events: 1) The influence they have on bowl events and 2) The number of attendees. The target market for non-bowl events has been identified to be conferences or expo's hosted between Mondays – Thursday for approximately 200 – 1500 delegates per day. This enables the best use of non-bowl space without compromise to bowl events.

Clearly defining our non-bowl event target markets has enhanced our events acquisition strategy, with targeted marketing efforts towards events that are most suitable. It has also enabled us to better understand which events generate the most value and which events are not viable.

While the DHL Stadium holds a unique market position, it is not a cost efficient venue for the hosting of smaller events, purely due to the sheer size of the facility and the manner in which the facility can be used.



Target Markets: Non-bowl Events

In the future, the ME's target markets will extend to include property developers, tenant mixes and leases, depending on the strategic direction of the property development strategy.

4.3. Business Objectives: 2023/24 Financial Year

The ultimate aim of CTS as a business is to become financially sustainable over time. With the implementation of the commercial event overlay, the securing of a naming rights partner and an anchor tenant, the foundation was set for the commercial programme to progress. The 2023/24 FY saw the ME achieve its first steps to becoming a stand-alone ME. The business aimed to achieve the following objectives:

- **Host iconic events:** Host a robust annual calendar of iconic "bowl" events, building tradition in the events calendar that sees the return of bespoke events year on year;
- **Best use of non-bowl spaces:** Compliment the bowl event schedule with the best use of non-bowl spaces for services such as conferencing, banqueting, trade shows and film shoots;
- **Build stakeholder relations:** Achieve a successful events calendar for the outer years through the securing of anchor tenants and long term relationships that lead to repeat business;
- **Maximise commercial opportunity:** Maximise the use of other areas in the stadium for commercial gain that complement the core purpose of the business, that of hosting iconic events; and

- **Prioritize target markets:** Prioritise events that can deliver against our selected target markets – those events that have a high spectator attendance and/or are broadcast. Make the most of scarce days.

5. FOREWARD LOOKING STATEMENT

The first five years of the Municipal Entity's existence have seen the primary focus on establishing the ME as an entity and identifying, defining, and implementing event-related activities and the associated commercial overlay.

Securing Stormers Rugby as the Anchor Tenant and DHL as the Naming Rights partner were major milestones towards the objective of becoming financially sustainable. Having an Anchor Tenant provides approximately 12 – 15 broadcast events per year. This, combined with football matches and concerts, has enabled us to implement the commercial overlay for event days.

While there is still work to be done on securing the events calendar for outer years, the outlook for CTS from an eventing perspective is very positive.

CTS has set the following objectives for the next three years:

5.1. Drive towards financial sustainability

With Stormers Rugby and CTS operating under the Anchor Tenant agreement since January 2023, the relationship between the parties is well established and the ME will look to driving new revenue streams together with Stormers Rugby to enhance event delivery and spectator experience over the next 3 years.

Underpinning the vision and mission of the ME is the objective of achieving long-term financial and operational sustainability. From a financial perspective, the ME has successfully established a robust calendar of bowl events that will set the foundation for future years. The strategy is now to focus on attracting and hosting events that align closest to our target markets and can be repeated each year, building tradition in the events calendar. Springbok Test matches, HSBC SVNS, annually recurring concerts and bespoke non-bowl events such as the Cape Town Marathon Expo, We are Africa and the Cape Town Cycle Tour are examples of such events.

It is the intention to diversify revenue streams in the next 3-5 years, using the stadium building and precinct as a catalyst in leasehold income. In the 2023/24 FY we prepared the offices for Stormers Rugby who we anticipate will commence their office lease in the new financial year. Through the City of Cape Town, we successfully auctioned the McDonalds restaurant site significantly increasing the rental value.

5.2. Event Acquisition

The DHL Stadium is in the fortunate position to host most broadcast content available in the Western Cape. As the only venue certified to host high risk events, the DHL Stadium is well positioned to compete on an international platform.

To this end, CTS has initiated an international events acquisition strategy with the objective of showcasing the unique attributes of DHL Stadium and the City of Cape Town as an ideal location for the hosting of world-class events. This strategy will evolve over the next 3 years, opportunistically seeking out engagements with conferences, summits, stadia and promoters primarily in Europe, the United Kingdom and Australasia to promote the DHL Stadium and secure bespoke events that are able to attract over 35 000 spectators.

This strategy will be delivered without compromise to our existing event organisers and rights holders by ensuring the selection of events hosted in the bowl is complimentary, reinforcing the vision of DHL Stadium being a multi-purpose venue.

Attracting just under 750 000 spectators to the DHL Stadium in the 2023/24 FY, our objective is to reach 1 million spectators by the 2026/27 FY. The emphasis will shift from the number of events hosted to the quality of events hosted, with the primary measurement of success being the number of spectators and/or guests attracted to the DHL Stadium in any given financial year.

5.3. Property Development and Management

The events and entertainment industry is heavily influenced by both national and international factors – large events such as World Cups are often hosted on a rotational basis, creating the scenario of “good” and “bad” years in the eventing industry. An example of this is the financial impact of the Rugby World Cup in the 2023/24 FY, where there is no local rugby played for 8-10 weeks and no inbound Springbok Test hosted.

In order to dilute this inevitable impact, it is critical that the ME diversifies its revenue streams and creates income streams that are reliable and predictable. To this end, the ME has initiated investigation into potential property development initiatives within the stadium precinct. A suitable area on the east side of the stadium has been earmarked for development and initial diagrams have been designed.

In the next 3 years our plans for property development will progress. These initiatives will include:

- Developing identified areas in the stadium structure for office space that can be leased;
- Developing a strip of shop fronts and restaurants on the east side of the stadium;

- Developing a relationship with the Granger Bay development on the east boarder of the precinct to create a “commercial hub” between DHL Stadium and the Granger Bay development; and
- Commercialise the stadium parking garage in a manner that is complimentary to the core business of hosting events.

By implementing a property development strategy, the ME will diversify its revenue streams in a manner that is consistent with global best practice for stadia by creating commercial links to accommodation, shops, restaurants, and other opportunities that operate on a 365 days a year basis, while continuing to deliver events within the stadium itself.

5.4. Enhance stakeholder value

In the 2023/24 FY the ME re-designed the DHL Stadium website. While DHL Stadium was always active on social media, the website was outdated both in content and operating system. With the newly designed website, focus in the upcoming year will be on how best we can utilise the tools we now have at our disposal to communicate with rights holders, event organisers and spectators.

While we have always conducted feedback with stakeholders, in the upcoming year we will be in a position to automate many of our systems which will provide a more consistent process with “dashboard” reporting on client feedback.

We will enter the new financial year with approximately 850 Business Lounge Members. The launch and subsequent acquisition of members has been a learning experience for both management and the market place, with the concept of “shared hospitality” not readily understood by consumers. With the establishment of our membership base, the product has become very popular.

Over the next period, we will build in the product offering, developing the membership into a value proposition that extends beyond events hosted at the stadium. We will look to value added services, networking opportunities and experiential activations to build on the foundation that has been established, with the aim of the Business Lounge becoming a premium, sought after proposition.

With a significant growth in media value in the 2023/24 FY, we have found that the sentiment of the general public and the media has taken a positive shift. We intend to build on this momentum in the upcoming years, creating more dialogue between ourselves and the media and actively communicating with spectators both before and after events to enhance the spectator experience.

We have found the name DHL Stadium has gained traction, with all event organisers and most media utilising the name of the stadium correctly. Our strategy will now be

to maximise exposure around the attributes of the stadium experience and events hosted at the DHL Stadium to build brand affinity.

5.5. Maintaining the asset

With the stadium first becoming operational mid-2010, the 2024/25 FY will see the stadium reach a 15-year milestone. As the asset matures, it requires a more dedicated maintenance focus that will become project based, defined by specific long term maintenance requirements.

CTS, together with the City of Cape Town, is commencing with a long term readiness programme to ensure both the capital requirements and maintenance requirements are seen well in advance. A 15 year capital outlook will be prepared in the future based on the stadium specific needs. To this anticipated end, the ME reorganised its staffing structure to include a Head of Engineering. This appointment will be made in the near future and the process of medium to long term maintenance and capital needs will be identified and managed in a plan between the City and the ME. In line with the Service Delivery Agreement and City of Cape Town Council approval, the capital spend remains the domain of the City, ensuring the asset will be preserved as a world-class facility over time.

Significant investment has been made in infrastructure to reduce the future utility bills with regards to electricity and water usage. In the 2023/24 FY load shedding had a noticeable impact on the ME's expenses.

The first part of the phase1 lighting replacement programme was concluded in the 2023/24 FY, with all halogen globes in certain sections of the building being replaced with LED lights. The balance of phase 1 will be delivered in the 2024/25 FY. Phase 2 of the lighting replacement programme will see the halogen bowl floodlights being replaced with LED lights in the 2025/26 FY. Not only will the LED floodlights be more efficient and cost-effective, but the updated technology will also offer more features to event organisers to enhance event delivery.

Phase 3 (final phase) of the lighting project under investigation focuses on the use of solar power and how best to incorporate it into the stadium structure, with the aim of enabling the stadium to become solar-powered and potentially feed back into the grid. The discovery work of this project has commenced, however there are many variables that still require analysis before a committed plan can be developed.

5.6. Ensuring sound governance

The ME has successfully received a "clean audit" for each year of operating since it was established in 2018 and achieved the same for the 2023/24 FY.

Through the Service Delivery Agreement (SDA) with the City of Cape Town, certain support services for the ME are facilitated by the City.

This includes:

- The provision of seconded staff;
- The provision of financial services via SAP;
- The provision of Enterprise Resource Planning (ERP) System; and
- Technical assistance in areas of property development, legal, human resource, information technology, finance and supply chain management

It is the intention, that over the next 3 years, the ME will move towards being self-sufficient from an operational perspective. The first phase of this project is to scope the information technology requirements of the business to enable a move away from SAP and ERP. This process commenced in the 2024/25 FY and will continue in the 2025/26 FY with the securing of all necessary hardware and licences to facilitate business process. This exercise will run in parallel with the development or amendment of ME policies where required.

The ME organogram was revised in the first half of the 2024/25 FY. With this revised organogram now approved by the Board, the ME will commence with the employment of resources to fully enable the Supply Chain Management and Finance Department. This process will dovetail with the information technology and policy amendments to ensure that timelines align. The 3 main changes in the organogram are: 1) the inclusion of a Head of Technical to specifically care for the infrastructure needs, 2) a fully functioning Finance Department and 3) a fully functioning Supply Chain Management function within the Finance Department.

With the ME having implemented the SAGE financial system in the 2022/23 FY, the groundwork for the establishment of a stand-alone financial system is well underway. The appointment of the envisaged staff will enable this process further.

The ME will continue to make use of the City for services such as Internal Audit, Risk Management, and Combined Assurance for the foreseeable future.

6. WHO WE ARE

6.1. Ownership and Operating Structure

Cape Town Stadium (RF) SOC Limited was established as a ME by the City of Cape Town in 2018. The primary objective of the ME is to care for and operate the DHL Stadium, with the primary objective of becoming financially sustainable over time, thus reducing the burden on the Ratepayer.

In 2020, as part of the commercial programme, DHL was secured as the Naming Rights Partner for the then Cape Town Stadium, with City Council resolving that the name of the stadium be changed to DHL Stadium.

The City of Cape Town is the owner of the DHL Stadium and its associated assets. The City and the ME signed a 50-year lease agreement in 2019, with a renewal option for

a further 49 years. This lease allows CTS the opportunity to operate and commercialise the DHL Stadium within the applicable legal framework. City of Cape Town is the single, 100% shareholder of the ME.

The ME has a Board of Directors and functions with autonomy from its shareholder as envisaged by King IV. The Board of Directors is responsible for the oversight of the business strategic objectives, ensuring that the outputs of the organisation align to the approved business plan and the approved authorities' framework for financial, legal and governance decision making.

The City and the ME entered into a Service Delivery Agreement in December 2018. This SDA outlines the services that the ME will provide as part of its mandate while the City will provide certain support services to the ME to enable its deliverables. This SDA is for the same duration as the lease agreement signed between the City and the ME. The SDA makes provision for the City to provide support functions, including but not limited to, human resources, staff secondment, and property, legal, training, finance and supply chain management.

The SDA has provided access to knowledge and skills required by the newly formed ME in order to assist in the establishment of the business. It is the intention, that over time, the ME will become self-sufficient and will move towards being a fully independent ME.

6.2. Board of Directors

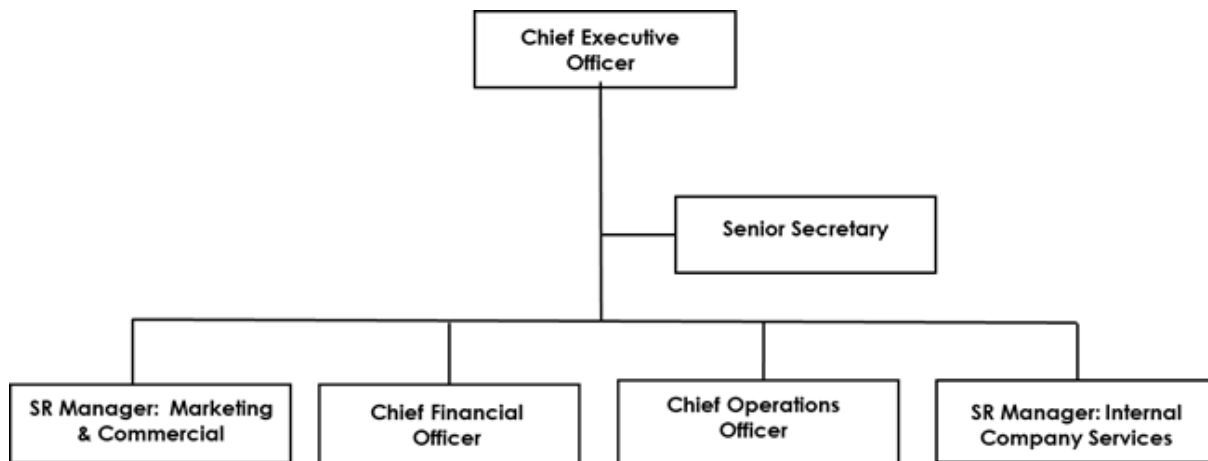
The Board of Directors consists of 7 independent non-executive directors, as well as the Chief Executive Officer and the Chief Financial Officers who are both employees and executive directors of the ME.

