



2019 INTEGRATED ANNUAL REPORT

**CAPE TOWN STADIUM (RF)
SOC LIMITED**

**SO MUCH MORE
THAN JUST A STADIUM**



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1. FOREWORDS

MESSAGE FROM THE CHAIRMAN OF THE BOARD



Mr. Peter-John Veldhuizen - Chairman of the Board – Cape Town Stadium

During the year under review the Board of the Cape Town Stadium once again critically evaluated its role in providing strategic guidance to management and giving direction to the commercialisation of the Stadium. It remains a top priority to reduce the grant amount required from the City of Cape Town, as shareholder.

In fulfilment of the board mandate, during the year under review the board considered and adopted the following policies:

- Supply Chain Management Policy
- Entertainment Policy
- Directors and Audit Committee members' remuneration Policy
- Suite Policy
- Code of Ethics Policy
- Business Travel & Subsistence Policy
- Gift Policy
- Health & Safety Policy & SOP
- Risk Policy

It would be remiss of me not to sincerely thank my co-directors for their input during the 2018/2019 financial year. The diversity and representivity on the board engenders robust and honest debate in relation to matters affecting the Stadium and its stakeholders.

I should also mention that the dedication of the Cape Town Stadium's staff has been integral in the successes recorded in this financial year which include:

- I. set out achievements (financial savings);
- II. rugby sevens
- III. nomination for Event of the Year by The Stadium Business Summit Awards 2019

The Board is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the reporting period.

Peter-John Veldhuizen

Board Chairman

MESSAGE FROM THE CEO



Mr. Lesley de Reuck
Chief Executive Officer

The Cape Town Stadium (RF) SOC LTD (CTS) has now been operational for 17 months and has successfully concluded its first full financial year.

Strategic development

During the 12 months under review, a huge effort has gone into refining the commercial model and developing a commercial implementation plan, as well as re-aligning its organisational structure that will implement the approved commercialisation model and implementation plan.

The Commercial Model

Three broad internationally benchmarked major stadium commercialisation models were considered:

- Fully outsourced
- Full insourced
- And a Hybrid model which combines the key advantages of the fully outsourced and insourced models, whilst addressing the disadvantages of the two models.

A detailed assessment of the pros and cons of these models were done and after due consideration the Board agreed to the implementation of the hybrid commercial operational framework.

In other words, it has certain strategically important elements which will be managed and controlled by the Entity, whilst other elements that require non-core specialists' skills are outsourced.

Strategically, the intention is, to over time, insource all aspects to ensure the Entity takes full advantages of all commercial opportunities in the longer term.

Aligning the Organisational design to deliver on the Entity's commercial mandate

The Board approved the Commercialisation implementation strategy on 06 March 2019, the Entity embarked on a parallel process to assess the functionality of its current organisational structure and whether it would enable the entity to deliver on its mandate. In this regard Price Waterhouse Coopers (PWC) was appointed. PWC, following an intensive process which incorporated research on international best practice, designed a

new organisational structure which was approved by the Board at its meeting on 06 March 2019. The Entity is currently in the process of implementing this structure.

Business Planning

The CTS SOC LTD Business Plan and SDBIP for the financial years 2019 – 2022 was approved on 31 January 2019. A Service Delivery Agreement (SDA) between the Entity and the City was signed on 10 December 2018.

Legislative Compliance and Policy Framework

The Board established sub committees as well as the Audit and Risk Committee which met on a quarterly basis. A number of new policies were drafted and approved during the period under review.

Terms of References (TOR) were developed and approved for all committees.

Service Level Agreements (SLA) were agreed to and signed with the following key departments: Legal, Probity: Risk, Ethics and Governance and Internal Audit.

Performance

It gives me great pleasure to be able to announce that the Entity has had an exceptional year. The following critical targets were reached and surpassed:

	Target	Achieved	Achieved %
Bowl events	33	37	112%
Non-bowl events	40	52	130%
Film & still shoots	10	16	160%

The CTS hosted two shows of the extremely popular Ed Sheeran as well as the spectacular Monster Jam. These events contributed millions towards the local economy.

The CTS is still seen as one of the best maintained stadia in South Africa.

A critical performance indicator is the targeted income amount for the financial year. The Entity was able to surpass the target of R18 730 534 and realised an actual income of R22 180 057.

In terms of the Service Delivery Agreement signed between the City and Cape Town Stadium, the City undertook to provide the Stadium with funding annually to cover any

shortfall on the operating expenditure in terms of an approved budget. One of the performance targets is included in the Cape Town Stadium's Service Delivery and Budget Implementation Plan (SDBIP) is to reduce this funding on an annual basis in order for the Stadium to become less reliant on the City and more financially sustainable. During the 2018/19 financial year, the City made a contribution of R55,1 million against a budget of R72,6 million to the Cape Town Stadium which resulted in a saving of R17,5 million for the City. The Cape Town Stadium achieved a 24,1% reduction in the grant allocation received from the City against a performance target of 5%. This was due to revenue targets being exceeded and reduced operating expenditure.

Thank You

The CTS SOC LTD is slowly but surely finding its feet and establishing itself in the commercial environment. Huge steps were taken in this regard.

A special word of thanks to the staff of the Entity who tirelessly worked towards and delivered a performance outcome that we can all be proud of.

I also need to thank our Chairman of the Board Mr Peter-John Veldhuizen and his Board members for their incredible support and professional guidance we have received.

Lesley de Reuck

Chief Executive Officer



2. INTRODUCTION

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

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

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

Who do we serve?

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

We serve, inter alia, the following clients:

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

3. FORWARD LOOKING STATEMENT

CTS is continuing to strategize and implement its mandate as per the signed SDA.

It will remain focussed on identifying and implementing income streams to optimize income opportunities as well as rationalising operational costs to strive towards during the realisation of a savings factor beyond the target set as per the performance agreement with the City. The strategy intent with the above drives us to minimise the financial impact on the City's taxpayers and strive towards full financial sustainability.

In this regard the following steps are being taken:

- 6 commercial tenders will be advertised and implemented by March 2020.
These tenders include:
 - Provision of Concessionaire Services to the general public at the Cape Town Stadium for food and non-alcoholic beverages at events
 - Provision of Concessionaire Services to the general public at Cape Town Stadium for alcoholic beverages (including beers, ciders and wines) at events
 - Provision of Preferred Product Suppliers in the categories of dry snacks, ice-creams, cool drinks and water
 - Provision of Pouring Rights Partner in the categories of beer and cider for events at the Cape Town Stadium
 - Provision of a Liquor Distribution Service Provider for events at the Cape Town Stadium
 - Provision of Hospitality, Conferencing and Event Services at the Cape Town Stadium

Furthermore, a tender to appoint an operator for the parking bays in the CTS is in its final phase of bid specification. A service provider was also appointed to engage in a study that would allow making CTS informed decisions regarding the office and retail commercialisation space, the following 8 points were taken into consideration during this study:

- Determine the current usage of the stadium
- Determine the surrounding land uses
- Determine the supply of retail and commercial space in the study area
- Provide an indication of the existing foot traffic and linkages to existing landmarks
- Understand the potential new developments /actions planned for the area and the impacts this could have on the stadium
- Undertake case studies of both local and international stadiums to determine and unpack commercialisation options in other stadiums
- Identify tenant opportunities that could be attracted to commercialize the stadium
- Identify potential management options as well as the different lease options that could be pursued by the stadium

This report has been received and will be taken into account during the Bid Specification phase. The Entity has also requested a new valuation to be done on all the available space which would inform the Bid Specifications.

This space will be offered to the public in phases as per the guidance received from the relevant line department.

Infrastructure

The CTS was instructed at a Mayoral Committee meeting in November 2018 to do a detailed design and costing for the building of a further 162 suites. This was concluded and a Capital budget for the project of R 282m was approved at the Council meeting of 29 May 2019. A Tender for construction will be advertised in October 2019 and adjudicated in December 2019.