The Board of Directors have 4 sub-committees, namely Audit and Risk Committee, Finance Subcommittee, Human Resources, Social and Ethics Subcommittee, Events, Marketing and Commercial Subcommittee and the Remuneration Committee which meets as and when required.

6.3. Senior Management

In the 2022/23 FY the Senior Management Team was reduced from 5 to 4 through the amalgamation of the Commercial Department and Marketing Department. This has proved to be successful, resulting in a more unified, cost effective management structure.

Lesley De Reuck retired as Chief Executive Officer in October 2023 and was succeeded by Gina Woodburn who previously served as the Marketing and Commercial Manager. The recruitment of CEO position was advertised nationally and attracted significant interest from the market. All other positions within the Senior Management Team remained unchanged through the period.



6.4. Integrated management principle

CTS adopts an integrated management approach to the business. By doing so, the ME is in a position to offer a seamless service offering from the first engagement with our clients until the project closes out. This integrated approach can be seen when defining the roles of the various department within the organisation.

6.5. Marketing and Commercial Department

Custodian of the DHL Stadium brand and commercialisation initiatives, the Marketing & Commercial Department has over the last year been integral in the promotion of new services such as the Business Lounge Memberships in the market place as well as engaging with the media to best inform our guests on event day arrangements and how best to access and benefit from a visit to the DHL Stadium. Key achievements for the year include the redesign launch of the DHL Stadium website and the implementation of all events acquisition marketing initiatives.

Department Objectives:

Marketing

- Promote and build affinity to the brand of DHL Stadium through engagement with the general public and business community;
- Communicate with stakeholders to convey the purpose, vision and benefit proposition of the organisation; and
- Build "owned platforms" such as the website, databases and social media to increase engagement and share information.

Commercialisation

- Maintaining and driving new commercial revenue streams with the purpose of achieving long term financial sustainability;
- Identify, develop and implement plans to diversify revenue streams to increase the ME portfolio of products and services; and

- Measure the quality of service delivery across all deliverables, including spectators and Event Organisers, and highlight areas of improvement.

6.6. Operations and Events Department

Responsible for event and operations management, building and infrastructure maintenance, the department is responsible for the process of acquiring and executing all events at DHL Stadium. The department holds 3 main areas of focus namely: 1) events acquisition, 2) event operations and technical support and 3) building and infrastructure maintenance and management.

Key deliverables achieved in the year include the successful pitch replacement, the hosting of 127 events, of which 34 were bowl events. The department has also conducted all planning for capital requirements of the stadium for outer years.

Department Objectives:

Event Acquisition

- Champion events acquisition initiatives with the aim of securing a robust calendar of events for future years, taking into account commitments with existing Anchor Tenant and Event Organisers;
- Manage client enquiries and booking requests with the objective of maximising the value generated from events hosted; and
- Manage the integrated events process to ensure all departments are aligned and collaborate to offer the best possible service.

Operations & Technical

- Assisting event organisers in the planning and event deliverables; and
- Ensuring the successful service delivery for all events hosted at DHL Stadium, in line with legislation including the Safety at Sports and Recreation Act, 2010 (SASREA) with a particular focus on spectator experience

Building & Infrastructure Management

- Manage all technical service providers such as cleaning, safety, security, information technology and general maintenance;
- Maintaining and preserving the asset of DHL Stadium, ensuring that it remains a world-class multi-purpose facility that is capable of attracting and hosting international and domestic showcase events;
- Provide technical support to identified future revenue streams to ensure alignment between business objectives and technical capabilities;
- Implement, improve on and measure environmental sustainability initiatives; and
- Implementation of CAPEX projects

6.7. Internal Company Services Department

The Internal Company Services Department is responsible for the management of all internal services including human resource, legal and general administration. The department is also responsible for liaison with the City on various related processes.

During the year, the department facilitated the employment of 4 new staff. A total of 127 staff training interventions were delivered during the year. The ME organogram was also revised to reflect the requirements given the ME's intention to achieve greater levels of self-reliance.

The department was also responsible for developing the specifications for legal services as well as stock and stationery which will be awarded in 2024/25 FY.

Department objectives:

Human Resource

- Create an environment that optimises human capital performance through ongoing skills development, staff wellbeing, training and staff engagement;
- Ensure reporting compliance and the daily management of all human resource related functions; and
- Update and maintain the organogram structure as required by the business and in a compliant manner. Manage the recruitment and induction process of new employees

Legal

- Interface between City legal department and the ME;
- Facilitation of external legal counsel; and
- Contract administration and record keeping

Administration

- Liaison and management of the outsourced company secretariat;
- Manage compliance processes such as SDBIP, declarations of interest and company reporting to ensure that recordkeeping is accurate and deadlines met;
- Timely revision of all ME policies;
- Provide management with business intelligence and reports to aid decision making; and
- POPIA compliance

6.8. Finance Department

The Finance Department oversee all financial transactions with the aim of achieving a "clean audit". The department also manages the supply chain management function process.

The department achieved a "clean audit" for the 2022/23 FY and achieved the same outcome for the 2023/24 FY.

With the commercial department now fully operational and new revenue streams such as the Business Lounge Memberships and the commercial event overlay being activated, the department has successfully managed the increased load of commercial financial transactions through the SAGE accounting system. The implementation of this system in the prior year allows for the correct tracking and reporting of revenues and 3rd party revenue share.

A total of 11 tenders were advertised in the 2023/24 FY.

Department objectives:

Financial Management

- Achieve a "clean audit" and 100% asset verification and implement the policy and controls that will enable this;
- Be compliant in terms of the MFMA and National Treasury financial reporting;
- Provide financial insight and day to day assistance to other departments to ensure that financial analysis is an integral part of any decision making; and
- Provide the necessary reconciliations and reports as required by the business

Supply Chain Management

- Oversee the tender process for all new tenders;
- Host BEC, BSC and BAC meetings as and when required, in line with policy; and
- Ensure the awarding of tenders to meet the needs of the business

Contract Management

- Ensure the ME is compliant in its contract management process;
- Ensure all documents in relation to finance, supply chain and contract management are stored as required by the MFMA; and
- Ensure monthly monitoring of contract deliverables is actioned and take corrective action as and when required

6.9. Our Staff

The ME had a budget of 31 staff for the reporting period. During this period there were 4 resignations, 1 x medical boarding and 4 positions filled. Staff training during the year in review comprised of skills and knowledge development, life skills and wellness sessions, as well as value driven engagement to reinforce "ways of working" within the team. The absenteeism rate for the year was 2.99%.

The ME employs two staff directly – namely the Chief Executive Officer and the Chief Financial Officer. The balance of staff are seconded from the City of Cape Town.

7. FINANCIAL YEAR IN REVIEW – 2023/24

7.1. Event Acquisition & Hosting

A total of 127 events were hosted in the 2023/24 FY against a SDBIP target of 122. A total of 748 276 spectators were welcomed to the DHL Stadium during the year, against a target of 750 000.

While the ME exceeded its targets in the number of events hosted, it achieved a lower revenue target than budgeted. The contributing factors to the lower number of spectators and revenue against targets were:

- No Springbok Test match due to the Rugby World Cup;
- Implementation of the City Council approved “sliding scale” as a post COVID19 recovery tool that sees a lower rental being charged to Stormers Rugby for smaller matches;
- The loss of Formula E to Cape Town;
- The DHL Stormers not achieving play-off stages of the URC Tournament; and
- The pitch replacement process taking 3 months out of the events calendar for bowl events.

Cumulative quarterly performance

QUARTER	TARGET EVENTS	ACTUAL EVENTS	TARGET SPECTATORS	CUMULATIVE SPECTATORS
Q1	25	31	222 296	100 853
Q2	60	65	411 351	331 204
Q3	100	100	689 801	585 268
Q4	122	127	750 000	748 276

7.2. Bowl events

The ME hosted a total of 34 bowl events during the 2023/24 financial year, attracting a total of 552,102 spectators. Of these events, 16 were football events, 12 rugby events and 6 entertainment or lifestyle events. Of these, the majority of rugby events were broadcast internationally and the majority of football broadcast in South Africa and throughout Africa.

EVENT	DATE	DAYS	ATTENDANCE
Jehovah's Witnesses	22 September 2023	3	54 877
CT City FC vs CT Spurs FC	30 September 2023	1	13 066
Abantu Music Concert	28 October 2023	1	8 669
CT Spurs vs Orlando Pirates FC	01 November 2023	1	5 308
CT City FC vs Chippa United FC	07 November 2023	1	2 124
CT City FC vs Royal AM FC	10 November 2023	1	2 360
CT Spurs FC vs Royal AM FC	25 November 2023	1	1 173
CT Spurs FC vs Stellenbosch FC	28 November 2023	1	2 271
HSBC Sevens	9 December 2023	2	71 006
EPCR Round 2 – DHL Stormers	16 December 2023	1	12 509
DHL Stormers vs Blue Bulls	23 December 2023	1	40 032
CT City FC vs Sundowns FC	24 December 2023	1	9 743
DHL Stormers vs The Sharks	30 December 2023	1	37 247
CT Spurs vs CT City FC	31 December 2023	1	5 280
Theuns Jordaan Tribute	06 January 2024	1	12 616
100% Retro	07 January 2024	1	4 806
EPCR - DHL Stormers	13 January 2024	1	26 030
Big Concerts - Calabash SA	31 January 2024	1	27 246
MTBS	10 February 2024	1	8 872
CT City FC vs Supersport United FC	28 February 2024	1	4 326
CT City FC vs Stellenbosch FC	05 March 2024	1	4 144
DHL Stormers vs Edinburg	23 March 2024	1	23 311
DHL Stormers vs Ulster	30 March 2024	1	24 616
DHL Stormers vs State Rochelais	06 April 2024	1	27 698
CT City FC vs Amazulu FC	07 April 2024	1	0
DHL Stormers vs Ospreys	20 April 2024	1	15 845
DHL Stormers vs Leinster	27 April 2024	1	23 655
CT City FC vs Golden Arrows	28 April 2024	1	2 642
CT City FC vs Orlando Pirates FC	01 May 2024	1	23 257
CT City FC vs TS Galaxy FC	12 May 2024	1	1 479
CT City FC vs Richards Bay FC	18 May 2024	1	1 922
CT Spurs FC vs Kaizer Chiefs FC	25 May 2024	1	10 552
DHL Stormers vs Lions	01 June 2024	1	35 231
U20 Rugby World Championship	29 June 2024	1	8 189

The bowl events (sporting and concerts) with the largest spectator attendance included:

- HSBC SVNS: 9 – 10 December 2023 - 71 006 spectators.

HSBC SVNS has been hosted at DHL Stadium for a total of 7 years. Over these 7 events, a total of 673,268 spectators have attended the HSBC SVNS at DHL Stadium, averaging 96,181 attendees per year;

- DHL Stormers – Vodacom United Rugby Championship
The event with the second highest attendance was the DHL Stormers vs Vodacom Blue Bulls on the 23 December 2023, attracting a crowd of 40 032 spectators. This was followed by the DHL Stormers vs Hollywood bets Sharks on the 30 December 2023, attracting a crowd of 37 247 spectators. The third local derby in the URC tournament between the DHL Stormers and the Emirates Lions was the stadium's 4th largest event with an attendance of 35 231; and
- The EPCR DHL Stormers vs. Stade Rochelais match on 6 April, 2023, drew 27,698 spectators, marking the fifth-largest attendance for the financial year. This was followed closely by the Calabash concert on 31 January, 2024, which hosted a total of 27,246 attendees.

The highest attendance at a soccer match was the local derby between Cape Town City FC and Orlando Pirates FC, attracting a total of 23 257 spectators.

This was followed by Cape Town FC vs Cape Town Spurs FC on the 25 May 2023, attracting a total of 10 552 spectators.

7.3. Non-bowl events

The ME hosted a total of 61 non – bowl events and 32 film shoots during the 2023/24 financial year, attracting a total of 196,174 number of attendees. The largest film shoot hosted was for a set of 250 people.

Bespoke events that aligned the closest to our target markets included:

- Cape Town Cycle Expo 7 – 9 March 2024 - over 39 000 attendees
- Cape Town Marathon Expo 12-15 October 2023 - over 20 000 attendees
- We are Africa – 7-9 May 2024 – over 3 900 attendees

The ME has focused on identifying specific target markets for non-bowl events, with the objective of driving a targeted marketing and promotions strategy for conferences and exhibitions. In doing so, management has acknowledged the difficulty and lack of cost efficiency in the hosting of small, non-bowl events and film shoots, mainly because of the expense burden to use the stadium in a constructive manner for smaller events.

The target market for non-bowl events has been identified as mid-week conferences, exhibitions and functions that host over 200 delegates. To this end, the ME launched its first “packaged” conference specifically targeting government departments who host large conferences. This strategy will evolve in future years, with a focus on simplifying the non-bowl offering and making it simpler and more streamlined for potential clients.

7.4. Commercial Growth

- **Anchor Tenant**

Stormers Rugby PTY Ltd (Previously Western Province Professional Rugby) became the primary anchor tenant of DHL Stadium on the 1 January 2023. The main tournament that the DHL Stormers compete in is the Vodacom United Rugby Championship (URC). The DHL Stormers has the highest spectator attendance rate of any club participating in the tournament, with 334,641 spectators at home matches in the 2022/23 season and 266,174 in the 2023/24 season. This indicates an approximate 25.72% reduction in spectator's year on year as a result of DHL Stormers not making the playoffs.

CTS is responsible for delivering the commercial overlay to all events – this includes general public food and beverage sales as well as hospitality services. The URC completes satisfaction surveys on 3 of the matches during the season, with DHL Stadium scoring an average of 9.1 out of a possible 10 for the "likelihood spectators will return" evaluation. The stadium scored the highest score out of all stadiums for 4 out of 12 categories namely "atmosphere", "warmth of welcome", "seating comfort" and "catering & bar staff".

The DHL Stormers not reaching the playoff rounds of the URC Tournament, resulted in a loss of potential revenue from these playoffs. They did however manage to reach Round 16 of the EPCR - DHL Stormers vs Stade Rochelais. The DHL Stormers remain the biggest spectator draw-card of the DHL Stadium event calendar and as an anchor tenant to the DHL Stadium, remain a very important stakeholder and one we value.

- **Positioning DHL Stadium globally**

While DHL Stadium has been successful in securing most broadcast content available in Cape Town, with a total of 28 broadcast matches through the year, the potential for new sports broadcast content being created locally is limited. This is compounded by the limited number of local event organisers and promoters who are able to host entertainment events in excess of 20 000 spectators.

The 2023/24 FY saw the implementation of international events acquisition efforts, to position the DHL Stadium as a world-class stadium that is able to meet the strict standards of the participation agreements of international tournaments.

The CEO presented on 2 forums at the Stadium Business Summit held in Manchester in June 2024, reinforcing Cape Town and the DHL Stadium as a desirable venue for concerts and sporting tournaments. The strategy to promote the DHL Stadium internationally will become a priority in future years.

In the 2023/24 FY CTS diversified the number of event organisers hosting bowl events with 4 new promoters hosting bowl events at the DHL Stadium. Efforts were made to assist and support new event organisers so they were able to host events successfully, in turn broadening the number of event organisers who have the potential to bring events to the DHL Stadium in future years.

- **Building affinity to the DHL Stadium brand**

In the 2022/23 FY the total media value achieved was R20 378 224 with 54% of the value derived from online coverage, followed by broadcast at 41% and print media at 5%. The top media by value was from Cape Argus, followed by the Son newspaper. The top media by circulation was The Citizen with 83 clips, followed by the Son at 60 clips and Cape Talk at 46 clips (News clip)

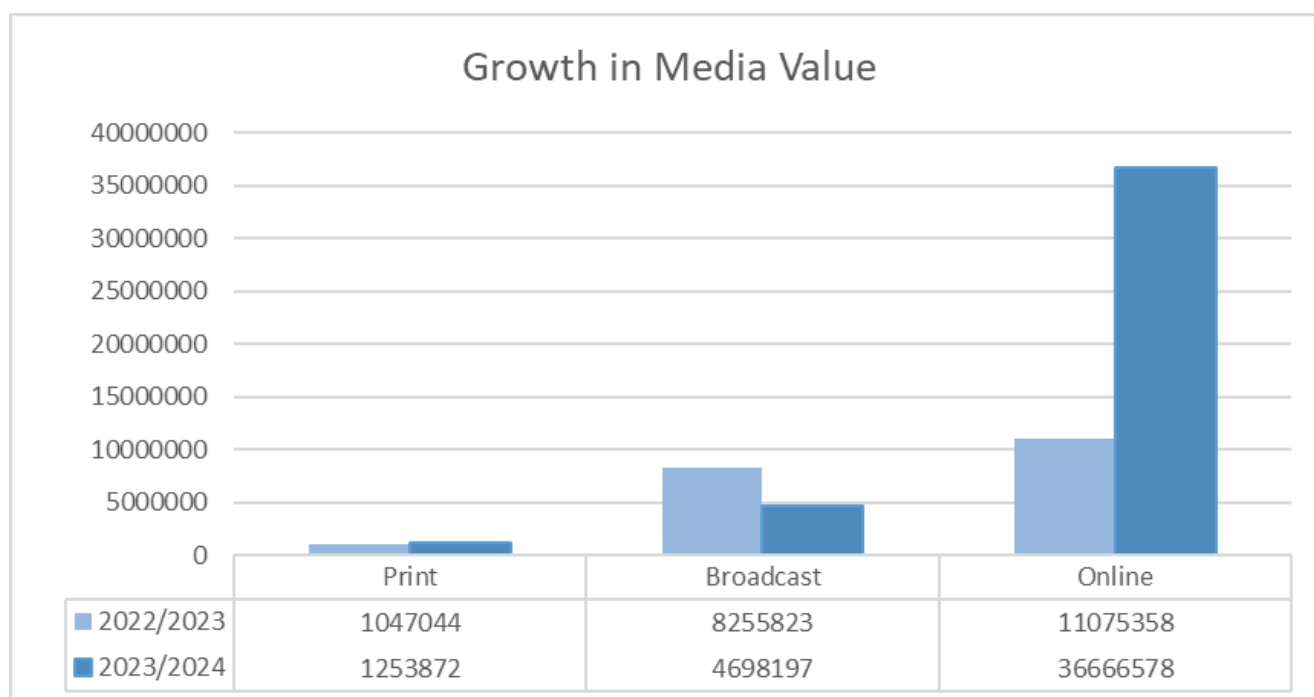
In the 2023/24 FY the total media value achieved was R42 618 648 with 86% of the value derived from online coverage, followed by broadcast at 11% and print at 3%. While the primary growth was in online media, the actual value of print media grew from R1 047 044 to R1 253 872. The broadcast value dropped from R8 255 823 to R4 698 197 year on year. This is mainly attributed to Formula E and Rugby World Cup Sevens broadcast that was included in the 2023/24 FY as well as the DHL Stormers reaching the play off stages of the URC Tournament in 2022/23 FY and not having the same success in the 2023/24 FY*.

*Reference: Report compiled by Focal Points on behalf of the City of Cape Town

The website (www.dhlstadium.co.za) went through a redesign in the 2023/24 financial year and the new DHL Stadium website was launched in June 2024. The redesign of the website has allowed for greater flexibility in the management of the site and has become an important information portal for event organisers, spectators and clients.

The primary objectives when engaging with the media are:

- Build affinity to the DHL Stadium brand by demonstrating the value the DHL Stadium brings to the local economy;
- Increase knowledge and understanding of how best to access and use the stadium as a visitor; and
- Promote upcoming events, products and services



- **Creating value – economic impact**

In the 2022/23 FY DHL Stadium achieved a total economic impact in Cape Town of R4.6 billion (Direct, indirect and induced impact of direct spend). The total contribution to annualised jobs created or sustained due to the direct spend was 9 054. **

** Reference: Economic Impact report for the DHL Stadium for the 2022/23 Financial Year. Prepared by BDO Advisory Services (Pty) Ltd.)

In the 2023/4 FY DHL Stadium achieved a total economic impact in Cape Town of R3.3 billion (Direct, indirect and induced impact of direct spend).

The total contribution to annualised jobs created or sustained due to the direct spend was 6 176. ***

*** Reference: Economic Impact report for the DHL Stadium for the 2023/24 Financial Year. Prepared by BDO Advisory Services (Pty) Ltd.)

The difference in the value between the prior year and the year under review can primarily be attributed to four factors:

- Formula E - this event was hosted in the 2022/23 FY but was cancelled in the 2023/24 FY. There was significant local and international broadcast value associated to the event;
- Rugby World Cup Sevens was a World Rugby event broadcast globally in 2022/23 FY;
- DHL Stormers did not make it to the playoff stages of the URC Tournament in the current year under review, whereas they did in the prior year; and
- There was no Springbok Test match hosted at DHL Stadium in the 2023/24 FY due to it being a Rugby World Cup year.

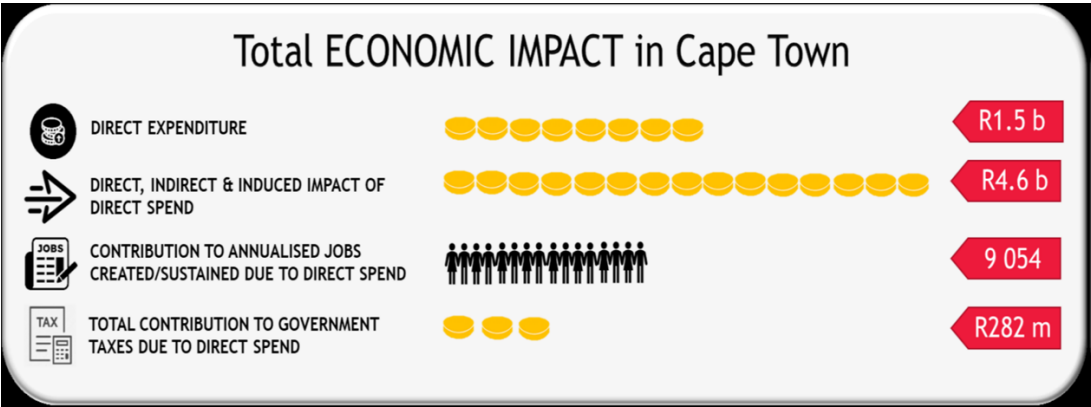
This shift in economic value reinforces the event acquisition strategy of the ME. The priority for long-term sustainability and value creation is to secure global, world-class events each year. The economic value of such events is clear. It is anticipated that the hosting of the Springbok vs New Zealand Test Match in September 24 will generate significant economic value, in turn increasing the economic impact of DHL Stadium in the 2024/25 FY.

It is envisaged for the 2025/26 FY that CTS will also secure a Springbok Test match, as well as for the 2026/27 FY. It is anticipated that the 2027/28 FY will be affected by the next Rugby World Cup. This assumption is however dependant on the allocation of Test matches and in particular the timing around which financial year the Test matches fall into based on their timing.

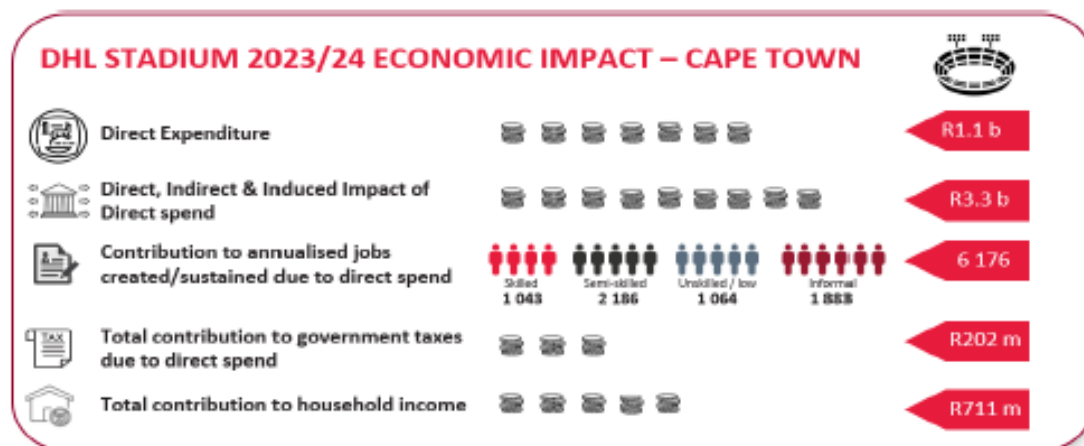
Events such as Springbok Test matches and "World" events that broadcast internationally and can reach a capacity of 58,000 spectators are key to the financial sustainability and economic value creation of DHL Stadium.

As the ME business matures and revenue streams diversify into property development, the financial sustainability of the ME will become more predictable and less dependent on the hosting of major events each year.

2022/23 FY ECONOMIC IMPACT



2023/24 FY ECONOMIC IMPACT



• Commercial Event Overlay

The commercial event overlay was implemented for most events hosted at the DHL Stadium in the 2023/24 FY. These services include food and beverage sales to the general public, hospitality services and liquor distribution services. All services are currently outsourced to service providers on a 3-year contract term.

The current service providers are in place:

- Hospitality Services Circa Hospitality
- Liquor Distribution Circa Hospitality
- General Public bars Party Pourers
- General Public food Bootlegger

DHL Stadium product and service providers include South African Breweries, Peninsula Beverages, Dairy Maid and J&M Famous Biltong. There are 3 broad commercial event overlays utilised for different size events, with the number of sales outlets increasing in line with the anticipated number of spectators.

The ME earns a percentage turnover on all sales facilitated through the commercial event overlay. It is anticipated that certain of these services will be in-housed in future years, depending on the commercial viability and ease of doing business between outsourcing and insourcing.

• The Business Lounge Memberships

Modelled on international best practice, the Business Lounge is a shared hospitality facility where guests have flexibility in the number of memberships they elect to purchase each year. The structure of the Anchor Tenant Agreement with Stormers Rugby enables the ME to fully commercialise this 2 100 seater space. The Business Lounge was packaged and promoted to the market place in the 2023/24 FY after applying learnings from the prior year.