Construction of these suites will start in February 2020 and will be concluded in February 2021. These additional suites will have a profound impact on all the income streams (alcohol, hospitality, F & B, Non-alcohol).

Naming Rights

A Naming Rights service provider was appointed in May 2018. The Entity is hopeful that this project will be concluded in the near future. Discussions with a number of potential Naming Rights Sponsors is at a mature stage. A Naming Rights sponsor has the potential to impact substantially not only as an income stream, but also on the Entity's marketing strategy and the drive towards place marketing.

The Anchor Tenant

The signing of the binding Heads of Agreement (HOA) between the City of Cape Town (COCT) and Western Province Rugby (WPR) has concluded a process that has taken approximately 2 years. This has now initiated the drafting of a final Formal Anchor Tenant Agreement that will be signed between the COCT, WPR and CTS SOC LTD.

The goal is to have an Anchor Tenant in the CTS by February 2021. Having a Premier Anchor Tenant at the CTS has always been a pre-requisite for financial sustainability. With WPR entering the CTS as the Anchor Tenant, it is bound to have a profound impact on the drive towards financial sustainability.

Events

It is with great pleasure that I can advise that the Cape Town Stadium SOC Ltd has signed another 4-year agreement with the HSBC Rugby 7's World Series at the CTS.

We have also in partnership with SA Rugby entered a bid to host the 2020 World Cup 7's.

We are extremely excited that we will be hosting Federer vs Nadal match at the CTS on 7/8 February 2020. Hosting an event of this nature in the Stadium is another first in the existence of the CTS and presumably in SA.

Organisational Design

A new Organisational design was developed and approved by the Board on 06 March 2019 and by Council. This structure was developed to ensure alignment between the Entity's organisational structure and commercial mandate. The Entity is currently in the process of filling all vacancies in this newly approved structure which will once completed, enable the Entity to effectively fulfill its mandate.

Conclusion

The CTS is in an exciting phase of implementing its commercialisation strategy which will in conjunction with the imminent arrival of WPR, will make a substantial contribution towards attaining financial sustainability.



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

Our vision

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

Our mission

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

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

Our Mission Statement can be further refined as follows:

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

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

Our core values

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

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

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

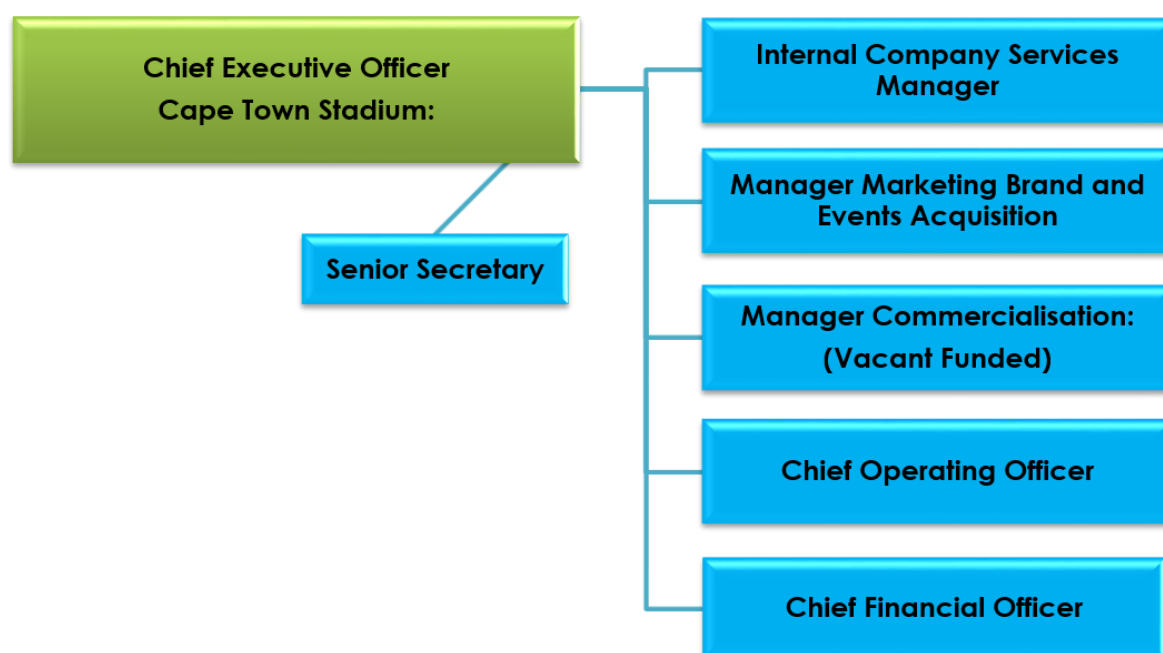
5. ORGANISATIONAL STRUCTURE

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

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

The total current staff compliment is 35, including 10 current vacancies which, per the approved Business Plan, will be filled in the new financial year.

Current CTS Management Team

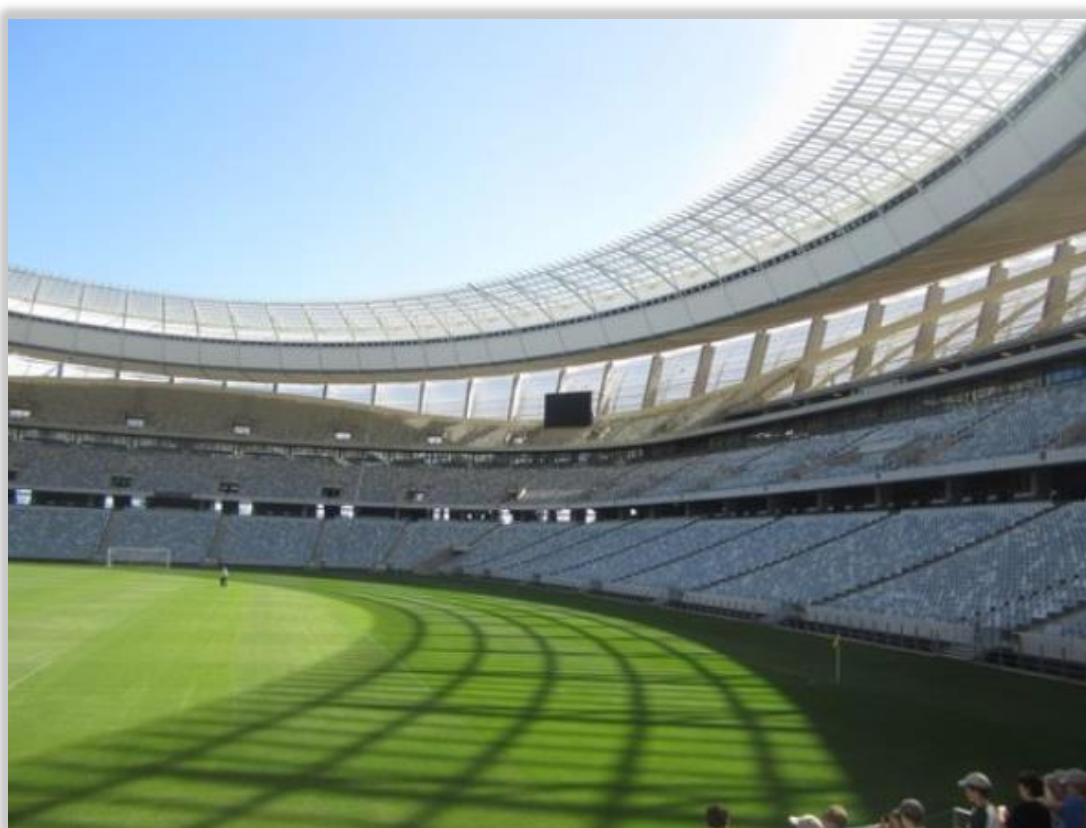


The Board of the Cape Town Stadium embarked on a strategy to deliver on its mandate. A parallel process to assess the fundamentality of the current organisational structure was undertaken via a consultant (PWC). This involved an assessment of the functionality of its organogram with the view of potentially realigning the structure that would allow for optimum ability to deliver on the mandate and ensure legislative compliance. PWC, following an intensive process which incorporated research on International best practice recommended a new organisational design which was approved by the CTS Board on 6 March 2019. A report in this regard was submitted to the City Manager and approved in April 2019.