The value proposition of the Business Lounge offers two types of hospitality – a VIP offering which is an all-inclusive offering and a Supporters offering which is a more cost effective service. The Business Lounge is on Level 4 of the West Quadrant of the stadium, offering arguably the best seats in the stadium. This premium offering now has over 800 members and we anticipate that the membership base will continue to grow in future years.

- **Property Development**

The need to diversify revenue streams of the ME in order to achieve long term financial sustainability was an objective set for the 2023/24 FY. To this end, a number of initiatives were implemented:

- **Rental leases**

An assessment of all current leases and potential leases was conducted. This resulted in the McDonalds site which falls within the ME foot print being auctioned on the 20 June 2024. This resulted in the lease rental escalating from R134 884 to R420 000 per month, a financial gain that will be realised in the future years.

As part of the Anchor Tenant Agreement, Stormers Rugby secured an office lease for space within the stadium. The offices were completed during the financial year, with the lease commencing on the 1 October 2024.

- **Retail shop design**

The investigation into developing a retail corridor on the east side of the stadium super structure commenced during the financial year under review. The initial investigative work was conducted taking into account the Granger Bay Development, with the intention of creating a restaurant and retail corridor that will operate independently of the stadium event calendar, providing the potential of a new revenue stream for future years. The current process has resulted in the production of concept diagrams that will be amplified in the future year to understand the potential return on investment and funding options.

As with the office spaces developed in the stadium, because both projects make use of the existing super structure, the return on investment should yield strong returns, allowing for the diversification of revenue and in turn greater financial sustainability.

7.5. Maintaining the Asset

As part of the Service Delivery Agreement between the City of Cape Town and the ME, the ME is responsible for the maintenance and preservation of the asset as a world-class stadium that is able to meet the requirements of participation agreements for international football and rugby tournaments.

The biggest project undertaken during the financial year under review was the successful replacement of the pitch.

- **Pitch replacement**

Following the event restrictions brought about by COVID19 in the prior year, there was an upsurge in events in the 2022/23 FY. This commenced with the British and Irish Lions Tour, where 5 international rugby matches were played on the then all grass pitch in a period of 5 weeks. This was followed by a number of televised rugby and football matches as broadcasters tried to catch up on content that had been restricted during COVID19. The increased amount of play on the pitch, and in particular the stress rugby tackling placed on the pitch, led to the earlier than anticipated replacement of the pitch. Management was able to replace the pitch with a hybrid 50% natural and 50% synthetic pitch during the Rugby World Cup “down time” between July – September 2023. While this did see the best use of the period in a year where there would be no Springbok Test match due to the Rugby World Cup, there was an impact on the overall spectator numbers for the year, with the pitch being out of commission for 13 weeks. Due to the fact that the pitch replacement process was brought forward, it was not taken into account at the time of preparing the budget.

The pitch replacement process

The pitch replacement process has been viewed as successful by all stakeholders and has enabled the continued hosting of both rugby and football matches at the DHL Stadium. It has also offered a more robust pitch for the stage set up of concerts, giving more flexibility to when entertainment events that make use of the pitch are hosted.

The new pitch is an international standard, hybrid grass system similar to the pitches that can be found at Twickenham, Wembley Stadium and Stade de France. The hybrid pitch offers enhanced durability and is capable of withstanding 6 times more traffic than a natural grass pitch. To minimise the environmental impact, approximately 1,750 cubic meters of sand were transported to the nearby golf course, minimising the haulage to less than 500 meters and reducing the wastage.

The pitch replacement project has been selected as a finalist for the International Project Management Association (IPMA) Global Awards for 2024. The IPMA has led the discipline of project management since 1965 and remains dedicated to its mission of orchestrating the project profession for a better world. On a yearly basis, IPMA celebrates outstanding project management achievements by nominating and recognising individuals, projects and organisations that have achieved exemplary results in project management. This year the IPMA Global Awards will be hosted in Cape Town in November 2024, where the project team will be awarded with a bronze, silver or gold award.

- **Maintenance Programme**

The ME implements a rigorous yearly programme of preventative, corrective, reactive and emergency maintenance to ensure that the DHL Stadium remains a world-class facility and that the required maintenance is conducted to ensure that the future years are not compromised. Priority is placed on ensuring a healthy, safe environment for spectators is a priority.

To this end, the ME was 100% successful in delivering the board approved Repairs and Maintenance Programme for the 2023/24 FY.

- **Occupational Health & Safety**

The ME also achieved 100% compliance with the Occupational Health and Safety Act (Act 85 of 1993) and Regulations. This applies to all events and non-event day contractors at DHL Stadium. CTS was also successful in the renewal of its Safety and High Risk Grading Certificate. The grading certificate is obtained as contemplated in Section 8 of the Safety at Sports and Recreational Events Act of 2010. The DHL Stadium remains the only sports and recreational facility in the Western Cape categorised to host high-risk events.

- **Environmental Sustainability**

The ME recognises the importance of environmental sustainability and the reduction of the carbon footprint of any event hosted at DHL Stadium. To this end, CTS contractually commits event organisers hosting events to give consideration to their event environmental sustainability and how improvements can be made.

One of the biggest influencers to environmental sustainability is how spectators journey to any given event. Various modes of public transport are utilised and spectators are encouraged to make use of “park and ride” services as opposed to driving to the stadium where parking is limited and roads are congested.

- **Utility Services**

The greatest expense challenge facing the ME is the increased use of diesel due to load shedding. This variable expense is difficult to control. Many of the IT systems require that they are “always on” to prevent damage to the system and ensure a safe environment. The stadium has its own back-up generator power, which is utilised whenever load shedding occurs.

Year on year, the diesel consumption decreased by 33%. This was directly attributed to less load shedding in the 2023/24 FY as opposed to the prior year. We remain vulnerable to the possibility of load shedding returning, and have budgeted accordingly for 2024/25 FY.

At the beginning of the 2023/24 FY, CTS began the exercise of replacing the 15 year old halogen globes with LED lights. The project is structured into 3 phases and takes into consideration the current stadium needs and future opportunities to utilise solar power as an energy solution for the stadium.

The 3-phase approach is:

Phase 1	Replacement of all halogen globes with LED lights	2023/24 and 2024/25 FY Scheduled for completion December 24
Phase 2	Replacement of halogen flood lights with LED lights	Scheduled for 2024/25 FY
Phase 3	Best use of solar	Currently under investigation

The replacement of the bowl floodlights will not only increase the efficiency of energy consumption, but will also modernise the stadium and offer new technology to event organisers.

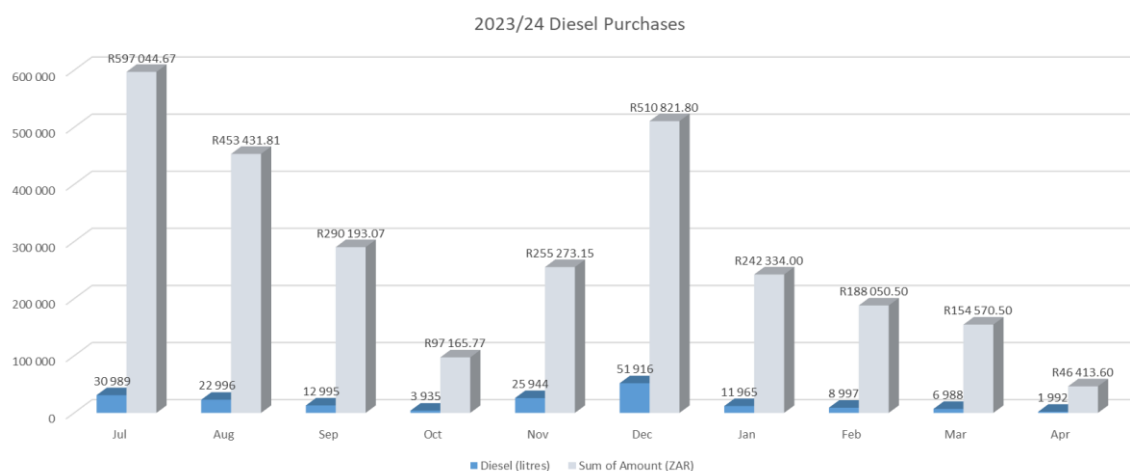
Diesel usage

Of the total energy consumption, 22.01 % of diesel and 31.55% of electricity can be attributed to the hosting of events. The bulk of the power utilisation is to ensure that the various operating systems remain intact during load shedding. The diesel usage is tracked against payments made through SAP to ensure that all diesel is accounted for.

Within the working week (Monday to Friday) and between the hours of 06h00 to 22h00, electricity is measured based on the peak demand (the spike in energy usage drawn in kVA). CTS's tariff is charged at the highest point reached for the entire month. To compensate for this during midweek events that require floodlights (the largest power consumer), the peak is managed where possible through diesel usage. The Rotary UPS has various modes, including a standby mode or in this case, an island mode where the generators run on diesel to avoid the spike.

CTS paid a total of R2.7m for diesel for the 2023/24 FY against R5.9m for the prior year.

Total diesel purchases, in litres, over the 2023/24 financial year.



The generators use diesel and the level in the underground tanks is monitored. Once a reorder value is reached, the process to request a delivery is initiated. DHL Stadium has a unique plant code where all purchases are tracked in SAP. The actual data aligns with the high usage periods that are generally reflective of a combination of both events and the impact of load shedding.

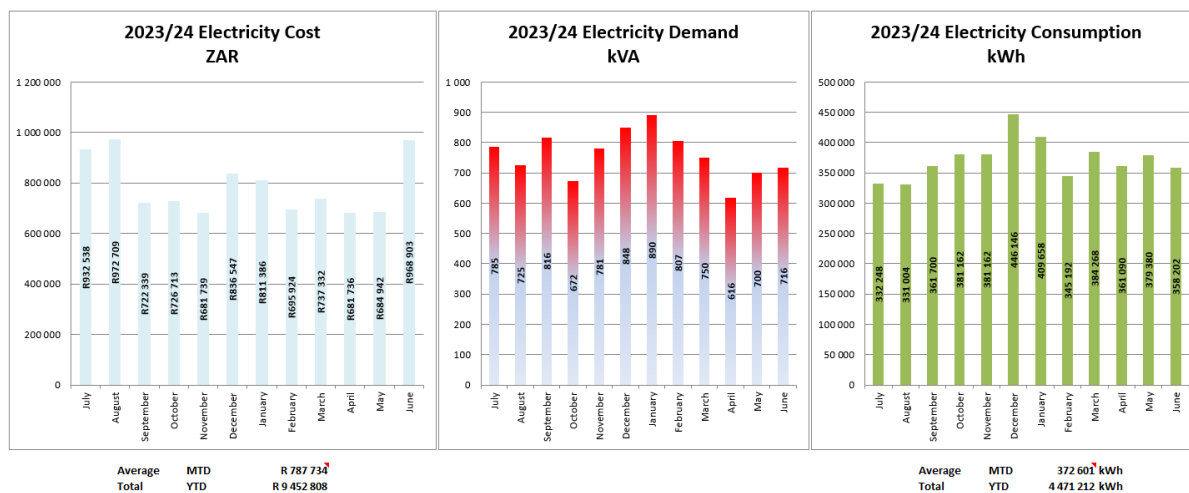
Electricity usage

The graphical representation below indicates the trend cost, electricity demand (peak) and power consumption per month. The Large User, Medium Voltage customers of which the stadium is one, experienced a 17.6% annual tariff increase. To compound the high utility fees, a Network Access Charge also became payable as from 01 July 2023.

CTS paid a total electricity bill of R9.5m for the 2023/24 FY against a bill of R8m for the prior year.

Due to the changes in the billing or tariff structure, the graphical representation will be revisited over time in order to provide insight into the major cost drivers. Between June to August, on the TOU (Time of Use) tariff, the High Demand energy charge has increased from R2.27 to R6.06 / kWh. From September to May, the Low Demand period results in the energy charge to revert to R1.41 / kWh. The critical times to manage consumption, is between 07h00am to 10h00am and 18h00pm to 20h00pm.

The graphical representation below indicates the trend cost, electricity demand (peak) and power consumption per month. This report is updated as soon as the information is made available from the Municipal account. The annual utility increase for Large User, Medium Voltage customers experienced a 17.6% tariff increase. To compound the high utility fees, the City introduced the Network Access Charge as from 01 July 2023.



Water usage

The event profile, referencing major bowl events, plays a major role in water consumption. The construction of the new pitch took place between July 23 – September 23. This resulted in no spectator events during this period and a marked reduction in water consumption. As temperatures increased in the summer months and bowl events commenced post the pitch replacement process, there was an increased demand for water.