The final Organisational Design report envisaged a “phased in” filling of new positions over the next three financial years. The critical positions identified to be filled to ensure

the ME are able to deliver on its mandate regarding the commercialisation of the Cape Town Stadium were:

- Manager Commercialisation
- 2 x Commercial Account Officers
- Marketing and Brand Officer
- Social Media, Public Relations and Stakeholder Engagement Officer
- Chief Financial Officer



6. BROAD-BASED BLACK ECONOMIC EMPOWERMENT COMPLIANCE



1. MANAGEMENT CONTROL

Number of Directors/managers as follows:

Categories	% Number of each category	Members/Employees	Race classification (indicate no. in terms of W, A, C & I)	Gender (indicate no. in terms of F & M)	Age (provide no. in chronological order)	Location (indicate no. in each Province)	Disability (indicate no. in terms of F&M)
Board	50%	J. Dique V. Manuel PJ Veldhuizen S. Blom M.V Staden L. Essop	W C W A W I	M F M M M F	63 48 47 47 38 33	WC WC WC WC WC WC	0 0 0 0 0 0
Exec. Directors	0%	L de Reuck	W	M	59	WC	0
Non- Exec Directors	n/a	All Members of the Board are Non-Exec Director's.					
Senior Management	n/a	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 .					

Categories	% Number of each category	Members/Employees	Race classification (indicate no. in terms of W, A, C & I)	Gender (indicate no. in terms of F & M)	Age (provide no. in chronological order)	Location (indicate no. in each Province)	Disability (indicate no. in terms of F&M)
Middle Management	n/a	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					
Junior Management	n/a	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					
Dividends declared	n/a	NOT APPLICABLE					

(NB: A-Africans, C – Coloureds, I – Indians and W - Whites)

2. SKILLS DEVELOPMENT

Total Leviable Amount and number of Black Persons Trained. The City of Cape Town is responsible for the Leviable amount as all the staff indicated are seconded to the entity from the City and thus remains City Staff.							
Categories	Number for each category	Race classification (indicate number in terms of A,C, & I)	Gender (Indicate number in terms of F & M)	Age (provide number in chronological order)	Location (indicate number in each Province)	Disability (indicate number in terms of F & M)	Total Amount Spend
Seconded Black employees	14	1 A 12 C 1 I	9 F 5 M	Females: R. Jacobs 42 V. Paulse 41 C Minaar 39 A. Oelofse 38 J. Brown 38 R. Abrahams 34 D. Davids 29 K Mjodo 26 L. George 26 Males: S. Thomas 38 W. Williams 39 C. Mcgluwa 30 B. Engledoe 30 L. Johnson 33	WC	0	R 99 436

Categories	Number for each category	Race classification (indicate number in terms of A,C, & I)	Gender (Indicate number in terms of F & M)	Age (provide number in chronological order)	Location (indicate number in each Province)	Disability (indicate number in terms of F & M)	Total Amount Spend
Black People on internships, apprenticeship, learner ship	2	A	2 MALES	M.Mpako 25 M. Singenu 26	WC	0	R17 020

3. SOCIO-ECONOMIC DEVELOPMENT

The Cape Town Stadium is a fledgling company in its very early stages and therefore did not as yet contribute towards socio economic development in this regard.

4. ENTERPRISE AND SUPPLIER DEVELOPMENT

Total procurement spend/budget and number of enterprise and supplier development beneficiaries and value:

Total Procurement Spend: R 50 665 736			
Total Number of Suppliers:	Total Value Spend		
Total Number of EME Suppliers:	Total Value Spend (R):	% Black Ownership	% Black women ownership
<ul style="list-style-type: none"> Sharon Rose Trading CC Imvula Risk Management (IRM) 	903 228 1 063 383 1 966 610	100 0	100 0
Total Spend:			
Total Number of QSE Suppliers:	Total Value Spend (R):	% Black Ownership	% Black women ownership
<ul style="list-style-type: none"> Elex Khanyisa Hero Strategic Marketing (PTY) LTD Cape Automation Systems (PTY) LTD Groenvlei Gras 	6 554 219 1 023 498 2 392 675 4 212 642 14 183 033	26 51 67 0.01	4.27 33 0.01 0.01
Total Spend:			
Total Number of Large Suppliers:	Total Value Spend (R):	% Black Ownership	% Black women ownership
<ul style="list-style-type: none"> Dimension Data (PTY) LTD Marsh (PTY) LTD Smada Security Services Pricewaterhouse Coopers Bidvest Prestige Servest AFMS Group Schindler Lifts SA (PTY) LTD IDTEK Solutions (PTY) LTD Nedbank 	3 747 231 0 9 245 371 465 300 9 152 156 1 522 796 3 763 383 895 510 5 722 612 1 734 34 516 093	32.66 26.48 100 30.91 31.35 51 51 10 26 46.39	7.12 13.06 66.67 10.11 15.33 12.24 24.50 1.99 13 20.61
Total:			

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



Mandate:

To lead and manage the Internal Company Services function which includes organization-wide needed support services for Human Resources, Administration, Legal as well as a Company Secretariat Services.

Highlights:

Administration and HR

- Achieved 100 % verification of assets
- Achieved 100% on declaration of interests
- No occupational safety incidents reported in the period
- 97% of training budget spent
- Further development and refinement of the Entity HR Manual
- Updating the Records Management System to comply with prescribed policy and regulations
- Establishment of a Stock control system to ensure proper record keeping of stock and stationary

Legal and Contractual:

- Review and redrafting of all Contractual Agreements of the Entity to ensure more client friendly yet legally compliant document(s)

Finance:

- Income target for the financial year (R18.7 million) exceeded by R 3.5 million (R22.2 million)

- The additional income received reduced the Grant Allocation from the City significantly.

Secretariat Services:

- Establishment of a Compliance Management Timeline ensuring timeous submission of entity reports and other reporting compliancy's required.

Policies

The following policies were adopted:

- Risk Management policy
- Cost Containment policy

The following Policies were subject to review and Board Approval:

- Supply Chain Management policy
- Suite & Entertainment policy



8. COMMERCIALISATION, BRAND AND EVENTS MANAGEMENT



Performance/Highlights

Strategies

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

- Commercialisation Strategy
- Integrated Brand Management, Marketing, P.R. and Communications Strategy
- Integrated Events Attraction and Leveraging Strategy

Commercialisation

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

Through a number of key strategy sessions hosted it was determined that there was a requirement for specialist services to carry out complex commercialisation functions at the Cape Town Stadium. It was further determined that in order to support the Cape Town Stadium's mandate to commercialise, a specific business model would have to be established.

The following three models were considered:

- A fully outsourced model whereby the entire process of commercialisation would be managed and executed by sub-contracted service providers
- A fully in-sourced model whereby the entire process of commercialisation would be managed and executed by internal staff

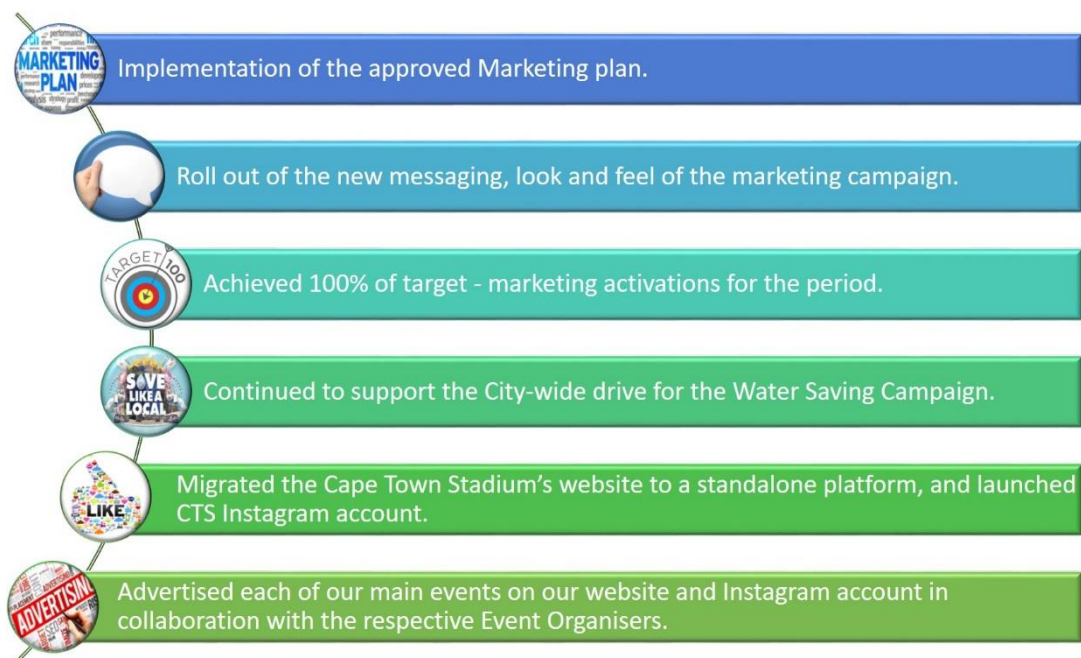
- A hybrid model with a healthy mix of both in-sourced and outsourced personnel. This is the model that was agreed upon as the best fit for the Cape Town Stadium. The model is based on the insourced staff component dealing with the leadership and management aspects of commercialisation whilst the outsourced specialists bring their unique skill sets to the model to execute on event days.

In order to acquire these skills, the initiation of the drafting of 6 commercialisation tenders began. These tenders are:

- Provision of Concessionaire Services to the general public at the Cape Town Stadium for food and non-alcoholic beverages at events,
- Provision of Concessionaire Services to the general public at Cape Town Stadium for alcoholic beverages (including beers, ciders and wines) at events,
- Provision of Preferred Product Suppliers in the categories of dry snacks, ice-creams, cool drinks and water,
- Provision of Pouring Rights Partner in the categories of beer and cider for events at the Cape Town Stadium,
- Provision of a Liquor Distribution Service Provider for events at the Cape Town Stadium, and
- Provision of Hospitality, Conferencing and Event Services at the Cape Town Stadium

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

The Integrated Brand management, Marketing, PR and Communications Strategy which was approved on 24 April 2018 was initiated and (parts thereof were) implemented during this reporting period. The following highlights were achieved:



Integrated Events Attraction and Leveraging Strategy

All targets within this department were exceeded as can be seen in the table below

Indicator	Target	Actual Achieved	% Target
Number of bowl events hosted	33	37	112%
Number of non-bowl events hosted	40	52	130%
Number of film/still shoot events hosted	10	16	160%

Event descriptions

Note:

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

Cape Town Stadium hosted two new bespoke events that were sourced and negotiated on an individual basis – namely:

- Monster Jam – whilst this was negotiated for the Cape Town Stadium
- Super Hero Sunday – Double Header (two pre-season Rugby Matches)

The Cape Town Stadium remains a multi- purpose facility

Events hosted:

Non Bowl Events

52 non-bowl events were hosted during this time period for example: S.A. Innovation Summit, Cape Town Cycle Tour, We are Africa exhibition, various conferences, etc.

Bowl events

37 bowl events were hosted during this time period for example: HSBC Rugby 7's, Ed Sheeren Concert, Monster Jam, Super Hero Sunday double header rugby matches, various other sporting and cultural events etc.

Film and Still shoots

16 Stills and Film shoots, e.g. Film Afrika, Moonlighting, Noughts & Crosses, Tracker Series etc.

426 512 pax in attendance for the 12 month period.

A SNAPSHOT OF SOME EVENTS HOSTED DURING THE PERIOD UNDER REVIEW



Banyana Banyana vs Sweden



SUPER HERO SUNDAY



HSBC RUGBY 7's



MONSTER JAM



ED SHEEREN

9. OPERATIONS



Introduction

Innovation, Change and Growth best describes the operating period under review.

The Operations Department continues to execute its mandate as follows:

- Delivery of optimal Facilities Maintenance Management;
- Safety and Security Management;
- The advancement of Infrastructural longevity through exceptional Infrastructure Management;
- The management of innovative ITC, infrastructure and data solutions,
- Event Management; and
- Provision and management of business services.

In ensuring the optimal management of the Stadium, the Operations Department at Cape Town Stadium (CTS) has been expanded to include the following prominent functionalities namely:

- The office of the Chief Operations Officer
- Infrastructure Management
- Facility Maintenance Management
- Safety and Security Management
- IT Applications, Infrastructure and Data Management
- Events Management (Full time Head Events and Events Team appointed)

Tremendous strides have been embarked on, and exceptional progress has been made on the operational front to ensure both strategic and operational alignment to the 2019-2022 Cape Town Stadium Business Plan as a municipal entity. Example includes changes to the departmental structure in order to ensure the delivery of optimum services in a client centric manner. The department has also implemented its maintenance strategy to ensure adequate quality assurance, extra-ordinary facilities management, and infrastructural longevity. The ITC /data management as well as Safety /Security and Environmental Sustainability Standard Operating Procedures have been revised and enhanced.

The Operations Department have commenced a review of all its strategies, standard operating procedures to enhance service delivery to both internal and external stakeholders. The newly formulated and developed Events Implementation Strategy integrated all internal and external operations to ensure the successful delivery of multi-functional events in a highly efficient and effective manner.

The impact of these operational advancements will propel Cape Town Stadium (CTS) to remain a leading international, multi-purpose events facility offering client service excellence, innovative approaches and an environmentally sustainable experience.

Achievements and Recognition

Cape Town Stadium (CTS) has received recognition from World Rugby and Entertainment industry respectively for having the best available stadium facilities and hosting the Best Live Event in South Africa. Cape Town Stadium hosted major sporting and entertainment events in the year under review, these events amongst others include the International HSBC Cape Town Sevens Series, DSTV Super Hero Marvel Sunday and Ed Sheeran Concerts.

In addition, Cape Town Stadium (CTS) was listed among the top five stadiums in the World to host the best Event of the Year at the "2019 Stadium Business Summit".

Cape Town Stadium has been recognised by World Rugby as having the best stadium operating facilities on the World Rugby HSBC Sevens Series circuit. The stadium also

bagged the top finalist position in the 2019 Stadium Business Summit for hosting the Event of the Year.

Operational Structure

To ensure optimum client centricity, business continuity, quality assurance and the delivery of facilities maintenance, infrastructural longevity, event support operations, IT /Data management, safety and security and environmental sustainability Cape Town Stadium introduced a new operating structure.

Operational Efficiency

The Operations Department ensures that critical operational deliverables are planned and executed to ensure that the stadium remains an “event ready facility”. The operations team provides structured solutions which are time –bound, budget sensitive and within the strategic and operational scope of the entity.

The Operations Department has forged ahead with the implementation of its approved CTS Facility Maintenance strategy and have ensured the focus and delivery on:

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

CTS has applied for and received a Stadium Safety Certificate as per the SAREA act, this includes a high risk grading certificate.

CTS remain the only facility within the Western Cape which holds the permission to host high risk events in lieu of the compliance and/or grading certificate issued.

10. ENVIRONMENTAL SUSTAINABILITY

Cape Town Stadium (CTS) continues to honour its environmental initiatives by ensuring the sustainability of the asset and its water resources. The stadium has reduced water flows to all its taps, introduced the use of hand-sanitizers and closed off unused water valves. Over and above, Cape Town Stadium has embarked on the use of more natural fertilizers for its pitch and has turned its attention to assist all Event Organisers to deliver a greener and more sustainable event footprint aligned to the principles of Event Sustainability ISO20121.