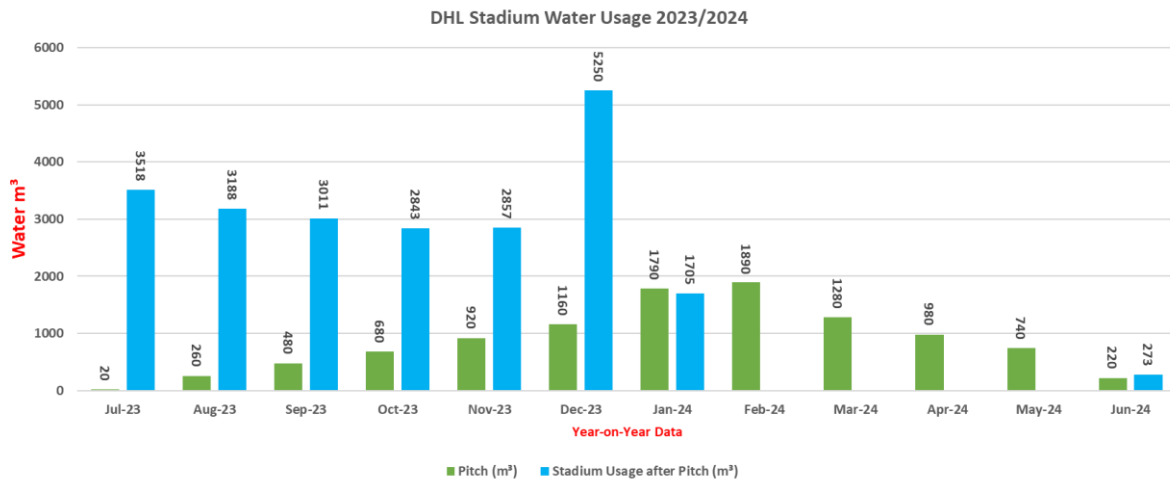
During the last half of the financial year in question, there was increased effort to align the City billing to actual water consumption, providing the City with the actual water readings. This resulted in a credit note of R612k being passed in 2023/2024FY.

The water readings will be monitored going forward and will be provided to the City each month so future billing remains accurate.

CTS paid a total water bill of R2.1m for the 2023/24 FY against a bill of R1.8 for the prior year.

The event profile, referencing major bowl events, plays a role in the water consumption statistics. The construction of the new pitch that concluded at the end of September 2023, assisted with the reduced demand in the 1st quarter of 2023. As the temperature increased in the summer months and the return of major bowl events, the increase in demand is reflected in the graph. During the last two quarters of the financial year, there was an increased effort to align the billing structure with the City of Cape Town's tariff calendar.

The manual water meter readings are shared with the City's Water & Sanitation Department on a monthly basis in an effort to eliminate any estimated readings that affects the increased utility costs.



- Technology

The DHL Stadium is an intelligent stadium where sub-systems and technologies are merged. It has a structured network consisting of a combination of optic fibre and CAT6 cabling. All devices in the stadium are interconnected using this network. A Human Machine Interface (HMI) is used to control and monitor all devices on the network. The services on the network include electrical SCADA, lighting control, HVAC, CCTV, access control and mass access control, fire systems, stadium bowl electronics, IPTV, domain controllers and wireless network services. The service delivery of the stadium is dependent on this network operating seamlessly and efficiently.

In the 2023/24 FY the ground work was conducted for the future upgrade of various systems. These upgrades are planned for the 2024/25 and 2025/26 FY and include:

- Network upgrade including the backbone and switches to support additional equipment being added to the network;
- Server, software and wireless controller upgrades with newest technology;
- Network security and firewall upgrades;
- Turnstile hardware upgrades to enable full digital scanning to improve efficiency of mass stadium entry;
- Replacement of big screens to double the current size and installation of newest technology;
- Public address system upgrade; and
- Fire system upgrade to newest system controls

7.6. Sound Governance

- Policy review

The ME has a total of 16 board approved policies. These policies are reviewed every 2 years, with the last review taking place in the 2023/24 FY. The need has

been identified to develop a Corporate Social Responsibility Policy. This will be done in the next financial year.

Below is a summary of the review period applicable for all policies

POLICY	PRIOR REVIEW	NEXT REVIEW
Ethics Policy	2024	2026
Cost Containment Policy	2024	2026
Credit Control & Debt Policy	2024	2026
Entertainment Policy	2024	2026
Environmental & Sustainability Policy	2024	2026
Gift Policy	2024	2026
Health & Safety Policy	2024	2026
Petty Cash Policy	2024	2026
Preferential Procurement Policy	2024	2026
Recreation Facility Policy	2024	2026
Risk management Policy	2024	2026
Supply Chain Management Policy	2024	2026
Suite Policy	2024	2026
Travel Policy	2024	2026
Virement Policy	2024	2026
Director's remuneration Policy	2024	2026
Corporate Social Responsibility Policy	In drafting	

The Business Continuity Plan was also reviewed in the 2023/24 FY, ensuring it remains relevant to the changing times.

- Company Secretariat

The Company Secretariat is outsourced to Kilgetty Statutory Services (South Africa) (PTY) Limited. The Board of Directors held 5 board meetings and 1 special board meeting during the financial year. A strategy session was also held with Board Members and Senior Management in January 2024 to share knowledge and insight and inform the deliverables of the 2024/25 Business Plan. During the 2023/4 FY the following board and subcommittee meetings were held:

Board meetings

MEETING DATE	COMMITTEE MEMBERS
31.08.23	CHAIRPERSON: PJ Veldhuizen MEMBERS: Viola Manuel (Vice Chair), Limia Essop (Resigned 31.10.2023) Samkelo Blom, Brett Hendricks (Appointed 01.11.2023) Emma King (Appointed 01.11.23), Glenn Ho
29.09.23	
08.12.23	
29.02.24	
08.05.24	
30.05.24	

Events, Marketing, Communication and Commercial Subcommittee

MEETING DATES	COMMITTEE MEMBERS
14.08.23	CHAIRPERSON: Martin Van Staden MEMBERS: Limia Essop ,Samkelo Blom, Brett Hendricks ; Emma King PJ Veldhuizen
10.11.23	
07.02.24	
15.05.24	

Human Resource, Social and Ethics Subcommittee

MEETING DATES	COMMITTEE MEMBERS
14.08.23	CHAIRPERSON: Samkelo Blom MEMBERS: Viola Manuel ,Limia Essop , Emma King, Glenn Ho
03.11.23	
07.02.24	
15.05.24	

Finance Subcommittee

MEETING DATES	COMMITTEE MEMBERS
18.08.23	CHAIRPERSON: Glenn Ho MEMBERS: Viola Manuel, Brett Hendricks, Martin van Staden, Emma King *Emma King replaced Martin van Staden whilst he paused his activities as a board member
16.11.23	
25.01.24	
09.02.24	
17.05.24	

Audit & Risk Subcommittee

MEETING DATES	COMMITTEE MEMBERS
24.08.23	CHAIRPERSON: Viola Manuel Glenn Ho, Tom Blok, Prittish Dala, Lindiwe Ndaba
30.11.23	
20.02.24	
22.05.24	

A yearly annual board and board committee work plan is prepared ahead of each financial year to guide the actions of the board of directors through the year.

- **Legal**

In line with the Service Delivery Agreement between the City of Cape Town and the ME, the ME is able to access legal services via this mechanism.

A total of 20 legal opinions were requested by the ME through the financial year in review. A total of 127 event rental agreements were signed in the financial year in review. Other significant contracts included the signing of 8 contribution agreements with the City's Events Department as well as signing of a memorandum of agreement with Cape Town International Convention Centre with an aim of fostering stronger working relations between the two Municipal Entities.

CTS has begun the process of drafting the specifications to secure their own legal service provider. This process will continue in the 2024/25 FY. It is envisaged that the ME will still rely on the City via the SDA for certain legal services, while utilising their own service provider for event related contracting.

- **Legislative Compliance – Internal Services**

The following legislative compliance processes were completed during the 2023/24 FY:

- The ME Risk Register was completed each quarter and presented to each subcommittee and the board of directors. The City of Cape Town provides administrative support for this function;
- The ME Combined Assurance process was completed and presented to the board of directors. The City of Cape Town provides administrative support for this function; and
- The ME SDBIP was completed quarterly and presented to each subcommittee and the board of directors. The City of Cape Town provides administrative support for this process

- **Human Resource**

The majority of staff remain employees of the City of Cape Town and are seconded to the ME for a 3 year period:

- Staff secondment agreements were renewed in January 2024 for a further 3 year period;
- 100% of staff completed Declaration of Interest forms successfully;
- 100% of staff signed the City Code of Conduct; and
- 100% of staff completed the Individual Performance Management process (IPM)

- **Greater independence as a Municipal Entity**

The 2023/24 FY saw the introduction of a strategy for the ME to become fully independent from the City of Cape Town as always intended. Initially, when the ME was established, it did not have resources and capabilities to manage its own functions such as human resource, finance, supply chain management, legal and other legislative elements of the business. A Service Delivery Agreement exists between the City and the ME to facilitate these services.

During the 2023/24 FY, the ME implemented its own financial system and now manages its own revenue and SCM process. The ME has successfully managed these process throughout the year and has secured the funding required to implement a staffing plan that includes a full finance and SCM department.

It is envisaged that the process to gain a greater level of independence will continue over future years.

- **Finance**

The ME achieved a "clean audit" for the 2022/23 FY. This gives the ME an unbroken run of "clean audits" since the establishment of the ME in 2018.

The ME achieved a "clean audit" for the 2023/24 FY.

Key financial markers for the year in review include:

- 100% of asset verification;
- 67.48% of its own revenue target; and
- 98.27% spend of the maintenance budget

Due to the lower than anticipated "own revenue" being generated primarily due to there being less events than budgeted, the ME limited it's losses by controlling expenses, with the exception of the maintenance budget which ensures long term care of the asset. The ME had a total savings of R13.4m in expenses, thus reducing the overall loss to R5.8m.

The main shortfall on "own revenue" was a result of no bowl events taking place in the first quarter due to the pitch replacement and due to 2024 being a rugby world cup year. It is anticipated that the ME will have a far more positive year financially in the 2024/25 FY with the Springbok Test between South Africa and New Zealand. This, together with a strong bowl events calendar planned, will see the ME generate far stronger "own revenue" than the 2023/24 FY.

- **Legislative Compliance – Finance**

The following legislative compliance support processes were completed by the Finance Department during the 2023/24 FY:

- Updated the ME Supply Chain Management policy with the legislative changes that came into effect in 2023/24; and
- Administered and supported the execution of the approved Internal Plan for 2023/24 with 4 assurance and 2 advisory reviews

8. BROAD BASED BLACK ECONOMIC EMPOWERMENT

ENTERPRISE DEVELOPMENT

2024

Total Spend	78 623 410	
Total Number of Suppliers	40	
Total % BBEE Spend	99.77%	
	Total Suppliers	Total Spend
Spend >below R100 000 per supplier	21	328 841
Spend between R100 000-R500 000 per supplier	6	1 751 196
Spend between R500 000-R1 000 000 per supplier	2	1 317 038
Spend between R1 000 000-R2 000 000 per supplier	2	2 202 884
Spend between R2 000 000-R5 000 000 per supplier	2	6 280 955
Spend >more R5 000 000 per supplier	7	66 742 496
TOTAL	40	78 623 410

2023

Total Spend	R73 570 446	
Total Number of Suppliers	29	
Total % BBEE Spend	99	
	Total Suppliers	Total Spend
Spend >below R100 000 per supplier	10	205 512
Spend between R100 000-R500 000 per supplier	6	1 424 825
Spend between R500 000-R1 000 000 per supplier	2	1 037 431
Spend between R1 000 000-R2 000 000 per supplier	3	4 145 272

Spend between R2 000 000-R5 000 000 per supplier	6	26 440 082
Spend >more R5 000 000 per supplier	4	42 317 325
TOTAL	29	73 570 446

MANAGEMENT CONTROL

2024

Categories	Number	%	Race	Gender
Non-Executive Directors	2	22.2%	W	M
	1	11.1%	A	M
	1	11.1%	C	F
	2	22.2%	C	M
	1	11.1%	W	F
Executive Directors	1	11.1%	W	F
	1	11.1%	C	F
Non-Executive Directors	All Members of the Board except for the CEO & CFO are Non-Exec Director's			
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				

2023

Categories	Number	%	Race	Gender
Non-Executive Directors	2	28.7%	W	M
	1	14.2%	A	M
	2	28.7%	C	F
	1	14.2%	C	M
Executive Directors	1	14.2%	W	M
Non-Executive Directors	All Members of the Board except for the CEO are Non-Exec Director's			
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
2024			
Seconded Employees	5	C	M
	10	C	F
	1	B	M
	4	B	F
	6	W	M
	1	W	F
	1	I	F
Internships, apprenticeship, learner ship	1	B	F
2023			
Seconded Employees	11	C	F
	4	C	M
	3	B	F
	6	W	M
	2	W	F
	1	B	M
	1	I	F
Internships, apprenticeship, learner ship	1	B	F

9. CTS FINANCIAL STATEMENTS

CAPE TOWN STADIUM (RF) SOC LIMITED

ANNUAL FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

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These financial statements have been audited in compliance with the applicable requirements of the Companies Act, No. 71 of 2008, as amended.

Reg no: 2017/488432/30

GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2024

Cape Town Stadium (RF) SOC Ltd became effective on 1 February 2018. It 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.

The entity entered into a service delivery agreement with the City for a period of 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 entity 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. The entity entered into an Anchor Tenant Agreement with Western Province Rugby on 1 January 2023 for an initial period of 39 years with an option to extend for a further two consecutive periods of 30 years each under the same terms and conditions.