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

The high level cleaning in the stadium uses natural spring water and the following areas are cleaned annually;

- Façade cleaning
- Façade steel cleaning
- High level windows
- Stadium glass roof
- Union steel structure
- Smoke screens
- Chromodek
- Internal roof membrane

Complementing the focus on environmental sustainability, processes have been enhanced to monitor and reduce energy consumption.

CAPE TOWN STADIUM

ANNUAL FINANCIAL STATEMENTS

FOR THE
FINANCIAL YEAR
ENDED 30 JUNE 2019

AUDITED



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GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2019

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

The company entered into a service delivery agreement with the City for 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 company is responsible for all maintenance, required to provide services at the stadium, in accordance with the City's imposed maintenance standards.

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

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

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM

FOR THE YEAR ENDED 30 JUNE 2019

ADMINISTRATION

Registered Office and Postal Address

1 Fritz Sonnenberg Road
Green Point
Cape Town
8051

Company Secretary

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

Auditors

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

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 2019

DIRECTORS

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

Independent Non-Executive Directors

Peter-John Veldhuizen

Chairperson

Appointed: 1 November 2017

Viola Manuel

Deputy Chairperson

Appointed: 1 November 2017

Samkelo Blom

Appointed: 1 November 2017

Limia Essop

Appointed: 1 November 2017

Martin Van Staden

Appointed: 1 November 2017

Johannes Dique CA(SA)

Appointed: 16 October 2018

Barry Lodewyk CA(SA)

Appointed: 1 November 2017

Resigned: 2 July 2018

Executive Directors

Lesley De Reuck

Chief Executive Officer

Appointed as acting CEO: 1 February 2018

Appointed as CEO: 24 April 2018

Kim Theron CA(SA)

Acting Chief Financial Officer

Appointed: 1 May 2019

Patrick Lekay

Acting Chief Financial Officer

Appointed: 1 February 2018

Resigned: 4 December 2018

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2019

Details of Director's meeting attendance 01 July 2018 – 30 June 2019

Meeting Type	Board Meeting	Audit & Risk Committee	HR, Social & Ethics Committee	Events, Marketing & Communications Committee
NUMBER OF MEETINGS HELD	8	7	5	4
PJ VELDHUIZEN	8	-	5	-
L ESSOP	7	-	5	1
J DIQUE	5	4	-	-
V MANUEL	8	7	5	4
M VAN STADEN	4	-	-	4
S BLOM	7	-	5	-

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2019

REPORTS FROM BOARD COMMITTEES

REPORT FROM THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee (the committee) submits its report in respects of the financial year end 30 June 2019, as required by section 94 of the Companies Act, No.71 of 2008 (Companies Act)

Audit Committee mandate

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

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

The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its terms of reference and that it has complied with all its legal, regulatory and other responsibilities.

Composition of the committee

The Committee comprises of five (5) members, two (2) non-executive directors nominated by the board which include the chairperson and two (2) City of Cape Town audit committee members as well as the Portfolio Manager Probity. The chairperson, Viola Manuel, has been appointed by the Municipal Council of the City of Cape Town (Council), on the recommendation of the board. The appointment of the members of the Committee, in terms of section 166 of the MFMA and section 94 of the Companies Act, shall be confirmed by the shareholders at each annual general meeting of the Company. The members of the Committee, collectively have sufficient qualifications, financial literacy, skills and experience to fulfil their duties, including an understanding of the following: financial and sustainability reporting, internal controls, governance, operations, economics, commerce, human resources, performance management, external and

internal audit processes, relevant legislation, risk management, sustainability and information technology governance, as it relates to integrated reporting and governance processes within the Company. The Committee members keep up to date with developments affecting the required skills-set.

Attendance of meetings

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

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

- Chief Executive Officer
- Chief Financial Officer
- Chief Audit Executive

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

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

The committee met seven (7) times during the period under review, which entailed 5 official meetings and 2 special meetings. Each of these meetings had a quorum of over 50% present.

Key responsibilities of the committee

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

The Committee:

- Exercises oversight of the internal financial controls of the Company,
- Provides independent oversight of the effectiveness of the Company's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance providers, internal audit and the finance function,
- Makes submissions to the board of directors and advise the board, the accounting officer and the management of the Company on matters relating to internal financial

control and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management and evaluation, effective governance, compliance with the MFMA and other applicable legislation and any other issues referred to it by the Company,

- Deals appropriately with any concerns or complaints, whether from within or outside the Company, or on its own initiative, relating to —
 - the accounting practices and internal audit of the Company,
 - the content or auditing of the Company's financial statements,
 - the internal financial controls of the Company or any related matter
- Performs such additional oversight functions as may be determined by the board from time to time.

The Committee oversees integrated reporting as follows:

- Regards all factors and risks that may impact the integrity of the annual integrated report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information;
- Prepares a report, to be included in the Integrated Annual Report for that financial year describing how the Committee carried out its functions; stating whether the Committee is satisfied that the auditor of the company was independent, and commenting in any way the Committee considers appropriate on the financial statements, the accounting practices and the internal financial control of the Company;
- Reviews the annual financial statements, summarised integrated information, any other intended release of financial information and provide the Municipal Council of the City of Cape Town with an authoritative and credible view of the financial position of the Company, its efficiency and effectiveness and its overall level of compliance with the MFMA and any other applicable legislation and respond to the Council on any issues raised by the Auditor General in the audit report;
- Comments on the annual financial statements, the accounting policies and practices and the effectiveness of the internal financial controls;
- Reviews the disclosure of sustainability issues and performance information in the annual integrated report to ensure that it is reliable and does not conflict with the financial information; and
- Recommends to the Board whether or not it should approve the Integrated Annual Report.

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

- Ensures that the combined assurance received is appropriate to address all the significant risks facing the company; and
- Monitors the relationship between the external assurance providers and the Company.

Discharge of responsibilities:

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

Internal Control functions exercised by the committee:

- Evaluated the effectiveness of the system of internal control (including information technology and financial control), risk management and corporate governance;
- Reviewed management's and the internal and External auditors' reports on the effectiveness of the system for internal financial control, financial reporting and risk management;
- Reviewed management's responses to reported weaknesses in internal, operating and financial controls; and management information systems and the safeguarding of assets, and the proposed remedial action;
- Assessed steps taken by management to encourage ethical and lawful behaviour; financial discipline and accountability for use of public resources;
- Considered measures applied on any required significant changes to the design or implementation of internal controls.

The Committee also:

- Reviewed the effectiveness of the system for monitoring compliance with applicable laws, regulations, ethics programmes and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- Obtained and consider regular updates from management regarding compliance matters, where necessary;
- Was satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements and that management discloses the impact of all significant issues in the financial reports;
- Reviewed the findings of any examinations by regulatory agencies and any auditor observations.

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

Risk management:

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

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

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

- Oversees the development and annual review of a policy and plan for risk management, including fraud and IT risks, to recommend for approval to the Board;
- Monitors implementation of the policy and plan for risk management taking place by means of risk management systems and processes;
- Makes recommendations to the Board concerning the levels of tolerance and appetite, and monitoring that risks are managed within the levels of tolerance and appetite as approved by the board;
- Oversees that the risk management plan is widely disseminated throughout the Company and integrated in the day-to-day activities of the Company;
- Ensures that risk management assessments are performed on a continuous basis;
- Oversees the risk areas of operations to be covered in the scope of the internal and external audits;
- Ensures that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- Ensures that management considers and implements appropriate risk responses;
- Ensures that continuous risk monitoring by management takes place;
- Liaises closely with the relevant other board committees to exchange information relevant to risk;
- Expresses the Committee's formal opinion to the Board on the effectiveness of the system and processes of risk management;
- Reviews reporting concerning risk management that is to be included in the annual integrated report with regard to being timely, comprehensive and relevant.