The authorised share capital of the entity 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 2024

ADMINISTRATION

Registered Office and Postal Address 1 Fritz Sonnenberg Road Green Point Cape Town 8051	Company Secretary Kilgetty Statutory Services South Africa (Pty) Ltd Waterford Office Park Waterford Sandton
Auditors The Auditor-General of South Africa 17 Park Lane Building Park Lane Century City 7441 Private Bag X1 Chempet 7442	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 (continued)

FOR THE YEAR ENDED 30 JUNE 2024

DIRECTORS

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

Independent Non-Executive Directors	Executive Director
Peter-John Veldhuizen Chairperson Appointed: 1 November 2017	Lesley De Reuck Chief Executive Officer Retired: 31 October 2023 Gina Woodburn Chief Executive Officer Appointed: 1 November 2023
Viola Manuel Deputy Chairperson Appointed: 1 November 2017	Fairoza Parker Chief Financial Officer Appointed: 1 November 2023
Samkelo Blom Appointed: 1 November 2017	
Limia Essop Appointed: 1 November 2017 Resigned: 31 October 2023	
Martin Van Staden Appointed: 1 November 2017	
Glenn Ho Appointed : 4 October 2022	
Brett Hendricks Appointed: 1 November 2023	
Emma King Appointed: 1 November 2023	

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

BOARD COMMITTEES

Audit and Risk Committee

The following is the Audit and Risk Committee (the committee) report in respect of the financial year ended 30 June 2024.

Mandate

The committee is governed by a terms of reference which was approved by the board and is reviewed annually. The committee fulfills its responsibilities in terms of its terms of reference, the Companies Act, 71 of 2008, (Companies Act) and the Municipal Finance Management Act, 56 of 2003.

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 director, officers, and other members of management.

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 five members, all of who hold appropriate qualifications and experience. All are appointed by the Council of the City of Cape Town. Two members are independent non-executive directors. In the year under review, the committee was chaired by Ms. V Manuel.

The committee meets at least four times a year. In the 2023/24 financial year, these meetings were attended by executive management as well as internal and external auditors. A quorum exists for all meetings. At least 50% of the committee members are required to be in attendance in order for the meeting to proceed.

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Composition of the committee (continued)

Committee members	Qualifications
V Manuel (Chairperson)	MBA, Dip. Education, BA
L Ndaba	BCom, CIA, Cert. Ethics Officer
P Dala	PHD (IT), M.IT, CDPSE, CEH, CGEIT, CHFI, CISA, CISM, CISSP, COBIT, CRISC, LA27001
T Blok	CA(SA), BCom (Hons), CIA, CISA
G Ho	B Com, B Compt (Hons), CA(SA), CIA, CISA, CRMA

Key responsibilities of the committee

The statutory responsibilities of the committee are as set out in Section 94(7) of the Companies Act, 71 of 2008, and Section 166(2) of the Municipal Finance Management Act, 56 of 2003.

The committee is required to:

- exercise oversight of the internal financial controls of the company;
- oversee the internal audit function, which is outsourced and reports directly to the committee;
- review and approve the internal audit plan;
- monitor the effectiveness of the internal audit function in terms of its scope of work, progress with the execution of the internal audit plan, and independence;
- oversee and review the expertise, resources and experience of the company's finance function;
- oversee the external audit process and approve the terms of engagement and remuneration of the external auditors, and review the effectiveness of the external audit process;
- ensure that any significant issues arising from the audit are brought to the committee's attention;
- oversee financial reporting risks;

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

- assist the board in ensuring that the Entity has implemented an effective policy and plan for risk management, which will enhance its ability to achieve its strategic objectives;
- monitor implementation of the risk management action plan and ensure that risk management assessments are performed continuously, and report to the board in this regard;
- oversee the development and annual review of a policy and plan for risk management to recommend for approval to the board, and ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
ensure that the combined assurance received is appropriate to address all the significant risks facing the Entity and monitor the relationship between the assurance providers and the entity;
- oversee compliance with all applicable laws and regulations and review the effectiveness of the entity's systems for monitoring compliance;
- make recommendations to the board of directors, and advise the board, the accounting officer and management of the company on matters relating to: internal financial control and internal audit; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management and evaluation; effective governance; compliance with the MFMA; and other applicable legislation;
- see to any other matters and additional oversight functions as may be determined by the board from time to time.
The committee has a work plan in place to support its effective functioning during the year. The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its charter and that it has complied with all its legal, regulatory, and other requirements.

Internal controls

During the year under review, the committee:

- exercised oversight of a process, facilitated by the internal auditors, in terms of which management has assessed the effectiveness of the company's system of internal control and risk management, including internal financial controls;

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

- reviewed the effectiveness of the Entity's system of internal financial controls including receiving assurance from management, internal audit and external audit;
- reviewed relevant company policies and made recommendations;
- satisfied itself that the chief financial officer has the appropriate expertise and experience to act in this capacity;
- reviewed the quarterly financial and performance reporting, together with findings from the Auditor- General and internal audit, and discussed these with management;
- evaluated the appropriateness of accounting policies and procedures, compliance with standards of Generally Recognised Accounting Practice (GRAP) and overall accounting standards;
- discussed and resolved any significant or unusual accounting issues;
- reviewed relevant company procedures for the prevention and detection of fraud;
- reviewed the significant issues raised by the internal and external auditors;
- reviewed the effectiveness of the monitoring of compliance with relevant laws and regulations, and satisfied itself that all regulatory compliance matters have been considered in the preparation of the financial statements;
- exercised oversight of the financial aspects of capital projects and, based on the processes and assurances obtained, satisfied itself that the significant internal financial controls are generally effective and that accounting practices are appropriate;

Risk management

During the year under review, the committee:

- exercised oversight in the enterprise risk management function, which remains management's responsibility;
- monitored the implementation of the company's risk management action plan and made recommendations to improve it and enhance reporting on it;
- satisfied itself that the combined assurance model is adequate for the Entity.

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Internal audit

During the year under review, the committee:

- ensured that the Entity's internal audit function was independent and that it had the necessary resources to discharge its duties;
- reviewed and approved the internal audit plan in terms of its scope and coverage, and monitored progress with the execution thereof;
- monitored the effectiveness of the internal audit function;
- exercised oversight of the cooperation between the internal and external auditors and served as a link between these functions.

The following assurance engagements were completed in the 2023/24 internal audit plan:

- annual financial statements review
- AGSA follow-up
- high-level review of financial information
- supply chain management
- Compliance with Occupational Health and Safety Acts and Regulations (Act 85 of 1993) (%)
- Spectator attendance at the DHL Stadium (Number)
- Six internal audits, included in the 2023/24 internal audit plan, were completed and the areas for improvement were agreed to by management.

External audit

In the year under review, the committee:

- satisfied itself that the external auditors are independent of the company;
- considered the fees paid to the external auditors, as well as their terms of engagement, and found these to be acceptable;

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

- reviewed the external auditors' management letter and management's response thereto;
- concurred with the Auditor-General's opinion on the annual financial statements.

The committee has reviewed the year-end financial statements and integrated annual report, and is satisfied with their integrity. As such, the committee recommended the approval thereof to the board.

- The financial statements are prepared in accordance with the basis of accounting determined by National Treasury, as set out in the accounting policy note 1 and in the manner required by the MFMA.
- The committee is confident that, with the continued support of the board, the shareholder, and other key stakeholders, the work it does will continue to be effective and accurate.



V Manuel

Chairperson of the Audit and Risk Committee

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Human Resource (HR), Social and Ethics Committee

Mandate of the Committee:

The committee is governed by its terms of reference, which have been approved by the board in line with the Companies Act and Municipal Finance Management Act, 56 of 2003 (MFMA). The committee is accountable to the board of CTS, and its reports and decisions are mandated and approved by the board.

Composition of the Committee:

The committee comprises four members, all of who are independent non-executive directors of the board, hold appropriate qualifications and experience, and are nominated by the board. The executive directors and members of the ME's executive management team also attend the committee meetings. The committee is chaired by Mr. Samkelo Blom and a quorum of 50% attendance is required for all meetings.

Committee members	Qualifications
SM Blom (Chairperson)	BA, Dip. HR, Cert: Coaching
E King	BA (FA) Hons
G Ho	B Com, B Compt (Hons), CA(SA), CIA, CISA, CRMA
VC Manuel	BA, Dip, Education, MBA

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 under review, the committee met four times.

Responsibilities of the committee

The committee is responsible for:

- Oversight of HR matters;
 - The provision of strategic input on people practices to the CEO;
 - Reviewing HR and occupational health and safety policies;
 - Receipt of quarterly reports on HR, skills development, and other people matters;
- and
- Monitoring and reviewing compliance with ethics, BEE, and other relevant regulations.

Highlights:

The HR Social and Ethics plays a crucial oversight role when it comes to matters of Human Resources and Ethics at the stadium. In each of its meetings and deliberations the committee is ceased with the following:

- Performance Management
- Employment Equity

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

- Overall Ethics and standards
- Labour Relations
- Skills Development
- Organisational Culture

The committee oversight role is not only limited to the as it has dealt with the appointment and transition to the stadium new CEO and also strategic people issues between the ME and the City of Cape Town. The committee also received reports and matters needing urgent attention from the executive staff with reference to HR and ethics. The HR and Ethics committee as a subcommittee reports and provides feedback to the board and seeks approval of the matter on strategic HR and ethics. The committee is satisfied with the direction and leadership provided by the CEO and the executive management's team on HR and Ethics matters at CTS.



SBlom

Chairman of the HR, Social & Ethics Subcommittee

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Events, Marketing and Communications Committee

The Events, Marketing & Commercial Sub-Committee (the committee) submits its report in respect of the financial year ended 30 June 2024 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 and are reviewed annually. It fulfils 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 DHL 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.

Committee members	Qualifications
M van Staden (Chairperson)	BCom Sports
PJ Veldhuizen	LLM, MBA
S Blom	BA, Dip. HR, Cert: Coaching
L Essop	MAP, BSoc Sci, LLB
B Hendricks	BA Comm (Hons)
E King	BA (FA) Hons

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.

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Events, Marketing and Communications Committee

Key Responsibilities

The committee has oversight responsibility of all events, marketing and commercial matters related to DHL 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 of policies and practice amongst the relevant sections.
-

Responsibility for analysing data, 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.

The 2023/24 financial year saw several significant milestones for DHL stadium. Highlights from the year under review:

- The pitch was replaced during the Rugby World Cup 2023 period
- The Business Lounge was marketed and sold as a product to prospective clients
- The event commercial overlay was successfully delivered at most bowl events hosted
- The affinity to the brand strengthened through the application of various marketing campaigns
- Lease revenue was included as a viable income stream
- Focused effort was placed on securing event for the future years to ensure a robust event calendar

The entity remains committed to reducing the grant amount required from the City of Cape Town and was successful with the implementation of commercial deals that contributed towards progress in this regard.

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024



M van Staden

Chairman of the Events, Marketing & Commercial Sub-Committee

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Finance Committee

This report is presented by the Finance Subcommittee (the committee) and describes how it has discharged its duties in respect of the financial year ended 30 June 2024.

Mandate of the committee

The committee is governed by a formal term of reference, as approved by the Board. The committee has an independent role, with accountability to both the Board and the Shareholder. It does not assume the functions of management, which remain the responsibility of the executive directors, officers, and other members of management. The committee acts in an advisory and oversight capacity; it does not relieve the Board of its responsibilities but makes objective and independent recommendations.

Composition of the committee

The committee comprises three members, all of whom are independent non-executive directors with the appropriate qualifications and experience. They are nominated by the board and appointed by the City of Cape Town. The committee's chair is Mr. G Ho. A quorum for meetings is in place, with 2 members required for meetings to proceed.

During the second half of the financial year. Mr MJ van Staden paused his activities as Board member including his role as a member of this committee. He was replaced temporary by Ms E King.

Committee members	Qualifications
G Ho (Chairperson)	B Com, B Compt Hons, CA(SA), CIA, CISA, CRMA
VC Manuel	BA, Dip. Education, MBA
MJ Van Staden	BCom Sports
B Hendricks	B Com (Acc) Hons
E King	BA (FA) Hons

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.

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2024

Key responsibilities of the committee

The committee fulfilled the following main responsibilities through the review of:

- Annual and quarterly performance reports.
- Quarterly financial reports.
- The business plan.
- The budget comprising operational and capital expenditure.
- The adjustment budget including capital expenditure.
- The pricing framework and strategy.
- Supply chain management reports.
- The legal report.
- The risk register and the quarterly performance reports.

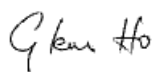
Highlights

In the year under review, the committee:

- Approved the committee's annual work plan.
- Considered and recommended the quarterly performance reports, significant deviations related to 2023/24 and the risk register for board approval.
- The following policies were reviewed and approved for submission to the Board for approval, subject to a legal review:
 - Petty Cash
 - Virement
 - Supply Chain Management
 - Preferential & Procurement

Stadium Finance Management Team

The Committee is grateful for the sterling work performed by the Finance Team led by Fairoza Parker.



G Ho

Chairperson of the Finance Subcommittee

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Meeting Type	Board Meeting	Audit & Risk Committee	HR, Social & Ethics Committee	Events, Marketing & Communications Committee	Finance Subcommittee
NUMBER OF MEETINGS HELD	6	4	4	4	5
P J VELDUIZEN	6			3	
L ESSOP	6		1	1	
G HO	6	4	4		5
V MANUEL	6	4	4		5
M VAN STADEN	5			3	4
S BLOM	6		4	4	
B HENDRICKS	4			2	3
E KING	4		2	2	1

The directors are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements of the entity. 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 entity's system 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 period under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the entity 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 pages 71 to 92, are compiled for the financial period from 1 July 2023 to 30 June 2024 and were approved by the board of directors and signed by the Chief Executive Officer (CEO) on behalf of the Cape Town Stadium (RF) SOC Ltd.

G Woodburn

Chief Executive Officer

29 August 2024

COMPANY SECRETARY CERTIFICATE

FOR THE YEAR ENDED 30 JUNE 2024

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 entity 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 2024, and that all such returns and notices are true, correct and up to date.

Kilgetty Statutory Services South Africa (Pty) Ltd

Company Secretary

31 August 2024

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 Legislature and the council of the City of Cape Town Metropolitan Municipality on the Cape Town Stadium (RF) SOC Ltd.

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Cape Town Stadium (RF) SOC Ltd. set out on pages 71 to 92, which comprise the statement of financial position as at 30 June 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as 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 (RF) SOC Ltd. as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act 71 of 2008 (Companies Act of South Africa).

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 responsibilities of the auditor-general for the audit of the financial statements section of my 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.

Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the MFMA and the Companies Act of South Africa; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. 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.

Responsibilities of the auditor-general for the audit of the financial statements

8. 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.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 67, forms part of our auditor's report.

Report on the annual performance report
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10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
11. I selected the following material performance indicators related to Economic Growth presented in the annual performance report for the year ended 30 June 2024. I selected those indicators that measure the municipal entity's

performance on its primary mandated functions and that are of significant national, community or public interest.

- Spectator attendance at the DHL stadium (number)
- Events hosted (number)

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipal entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipal entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipal entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for measures taken to improve performance.

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

18. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 93 and 94.

Economic Growth

<i>Targets achieved: 50%</i> <i>Budget spent: 100%</i>		
Key indicator not achieved	Planned target	Reported achievement
Spectator attendance at the DHL Stadium (number)	750 000	748 276

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipal entity's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipal entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in

an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

22. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

23. The accounting officer is responsible for the other 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 of South Africa. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in development priority presented in the annual performance report that have been specifically reported on in this auditor's report.

24. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. I have nothing to report in this regard.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

28. I did not identify any significant deficiencies in internal control.

[Signature as 'Auditor-General']

Cape Town

29 November 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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 material performance indicators and on the municipal entity's compliance with selected requirements in key legislation.

Financial statements

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
- conclude on the appropriateness of the 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 municipal entity 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.

Communication with those charged with governance

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.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	<p>Section 1 – paragraph (a), (b) & (d) of the definition: irregular expenditure</p> <p>Sections 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c)</p> <p>Sections 87(8), 88(1)(a), 95(d)</p> <p>Sections 99(2)(a)</p> <p>Sections 99(2)(c), 102(1), 102(2)(a), 112(1)(j)</p> <p>Sections 116(2)(b), 116(2)(c)(ii), 122(1), 126(2)(b), 133(1)(a)</p> <p>Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 172(3)(a), 172(3)(b)</p>
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 73(1), 73(2), 75(1), 75(2)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2005	<p>Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a)</p> <p>Regulations 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i)</p> <p>Regulations 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii)</p> <p>Regulations 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32</p>

Legislation	Sections or regulations
	<p>Regulations 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e)</p> <p>Regulations 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44</p> <p>Regulations 46(2)(e), 46(2)(f)</p>
Municipal Systems Act 32 of 2000	Sections 93B(a), 93C(a)(iv)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	<p>Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8)</p> <p>Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2)</p> <p>Regulations 11(1), 11(2)</p>
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

Rand (R)	Note	2024	2023
ASSETS			
Current Assets		26 188 715	23 821 169
Cash and cash equivalents	8	5 414 085	7 414 009
Service-in-kind benefit	10	2 836 800	2 647 200
Value-added tax	13	198 054	187 436
Receivables from non-exchange transactions	11	7 844 618	4 640 719
Receivables from exchange transactions	11	9 895 158	8 931 805
Total Assets		26 188 715	23 821 169
NET ASSETS AND LIABILITIES			
Net Assets		(6 913 424)	(1 057 326)
Share capital	9	-	-
Accumulated deficit		(6 913 424)	(1 057 326)
Current Liabilities		33 102 139	24 878 495
Payables from exchange transactions	12	24 293 775	12 983 200
Other payables	12	8 808 364	11 895 295
Total Net Assets and Liabilities		26 188 715	23 821 169

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2024

Rand (R)	Note	2024	2023
REVENUE			
Exchange revenue	2	44 037 569	50 727 775
Rental of facility		21 487 853	22 510 388
Other income		22 549 716	28 217 387
Non-exchange revenue	3	42 540 386	41 698 820
Contributions		33 196 048	33 196 048
Services in-kind received		9 344 338	8 502 772
Total Revenue		86 577 955	92 426 595
EXPENDITURE			
Board members' remuneration		498 615	348 421
Contracted services	4	47 635 378	52 314 336
Employee costs	5	3 055 539	1 537 136
Security services		6 650 693	6 690 706
Cleaning costs		5 978 322	6 060 594
Consultants		1 160 203	668 132
General expenses	6	27 455 303	28 299 396
Total Expenditure		92 434 053	95 918 721
Deficit before taxation		(5 856 098)	(3 492 126)
Taxation		-	-
DEFICIT FOR THE PERIOD		(5 856 098)	(3 492 126)

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2024

Rand (R) Note	Share Capital	Accumulated Deficit	Total
Balance at 1 July 2022	-	2 434 800	2 434 800
Deficit for the year	-	(3 492 126)	(3 492 126)
Share issues 9	-	-	-
Balance at 30 June 2023	-	(1 057 326)	(1 057 326)
Deficit for the year	-	(5 856 098)	(5 856 098)
Balance at 30 June 2024	-	(6 913 424)	(6 913 424)

The accumulated surplus opening balance in July 2022 is a result of the adoption of GRAP 23 in relation to the services in kind asset recognition which took place in the 2019/2020 financial year.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

Rand (R)	Note	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from contributors and others		71 416 691	87 693 099
Cash payments to suppliers		(75 055 670)	(87 184 058)
Cash generated/ (utilised) by operations	7	(3 638 979)	509 041
Finance income received		1 639 055	1 384 557
Net cash flow from operating activities		(1 999 924)	1 893 598
Net increase/ (decrease) in cash and cash equivalents		(1 999 924)	1 893 598
Cash and cash equivalents at beginning of the year		7 414 009	5 520 411
Cash and cash equivalents at the end of the year	8	5 414 085	7 414 009

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2024

FINANCIAL PERFORMANCE	APPROVED BUDGET	FINAL BUDGET	ACTUAL	FAVOURABLE/ (UNFAVOURABLE) VARIANCE	VARIANCE
	R	R	R	R	%
Board members remuneration	507 627	507 627	498 615	9 012	1.78
Employee costs	1 921 268	1 921 268	1 703 601	217 667	11.33
Contracted services	53 962 936	53 982 936	48 987 316	4 995 620	9.25
Security services	6 156 943	6 756 943	6 650 693	106 250	1.57
Cleaning costs	8 387 878	7 127 878	5 978 322	1 149 556	16.13
Consultants	1 783 679	1 783 679	1 160 203	623 476	34.95
Services in-kind utilized	7 423 342	7 423 342	9 154 738	(1 731 396)	(23.32)
General expenses	25 736 574	26 376 574	18 300 565	8 076 009	30.62
Total expenditure	105 880 247	105 880 247	92 434 053	13 446 194	12.70
Rental of facility	58 728 004	58 728 004	30 555 137	(28 172 867)	(47.97)
Other Income	6 532 853	6 532 853	13 482 432	6 949 579	106.38
Services in-kind received	7 423 342	7 423 342	9 344 338	1 920 996	25.88
Contributions	33 196 048	33 196 048	33 196 048	-	-
Total revenue	105 880 247	105 880 247	86 577 955	(19 302 292)	(18.23)
Deficit for the year	-	-	(5 856 098)	(5 856 098)	-

*For purposes of this statement, the CEO salary are included as part of contracted services, and rights fee and lease income forms part of rental of facility revenue.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Cape Town Stadium (RF) SOC Ltd, 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 the Generally Recognised Accounting Practice (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the minister of Finance as effective in accordance with section 122 (3) of 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 incorporate the historical cost convention as the basis of measurement, except where indicated otherwise.

The ASB has issued Directive 5, which outlines the GRAP reporting framework hierarchy. In the absence of an issued and effective standard of GRAP, accounting policies for material transactions, events or conditions have been developed using the principles set out in the "Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors", read with Directive 5.

In preparing the financial statements, management has used assessments and estimates that are based on the best information available at the time of preparation.

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 entered into with the City of Cape Town.

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

- **Going concern**

Management considers key financial metrics and approved medium-term budgets, the general economic conditions and forecast, 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 its annual financial statements, is appropriate.

- **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 16 to these annual financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

• **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, as well as an assessment of their ability to make payments, based on the credit worthiness. This was performed for all debtors.

ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective and adopted in the current year

The following standards and pronouncements became effective and were adopted in the current year:

- Amendments to GRAP 1 on the presentation of Financial Statements
- GRAP 25 – Employee Benefits
- IGRAP 7 – The limit on defined benefit asset, minimum funding requirements and their interaction
- IGRAP 21 on The Effect of Past Decisions on Materiality
- Improvements to Standards of GRAP (2020)
- Guideline on Accounting for Landfill Sites

The amendments to GRAP 1 includes additional principles on aggregation of line items and the Improvements to the Standards of GRAP achieves better alignment with international developments.

GRAP 25 introduces new reporting requirements which includes presentation changes to defined benefit plans and additional guidance on actuarial assumptions. In relation to GRAP 5, IGRAP 7 addresses how minimum funding requirements might affect the availability of reductions in future contributions.

IGRAP 21 explains the implications of adopting accounting policies for material items based on the standards of GRAP, as well as applying alternative accounting treatments for immaterial items. It establishes the principle that adopting materiality and applying alternative accounting treatments are not in themselves errors or departures from the standards of GRAP. It further clarifies instances where errors may occur in applying materiality, and the circumstances that may lead to such errors.

The Guideline on Accounting for Landfill Sites are not applicable in the Cape Town Stadium (RF) SOC Ltd's accounting policies.

Standards and interpretations early adopted

The Cape Town Stadium (RF) SOC Ltd has not early adopted any GRAP standard that is not yet effective.

Standards and interpretations issued, but not yet effective

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

Annual periods commencing on or after 1 April 2025

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

GRAP 104 on Financial Instruments

GRAP 104 was revised in 2021 to align it with IPSAS 41 on Financial Instruments and IFRS 9 on Financial Instruments. IFRS 9 substantially revised the way in which financial instruments are classified, how amortised cost is determined, and how and when financial assets are assessed for impairment, and has also overhauled the requirements for hedge accounting. The transitional provisions require adoption of the revised GRAP 104 standard in its entirety. Partial or incremental adoption is not permitted.

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 in the Cape Town Stadium (RF) SOC Ltd's main bank account is swept daily to the City's bank account.

VALUE-ADDED TAX

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

INCOME TAX

The Cape Town Stadium (RF) SOC Ltd 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 recognised when it is probable that future economic benefits or services potential will flow to the Cape Town Stadium (RF) SOC Ltd, and when these benefits can be reliably measured. 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 and other services. Including rights fees, advertising fees, rebates income, rental income and commercial income. The income is recognised as per the contractual agreement between the client and the Cape Town Stadium (RF) SOC Ltd. Rebate income is recognised through the rebates earned from preferred suppliers where their services are utilised by the company's clients.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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. The Cape Town Stadium (RF) SOC Ltd also leases particular sections of the stadium and the surrounding precinct area to various service providers.

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 transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method. Trade payables are de-recognised when the contractual rights to the cash flows from the trade payables expire, are settled or waived.

RECEIVABLES

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

A provision for impairment of receivables is established when there is objective evidence that the Cape Town Stadium (RF) SOC Ltd will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision for impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

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, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

The approved budget is the most recent adjustments budget approved by the board and 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 board and Council. Where the Cape Town Stadium (RF) SOC Ltd 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

The budget 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 the notes 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.

Comparative information is not required for, and has therefore not been presented in, the statement of comparison of budget and actual amounts.

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 legal and internal audit in accordance with their obligations as stipulated in the service delivery agreement (SDA). Furthermore, the Cape Town Stadium (RF) SOC Ltd entered into an agreement to lease the stadium from the City of Cape Town in accordance with a 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.

SERVICES IN-KIND (Continued)

The function performed by internal audit, legal services, the depreciation charges for the movable assets as well as an estimated market related rental and a current asset equivalent to six (6) months rental for the operating lease are included in the amount of services in-kind revenue, as these are services that could be reliably measured. The increase in valuation resulted in an increase in the asset, which resulted in an increase in services in-kind received. The remainder of the support services provided by the City are not recognised as they cannot be reliably measured as required in terms of GRAP 23.

The Cape Town Stadium (RF) SOC Ltd recognises the use of these assets, the services of the internal audit, legal services as well as the estimated market related rental for the operating lease 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 are amended, comparative amounts are restated and the nature and reason 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

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 is therefore regarded as a related party. Management is regarded as a related party and comprises of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the board of directors.

OFFSETTING

Assets and liabilities as well as revenue and expenses, are not offset unless it is required by a standard of GRAP or where there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

SEGMENT REPORTING

Management has assessed and determined that the company operates as a single segment. This is because it operates a single activity, that being the hosting of events. Therefore, a separate segment report has not been included in the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

2. EXCHANGE REVENUE

Rand (R)	2024	2023
Rental of facility	21 487 853	22 510 388
Bowl events	17 991 287	18 088 008
Non-bowl events	2 607 966	4 000 565
Film shoots	888 600	421 815
Other income	22 549 716	28 217 387
Stadium tours	18 825	9 304
Interest income	1 624 737	1 607 339
Advertising income	6 287 713	10 413 500
Rental income	2 070 717	1 995 995
Rebates income	6 564 766	10 125 675
Rights fees	5 982 958	4 065 574
Total exchange revenue	44 037 569	50 727 775

Non-bowl events and film shoots excludes the use of the pitch area to host the event. Advertising income comprises of the naming rights income as well as the sale of advertising space in the stadium.