Internal audit:

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

- Reviews and recommends the internal audit charter, internal audit plan, mandate and budget as well as any deviation thereto for approval by the Board;
- Oversees that the internal audit function is adequately resourced, has sufficient skills and has appropriate standing in the Company; on a quarterly basis ensure that the audit plan is being followed;
- Ensures that the Chief Audit Executive has unrestricted access to management, the chairperson of the Committee and, where necessary, the chairperson of the board;
- Advises on the independence and effectiveness of Internal Audit through evaluating compliance with the Institute of Internal Auditors' International Professional Practices

Framework for Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics and Standards:

- ensuring that no restrictions or limitations are placed on Internal Audit in the performance of its functions;
- obtaining annual confirmation from the Chief Audit Executive regarding Internal Audit independence, objectivity and competency;
- regular reviewing of the functional reporting lines of Internal Audit to ensure that the organisational structure is consistent with the principles of independence and accountability;
- Considers and advises on significant differences of opinion between management and Internal Audit;
- Reviews and monitors management's responsiveness to the findings and recommendations of internal audit and forensics investigations and monitor timely implementation of remedial measures to address adverse findings;
- Considers and reviews any difficulties encountered in the course of the audits, including any restrictions on the scope of internal audit's work or access to required information;
- Ensures that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate however, at least once every five years;
- Reviews of the extent to which the internal audit function has co-ordinated with other internal and external assurance providers in providing proper coverage in terms of the combined assurance model.

External audit:

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

- Advises on the terms of engagement and remuneration for the external audit engagement;
- Discusses the nature and scope of the audit with the external auditor before the commencement of the audit;
- Reviews and monitors management's responsiveness to the external auditor's findings and recommendations;
- Monitors and reports on the independence of the external auditor in the Integrated Annual Report;
- Ensures that there is a process for the audit committee to be informed of any reportable irregularities (as identified in the Auditing Profession Act, 2005) identified and reported by the external auditor;
- Reviews the quality and effectiveness of the external audit process by:
 - reviewing whether the auditor has met the agreed audit plan, and understanding the reasons for the changes, including changes in perceived audit risks and the work undertaken by the external auditors to address those risks;
 - reviewing and discussing the external auditor's findings;

- reviewing and discussing any major issues that arose during the course of the audit that have subsequently been resolved, and those that have been left unresolved;
- reviewing and discussing key accounting and audit judgments;
- reviewing and approving the fees charged by the external auditor;
- reviewing the content of the external auditor's management letter and determine whether recommendations have been acted upon.

Annual financial statements and conclusion:

The committee has reviewed the year-end financial statements and integrated report and are satisfied with their integrity. The committee recommended the approval thereof to the board. The financial statements are prepared in accordance with the basis of accounting determined by the National Treasury, as set out in the accounting policy note 1 and the manner required by the Municipal Finance Management Act (MFMA). The committee has reviewed the external auditors' management representation letter and management's response thereto.

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

Committee members

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

Qualifications

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

Viola Manuel

Chairperson: Audit and Risk Committee

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2019

REPORT OF THE HUMAN RESOURCE (HR), SOCIAL AND ETHICS COMMITTEE

Mandate of the committee

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

Terms of Responsibilities of the committee and terms of reference:

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

Discharge of the HR and Social Ethics Committee responsibilities:

In the period under review the committee has dealt with some strategic and HR and Social ethics matters. The committee reviewed and was kept abreast of the Organisational design process which was aimed at aligning CTS with its new mandate. The committee satisfied itself with the process followed and where necessary gave input at a strategic level.

All strategic appointments and staff movements have for this current financial year have been discussed by the committee and input has been given where necessary. The key performance indicators as per Service Delivery Budget Implementation Plan (SDBIP) are reviewed and discussed by the committee every 6 months and the recommendations are submitted to the board for approval. Both Occupational Health and Safety and BEE compliance is discussed by the committee to ensure compliance and support to CTS management.

There is no doubt that in this current year the committee has fulfilled its role and continues to provide oversight and much needed support where it's needed. The committee is

grateful and appreciative of the role exercised by CTS management in ensuring that reports and feedback for the committee is always on time and professional.

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

Committee members

SM Blom (Chairperson)

PJ Veldhuizen

L Essop

VC Manuel

Qualifications

BA

LLM, MBA

MAP, BSoc Sc

MBA, Dip. Education, BA

Samkelo Blom

Chairman: HR, Social & Ethics Committee

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2019

REPORT OF THE EVENTS, MARKETING AND COMMUNICATIONS COMMITTEE

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 Cape Town Stadium. The committee acts in an advisory and oversight capacity; it does not relieve the board of its responsibilities but makes objective and independent recommendations. The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its terms of reference and that it has complied with all its legal, regulatory and other responsibilities.

Composition of the committee

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

Attendance of meetings

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

Key responsibilities

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

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

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

Highlights

The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its terms of reference and that it has complied with all its legal, regulatory and other requirements.

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

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

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

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

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

The marketing committee comprises of three independent non-executive directors.

Committee members

MJ Van Staden (Chairperson)

L Essop

VC Manuel

Qualifications

BCom Sports

MAP, BSoc Sc

MBA, Dip. Education, BA

Martin Van Staden

Chairman: Events, marketing and Communications Committee

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

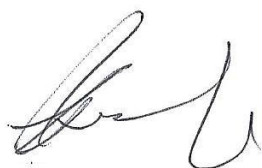
The Directors are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements of the company. The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations of such statements issued by the Accounting Standards Board, the Local Government: Municipal Finance Management Act, Act 56 of 2003, Local Government: Municipal Systems Act, Act 32 of 2000 and the Companies Act, Act 71 of 2008. The financial statements are based on appropriate accounting policies which are consistently applied.

The Directors are also responsible for the company's system of internal financial control. These control procedures are designed to provide 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 company will not be a going concern in the foreseeable future, based on forecasts and the availability of financial resources.

Approval of the financial statements

The financial statements which appear on pages 58 to 75 are compiled for the financial period from 1 July 2018 to 30 June 2019 and were approved by the board of directors and signed by the Chief Executive Officer (CEO) on behalf of the Cape Town Stadium.



L DE REUCK

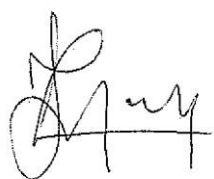
Chief Executive Officer

30 August 2019

COMPANY SECRETARY CERTIFICATE

FOR THE YEAR ENDED 30 JUNE 2019

In terms of Section 88(2)(e) of the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (the Act), I certify that the Company has lodged with the Companies and Intellectual Property Commission, all returns and notices as required by the Act in respect of the financial year ended 30 June 2019, and that all such returns and notices are true, correct and up to date.



Z SUNGAY CA(SA)

Company Secretary

30 August 2019

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 Western Cape Provincial Parliament and the council of the City of Cape Town on the Cape Town Stadium SOC (RF) Limited

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Cape Town Stadium SOC (RF) Limited set out on pages 58 to 75, which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of cash flows and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cape Town Stadium SOC (RF) limited as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No 71. of 2008) (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipal entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 11 to the financial statements, the corresponding figures for 30 June 2018 have been restated as a result of errors in the financial statements of the municipal entity at, and for the year ended, 30 June 2019.

Other matters

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

Unaudited supplementary schedules

9. The supplementary information set out on pages 35 to 51 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. 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.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined

objectives for selected strategic focus areas presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipal entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus area presented in the annual performance report of the municipal entity for the year ended 30 June 2019:

Strategic focus area	Pages in the annual performance report
Strategic focus area 1: the opportunity city	76-78

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not raise any material findings on the usefulness and reliability of the reported performance information for this strategic focus area.

Report on the audit of compliance with legislation

Introduction and scope

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

Other information

21. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report and the company secretary's certificate, as required by the Companies Act of South Africa, 2008 (Act No. 71 of 2008). The other information does not include the financial statements, the auditor's report and the selected strategic focus area presented in the annual performance report that has been specifically reported in the auditor's report.
22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic focus area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. I have nothing to report in this regard.

Internal control deficiencies

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

Auditor - General

Cape Town

29 November 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

Rand (R)	Note	2019	2018 Restated*
ASSETS			
Current Assets		3 947 761	4 776 718
Cash and cash equivalents	7	10 789	-
Receivables from non-exchange transactions	9	3 164 800	4 776 718
Receivables from exchange transactions	9	772 172	-
Total Assets		3 947 761	4 776 718
NET ASSETS AND LIABILITIES			
Net Assets		-	-
Share capital	8	-	-
Accumulated surplus/(deficit)		-	-
Current Liabilities		3 947 761	4 776 718
Payables from exchange transactions	10	3 164 800	4 776 484
Other payables	10	782 961	-
Bank overdraft	7	-	234
Total Net Assets and Liabilities		3 947 761	4 776 718

*The Cape Town Stadium only operated for a period of 5 months during the 2017/18 financial year. The audited comparative figures for receivables from non-exchange transactions, and accumulated surplus/ (deficit) have been restated following the identification of a prior period error. Refer to note 9.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2019

Rand (R)	Note	2019	2018 Restated*
REVENUE			
Exchange revenue	2	22 180 057	6 332 359
Rental of facility		22 125 761	6 306 949
Other income		54 296	25 410
Non-exchange revenue		57 497 889	26 754 180
Contributions	3	55 119 794	26 337 461
Services in-kind received		2 378 095	416 719
Total Revenue		79 677 946	33 086 539
EXPENDITURE			
Board members' remuneration		320 076	204 862
Contracted services	4	42 410 808	19 632 962
Security services		8 140 628	3 885 050
Cleaning costs		8 202 213	2 083 881
Consultants		3 272 387	993 095
General expenses	5	17 331 834	6 286 689
Total expenditure		79 677 946	33 086 539
SURPLUS/(DEFICIT) FOR THE PERIOD		-	-

*The Cape Town Stadium only operated for a period of 5 months during the 2017/18 financial year. The audited comparative figures for contributions and general expenses have been restated following the identification of a prior period error. Refer to note 9.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2019

Rand (R) Note		Accumulated		Total
		Share Capital	Surplus/(Deficit)	
Balance at 1 February 2018*		-	-	-
Surplus/(deficit) for the year		-	-	-
Share issues	8	-	-	-
Balance at 30 June 2018		-	-	-
Surplus/(deficit) for the year		-	-	-
Balance at 30 June 2019		-	-	-

*The Cape Town Stadium only operated for a period of 5 months during the 2017/18 financial year.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

Rand (R)	Note	2019	2018*
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from contributors and others		73 360 590	27 893 102
Cash payments to suppliers		(73 352 090)	(27 893 336)
Cash generated/ (utilised) by operations	6	8 500	(234)
Finance income received		2 523	-
Net cash flow from operating activities		11 023	(234)
Net increase/ (decrease) in cash and cash equivalents		11 023	(234)
Cash and cash equivalents at beginning of the year		(234)	-
Cash and cash equivalents at the end of the year	7	10 789	(234)

*The Cape Town Stadium only operated for a period of 5 months during the 2017/18 financial year. The audited comparative figures for cash receipts from contributors and others and cash payments to suppliers have been restated following the identification of a prior period error. Refer to note 9.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2019

FINANCIAL PERFORMANCE	APPROVED BUDGET	FINAL BUDGET	ACTUAL	FAVOURABLE/ (UNFAVOURABLE) VARIANCE	VARIANCE %
Board members remuneration	660 000	350 000	320 076	29 924	8.55
Contracted services	37 367 773	52 334 288	42 410 808	9 923 480	18.96
Security services	7 736 505	8 247 105	8 140 628	106 477	1.29
Cleaning costs	5 380 956	8 280 956	8 202 213	78 743	0.95
Consultants	3 352 949	5 162 949	3 272 387	1 890 562	36.62
Services in-kind utilised	-	-	2 378 095	(2 378 095)	-
General expenses	36 892 562	17 015 447	14 953 739	2 061 708	12.12
Total expenditure	91 390 745	91 390 745	79 677 946	11 712 799	12.82
Rental of facility	14 130 534	14 130 534	22 125 761	7 995 227	56.58
Other Income	4 600 000	4 600 000	54 296	(4 545 704)	(98.82)
Services in-kind received	-	-	2 378 095	2 378 095	-
Contributions	72 660 211	72 660 211	55 119 794	(17 540 417)	(24.14)
Total revenue	91 390 745	91 390 745	79 677 946	(11 712 799)	12.82

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES

The Cape Town Stadium's significant accounting policies, which are in all material respects consistent with those applied in the previous year, are set out below. These annual financial statements have been prepared on an accrual basis of accounting and have used the historical cost convention as the basis of measurement, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation.

GOING-CONCERN ASSUMPTION

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

BASIS OF PRESENTATION

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

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

- **Going concern**

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

- **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 13 to the annual financial statements.

- **Impairment of trade receivables from exchange transactions**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payment based on the credit worthiness. This was performed for all debtors.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective and adopted in the current year

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

Standards and interpretations issued, but not yet effective

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

- **Annual periods commencing on or after 1 April 2019:**

GRAP 20 - Related-party disclosures (revised)

GRAP 108 - Statutory receivables

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

- **Annual periods commencing on or after 1 April 2020:**

GRAP 18 - Segment reporting

GRAP 34 - Separate financial statements

GRAP 35 - Consolidated financial statements

GRAP 36 - Investments in associates and joint ventures

GRAP 37 - Joint arrangements

GRAP 38 - Disclosure of interest in other entities

GRAP 110 - Living and non-living resources

IGRAP 20 - Accounting for adjustments to revenue to pay levies

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

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.

REVENUE RECOGNITION

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions relate to income earned from venue rental, stadium tours and other services.

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.

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.

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value plus transactional cost, which approximates amortised cost, less provision for impairment. Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority. As all amounts are receivable within 12 months from the date of reporting they are classified as current.

BUDGET INFORMATION

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

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

The amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in note 13 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.

These figures are those approved by Council both prior to and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP) process. Comparative information is not required for the statement of comparison of budget and actual amounts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

SERVICES IN-KIND

The Cape Town Stadium 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 CTS with the services of internal audit, legal services as well as an acting chief financial officer (CFO) in accordance with their obligations as stipulated in the service delivery agreement (SDA).

In terms of GRAP 23, revenue relating to services in-kind shall be recognised when it is probable that future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably. The function performed by internal audit, legal services, the acting CFO, as well as the depreciation charges for the movable assets, are included in the amount of services in-kind revenue, as these are services that could be reliably measured. The remainder of the support services provided by the City is not recognised as it cannot be reliably measured as required in terms of GRAP 23.

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

COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, comparative amounts are restated and 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.

RELATED PARTIES

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

OFFSETTING

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

2. EXCHANGE REVENUE

Rand (R)	2019	2018*
Rental of facility	22 125 761	6 306 949
Bowl events	17 922 108	6 306 949
Non-bowl events	3 809 667	-
Film shoots	393 986	-
Other income	54 296	25 410
Stadium tours	51 773	25 410
Interest income	2 523	-
Total exchange revenue	22 180 057	6 332 359

3. CONTRIBUTIONS

City of Cape Town	55 119 794	26 337 461
Analysis of government grants and subsidies		
Operating	55 119 794	26 337 461

4. CONTRACTED SERVICES

Building Contracting Services	9 040 590	6 920 023
Electrical Services	5 964 121	2 873 051
Information Technology Services	4 970 685	2 164 167
Administrative and Support Cost	17 093 608	5 487 037
Other	5 341 804	2 188 684
TOTAL	42 410 808	19 632 962

*The Cape Town Stadium only traded for a period of 5 months during the 2017/18 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

5. GENERAL EXPENSES

Rand (R)	2019	2018*
Municipal services	10 035 014	4 521 930
Hire charges	821 559	302 742
Auditors' remuneration	594 080	-
Printing and stationery	133 822	234 550
Licenses	264 358	102 675
Services in kind utilised	2 378 095	416 719
Other expenditure	3 104 906	708 073
TOTAL	17 331 834	6 286 689

6. CASH GENERATED/ (UTILISED) FROM OPERATIONS

Surplus/(deficit) before tax	-	-
Adjustment for:		
Finance income	(2 523)	-
Movements in working capital		
Decrease/(increase) in receivables	839 746	(4 776 718)
(Decrease)/ increase in payables	(828 723)	4 776 484
Cash generated/(utilised) from operations	8 500	(234)

7. CASH AND CASH EQUIVALENTS

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

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

Current account	10 789	(234)
The following bank accounts were held by the entity		
Nedbank - Current Account	10 789	(234)

The entity's bank account was opened in April 2018.