3. NON-EXCHANGE REVENUE

Contributions		
City of Cape Town	33 196 048	33 196 048
Grants and subsidies		
Operating	33 196 048	33 196 048

Service in kind		
Services in-kind received	9 344 338	8 502 772
TOTAL	9 344 338	8 502 772

Services in-kind received includes the functions performed by the internal audit department, the legal department, the depreciation charges for the movable assets and estimated market related 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 following three (3) years based on the business plan. 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 2024

4. CONTRACTED SERVICES

Rand (R)	2024	2023
Building Contracting Services	6 824 684	6 723 769
Electrical Services	6 479 943	6 487 692
Information Technology Services	8 758 206	9 231 900
Grading of Sport Fields	3 379 284	3 995 649
Servicing of Equipment	681 789	773 416
Company Secretarial Service	348 259	395 175
Administrative and Support Cost	20 979 993	24 254 395
Other	183 220	452 340
TOTAL	47 635 378	52 314 336

The previous Chief Executive Officer's (CEO) remuneration is included in administrative and support cost.

5. EMPLOYEE COSTS

Employee costs	3 055 539	1 537 136
TOTAL	3 055 539	1 537 136

6. GENERAL EXPENSES

Municipal services	12 021 364	10 291 094
Auditors' remuneration	478 680	463 587
Printing and stationery	145 231	183 958
Licenses	270 119	273 411
Legal	258 400	453 227
Fuel	2 773 071	5 884 572
Commission	1 512 357	1 380 162
Services in kind utilized	9 154 738	8 290 372
Other expenditure	841 343	1 079 013
TOTAL	27 455 303	28 299 396

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

7. CASH GENERATED/ (UTILISED) FROM OPERATIONS

Rand (R)	2024	2023
Deficit before tax	(5 856 098)	(3 492 126)
Adjustment for:		
Finance income	(1 639 055)	(1 384 557)
Services in-kind received	(9 344 338)	(8 502 772)
Services in-kind expenses	9 154 738	8 290 372
Movements in working capital		
Decrease/(increase) in receivables	(4 167 252)	5 341 269
(Decrease)/ increase in payables	8 223 644	1 186 872
(Decrease)/increase in net VAT	(10 618)	(930 017)
Cash generated/(utilised) from operations	(3 638 979)	509 041

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand and cash held with the bank.

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

Rand (R)	2024	2023
Cash on hand	3 126	1 605
The following bank accounts were held by the entity		
Nedbank - Current Account	5 410 959	7 412 404
Cash and Cash Equivalents	5 414 085	7 414 009

The current account held in the name of the Cape Town Stadium at Nedbank was created for the purpose of the new commercial model. The main bank account continues to be swept daily 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.

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 2024

10. SERVICE IN-KIND BENEFIT

Rand (R)	2024	2023
The service-in-kind balance is made up as follows:		
Short-term portion	2 836 800	2 647 200
Long-term portion	-	-
Value of Service-in-kind benefit at 30 June 2024	2 836 800	2 647 200

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 provides the Cape Town Stadium (RF) SOC Ltd with the services of legal and internal audit in accordance with their obligations as stipulated in the service delivery agreement (SDA). Furthermore, the Cape Town Stadium (RF) SOC Ltd entered into an agreement to lease the stadium from the City of Cape Town in accordance with a SDA.

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

Rand (R)	2024	2023
Receivables from non-exchange transactions	7 844 618	4 640 719
Receivables from exchange transactions	9 895 158	8 931 805
Trade Receivables	8 223 577	8 931 805
Prepayments	1 671 581	-
Total	17 739 776	13 572 524

Receivables age analysis		
Current (0 - 30 days)	10 935 841	11 167 465
31-60 days	4 238 803	-
61-90 days	285 480	22 454
91-120 days	4 093	-
+120 days	2 275 559	2 382 605
Total	17 739 776	13 572 524

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Prepayments relates to the commission to the service provider on the naming rights contract.

Receivables from non-exchange transactions relates to the grant payment due from the City of Cape Town as denoted in the Service Delivery Agreement (SDA) between the City of Cape Town and the Cape Town Stadium (RF) SOC Limited. The carrying value of these receivables is denominated in 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. The receivables from non-exchange transactions are included in the current (0-30 days) balance.

12. PAYABLES FROM EXCHANGE TRANSACTIONS AND OTHER PAYABLES

Rand (R)	2024	2023
Payables from exchange transactions	24 293 775	12 983 200
Other payables	8 808 364	11 895 295
Total	33 102 139	24 878 495

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

13. VALUE-ADDED TAX

Rand (R)	2024	2023
VAT receivable	198 054	187 436

14. OPERATING LEASE COMMITMENTS

Lessee

Cape Town Stadium		
Payable within one year	100	100
Payable within two to five years	400	400
Payable after five years	4 037	4 137
Total	4 537	4 637

Lessee

Future minimum lease payments for the operating leases relates to the lease from the City of Cape Town for a period of 50 years for use of Cape Town Stadium, remaining term is 45 years 4.5 months. Minimum lease payments recognised as an expense during the period amounts to R100.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

15. 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 entity 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)	2024	2023
Revenue:		
Services in-Kind Received	9 344 338	8 502 772
Grants and Subsidies Received	33 196 048	33 196 048

15. RELATED PARTY (continued)

Rand (R)	2024	2023
Expenditure		
Contracted Services	20 979 993	24 254 395
Municipal Services	12 021 364	10 291 094
Services in-Kind Utilised	9 154 738	8 290 372
Lease rental	100	100

Related Party Balances

Rand (R)	2024	2023
Amounts owing to City of Cape Town	8 808 364	11 895 295
Amounts due by City of Cape Town	7 844 618	4 640 719

All the costs incurred with the City of Cape Town that are listed above are as a result of a normal business relationship conducted at an arm's length arrangement. These values are unsecured and will be settled in cash.

Executive Management

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Directors' Remuneration

Non-Executive Directors' Remuneration

Rand (R)	2024	2023
Peter-John Veldhuizen (Chairperson)	90 764	61 481
Viola Manuel	93 976	93 390
Samkelo Blom	78 354	54 644
Martin Van Staden	57 166	68 487
Limia Essop	15 082	56 649
Glenn Ho	100 141	60 669
Brett Hendricks	50 122	-
Emma King	52 220	-
TOTAL	537 825	395 320

15. RELATED PARTY

The chief executive officer's remuneration of Lesley De Reuck is included in contracted services as he was an employee of the City of Cape Town seconded to the entity.

Executive Director's Remuneration

Rand (R)	Annual Salary	Bonus	Allowances	Social Contribution	Total
2024					
Chief Executive Officer					
Lesley De Reuck	798 628	43 670	100 193	102 341	1 044 832
Retired: 31 October 2023					
Gina Woodburn	1 142 060	-	40 241	169 637	1 351 938
Appointed: 1 November 2023					
Chief Financial Officer					
Fairoza Parker CA(SA)	1 703 601	-	-	-	1 703 601
	3 644 289	43 670	140 434	271 978	4 100 371
2023					
Chief Executive Officer					
Lesley De Reuck	1 751 362	54 588	281 783	285 373	2 373 106
Chief Financial Officer					
Fairoza Parker CA(SA)	1 537 136	-	-	-	1 537 136
	3 288 498	54 588	281 783	285 373	3 910 242

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 2024

16. BUDGET INFORMATION

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

The movement between the approved and final budget are due to the reallocations within the budget as a result of the cost savings initiative implemented by the Cape Town Stadium (RF) SOC Ltd.

Statement of financial performance

(i) Employee costs

The savings on employee costs are due to cost savings initiatives. The salary of the CEO are excluded from the employee costs as indicated on the statement of comparison of budget and actual amounts.

(ii) Cleaning

The savings on the cleaning costs are mainly due to tight cost control of expenditure.

(iii) Consultants

The savings on the consultant's costs are mainly due to tight cost control of expenditure.

(iv) Services in kind utilised and received

The variances are mainly because of the increase in depreciation costs from the additional assets purchased during the year, as well as the increase in the valuation of the asset, which resulted in the increase in the market related rental.

(v) General expenses

The favourable variance are mainly due to the significant fuel saving, as a result of the reduction in load-shedding experienced during the last quarter of the financial year.

(vi) Rental of facility

The unfavourable variance is due to the entity hosting fewer events than initially budgeted for. During the first quarter of the financial year the pitch had been replaced, resulting in no bowl events being held in this quarter. At the time of budget approval the pitch replacement project had not been factored and hence the budget included revenue from its primary product being bowl events.

(vii) Other Income

The favourable variance is due to the additional income earned from the rebates income and income from commercial service providers. This line item also includes a favourable variance from interest received due to the favourable balance in the current account held at Nedbank.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

17. SUPPLY CHAIN MANAGEMENT REGULATIONS

17.1 Deviations

In terms of section 36(1) of the Municipal Supply Chain Management Regulation and section 37 of 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. The following deviations were awarded during 2023/24 financial year.

No	Supplier	Nature of goods/services	Reason for deviation	Period of Contract	Value of Award
1	Cape Town Tourism	Activation of an annual membership with a local tourism platform.	Exceptional Circumstances – Where it is impractical or impossible to follow the official procurement processes.	Once-off	R 4 575 (Excl. VAT)

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.

The table below outlines the total payments on the deviations which were active during the 2023/24 financial year:

Rand (R)	2024	2023
Total deviations for the year	3 238 338	1 588 698
Incident		
Exceptional circumstance	3 238 338	1 588 698

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

17.1 Deviations (continued)

The above includes payments in association to the following deviations awarded in prior years:

No	Supplier	Nature of goods/services	Reason for deviation	Period of Contract	Value of Award
1	SAIL Rights Commercialisation (Pty)	Identification of the Cape Town Stadium's Naming Rights Partner	Exceptional Circumstances – Where it is impractical or impossible to follow the official procurement processes.	5 years, ending 30 June 2023	R 2 811 371 (Excl. VAT)

17.2 Awards to close family members

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.

18. 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.














19. FINANCIAL RISK MANAGEMENT









The entity does not deem there to be any risk associated with its financial instruments, which includes its cash and cash equivalents, accounts receivable and accounts payable balances. The financial instruments ultimately belongs to the City of the Cape Town.

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, Act 56 of 2003
SDA	Service Delivery Agreement
CTS	Cape Town Stadium (RF) SOC Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer

10. PERFORMANCE ASSESSMENT REPORT

2023/2024 Q4 ANNUAL PERFORMANCE MANAGEMENT REPORT - CAPE TOWN STADIUM															
Well above			Above			On target			Below		Well				
No	Indicator	2022/2023 (current Q4)			2023/2024 Current Q4			Reason for variance	Remedial action						
		Target	Actual	Status	Target	Actual	Status								
Priority: Economic Growth															
Objective 1: Increased jobs and investment in the Cape Town economy															
1	Spectator attendance at the DHL Stadium (number)	650000.00	993 627		750 000	748 276		Spectator targets slightly under target . Contributing factor was the month pitch replacement project which meant some bowl events fell away. There were also fewer rugby play-off games.	Continue implementation of business growth strategy						
2	Events hosted (number)	110	135		122	127		Events hosted target exceeded despite 3 month pitch replacement project, and fewer rugby play-offs. Pitch replacement had a lesser impact on non-bowl event numbers.	Continue implementation of business growth strategy						
Priority: Public Space, Environment and Amenities															
Objective 11: Quality and safe parks and recreation facilities supported by community partnerships															
3	Compliance with approved Repairs and Maintenance Programme (%)	100%	100%		100%	100%		The Stadium is 100% compliant with its approved repairs and maintenance programme.	Continued Compliance at 100%						
4	Compliance with the Occupational Health and Safety Act (Act 85 of 1993) and regulations (%)	100%	100%		100%	100%		The Stadium is 100% compliant with the OHSA Act and Regulations (Act 85 of 1993)	Continued Compliance at 100%						

Priority: A Capable and Collaborative City Government									
Objective 16: A capable and collaborative city government									
5	Achievement of own projected revenue (%)	90%	88.03%		70%	67.48%		<p>The entity was not able to achieve its own projected revenue target during the 2023/2024 financial year due to hosting less events which generates significant revenue for the entity.</p> <p>The entity was able to host one hundred and twenty seven (127) events during the quarter under review of which thirty-four (34) were bowl, sixty-one (61) non-bowl and thirty-two (32) film shoots events</p>	No remedial action required
6	Opinion of the Auditor-General	Resolved 60% of all management issues	No audit management issues to be resolved		Clean Audit	Clean Audit		On Target	Maintain the momentum
7	Budget spent on implementation of the WSP (%)	80%	141%		90%	96%		The entity exceeded the target of 90% of the budget spent.	No remedial action required.
8	Employees from the EE designated groups in the three highest levels of management (%)	80%	40%		80%	50%		<p>5 Positions currently make up the top three levels of management. There are one vacancy to be filled, leaving a balance of 4 positions filled at present. Two of these positions are from the EE designated groups. Vacant positions were not taken into consideration in determining the percentage achieved.</p>	The entity will be filling one position in the top three levels of management in the first quarter of 2024/ 2025 and will aim to appoint from the designated EE group in order to increase the percentage achieved.