*The Cape Town Stadium only traded for a period of 5 months during the 2017/18 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

8. SHARE CAPITAL

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

Rand (R)	2019	2018
Authorised ordinary shares	1000	1000
Issued ordinary shares at no par value	100	100

9. RECEIVABLES FROM NON-EXCHANGE AND EXCHANGE TRANSACTIONS

Receivables from non-exchange transactions	3 164 800	4 776 718
Receivables from exchange transactions	772 172	-
Total	3 936 972	4 776 718

Receivables age analysis

Current (0 - 30 days)	3 659 932	4 776 718
31-60 days	1 471	
61-90 days	54 327	
91-120 days	98 806	
+120 days	122 436	
Total	3 936 972	4 776 718

Receivables from non-exchange transactions relates to the grant payment due from the City of Cape Town as denoted in the service delivery agreement entered into between the City of Cape town and the Cape Town Stadium.

Receivables past due are not impaired.

The carrying value of these receivables is denominated in the following currency: South African Rand.

The maximum exposure to credit risk at the reporting date is the carrying value of each class receivables mentioned above. The entity does not hold any collateral as security.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

10. PAYABLES FROM EXCHANGE TRANSACTIONS AND OTHER PAYABLES

Payables from exchange transactions	3 164 800	4 776 484
Accruals	782 961	-
Total	3 947 761	4 776 484

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

The carrying value of these payables is denominated in the reporting currency: South African Rand.

11. RESTATEMENT OF PRIOR PERIOD ERROR

Following the identification of an error in the prior year, management decided to restate the prior year comparatives in respect of contributions and utility costs recognised.

In the prior year a deficit was incorrectly recognised. In terms of the service delivery agreement (SDA) between the City and the company, the City agreed to fund any shortfall between income and expenditure of the company. The relevant amount has now been corrected to recognise an increase in the contributions received as well as a receivable from the City for the deficit raised in the prior year.

In the prior year the utility costs were charged incorrectly to the company, this resulted in general expenditure as well as the contribution received from the City to be understated.

In the prior year, services in-kind received and utilized was incorrectly included in the cash flow statement.

The correction for each of the financial statement line items and notes affected are disclosed below. The restated figures below reflect the substance of the service delivery agreement (SDA).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

11. RESTATEMENT OF PRIOR PERIOD ERROR (continued)

Rand (R)	2018 AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	2018 RESTATED
STATEMENT OF FINANCIAL PERFORMANCE			
Non-exchange revenue			
Contributions	17 398 677	8 938 784	26 337 461
General expenses	2 124 623	4 162 066	6 286 689
Deficit for the period	(4 776 718)	4 776 718	-
STATEMENT OF FINANCIAL POSITION			
Net Assets			
Accumulated deficit	(4 776 718)	4 776 718	-
Receivables from non-exchange transactions	-	4 776 718	4 776 718
STATEMENT OF CASH FLOWS			
Cash flow from operating activities			
Cash receipts from contributors and others	24 147 755	3 745 347	27 893 102
Cash payments to suppliers	(24 147 989)	(3 745 347)	(27 893 336)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

11. RESTATEMENT OF PRIOR PERIOD ERROR (continued)

Notes affected:

Rand (R)	Note	2018 AS PREVIOUSLY REPORTED	CORRECTION OF ERROR	2018 RESTATED
Contributions				
City of Cape Town	3	17 398 677	8 938 784	26 337 61
General expenses				
Municipal services	5	359 864	4 162 066	4 521 930
Related party				
Grants and subsidies received	12	22 166 839	4 170 622	26 337 61
Municipal services	12	359 864	4 162 066	4 521 930
Amounts due by City of Cape Town	12	-	4 776 718	4 776 718

12. RELATED PARTY

Parent Municipality

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

Related Party Transactions

Rand (R)	2019	2018*
Revenue:		
Services in-Kind Received	2 378 095	416 719
Grants and Subsidies Received	55 119 794	26 337 461
Expenditure:		
Contracted Services	17 093 608	5 378 040
Municipal Services	10 035 014	4 521 930
Services in-Kind Utilised	2 378 095	416 719
Related Party Balances		
Amounts owing to City of Cape Town	1 169 913	-
Amounts due by City of Cape Town	3 164 800	4 776 718

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

12. RELATED PARTY (continued)

Executive Management

No business transactions took place between the Cape Town Stadium (RF) SOC Ltd and management. Patrick Lekay tendered his resignation as acting CFO on 4 December 2018.

*The Cape Town Stadium only traded for a period of 5 months during the 2017/18 financial year.

Directors' Remuneration

Non-Executive Directors' Remuneration

Rand (R)	2019	2018*
Peter-John Veldhuizen (Chairperson)	73 738	67 958
Viola Manuel	115 341	39 933
Samkelo Blom	65 597	36 546
Martin Van Staden	40 380	36 425
Limia Essop	44 549	8 322
Johan Dique	45 395	-
Barry Lodewyk (Resigned)	-	32 567
TOTAL	385 000	221 751

Executive Director's Remuneration

Rand (R)	Annual Salary	Bonus	Allowances	Social Contribution	Total
2019					
Chief Executive Officer					
Lesley De Reuck	1 402 803	44 432	159 535	246 856	1 853 626
2018					
Chief Executive Officer					
Lesley De Reuck	545 000	-	71 000	90 000	706 000

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

Acting Chief Financial Officer (CFO)

Rand (R)	2019	2018
Kim Theron - Acting Allowance	25 467	-

Patrick Lekay did not receive an acting allowance. The acting allowance of the acting chief financial officer is included in services in-kind.

*The Cape Town Stadium only traded for a period of 5 months during the 2017/18 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

13. BUDGET INFORMATION

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

Statement of financial performance

- (i) Contracted services
There were savings in the administrative and support costs due to vacancies not being filled pending an update on the company's organisational structure following the PWC investigation and report.
- (ii) Consultants
The process of appointing a naming rights partner is yet to be concluded resulting in a saving in this expenditure line item.
- (iii) Services in-kind utilised and received
No budget provision was made for services in-kind utilised and received as the value of the services in-kind to be provided by the City could not be estimated at the time of budget preparation.
- (iv) General Expenses
Due to the various factors mentioned above as well as improved cost management, this resulted in a saving of the general expenses.
- (v) Revenue (Rental of facility)
The Cape Town Stadium hosted more than the anticipated number of Bowl Events for 2018/19 as a result of the procurement of the Monster Jam event, the Rugby Marvel Superhero Day and an additional Ed Sheeran Concert which contributed to increased revenue above the target set.
- (vi) Other Income
The procurement of a naming rights partner proved to be more onerous than expected. Each individual naming rights sponsor requires specific attention with regards to branding and return on investment. Sufficient time must be allocated to each individual naming rights sponsor to ensure the best possible outcome for the Stadium. The process is still ongoing and resulted in the variance as indicated.
- (vii) Contributions
Due to the various factors as mentioned above and the improved cost management, the underspending of the expenditure resulted in the contribution from the City of Cape Town being significantly less than anticipated.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

14. SUPPLY CHAIN MANAGEMENT REGULATIONS

14.1 Deviations

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

Rand (R)	2019	2018
Total deviations for the year	195 840	-
Incident		
Sole/Single provider	195 840	-














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

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









15. 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.









Annexure A – Cape Town Stadium Performance Scorecard 01 July 2018 – 30 June 2019

2018/19 FOURTH QUARTERS PERFORMANCE SCORECARD - CAPE TOWN STADIUM - 1 JULY 2018 to 30 JUNE 2019						
Well Above  Above  On target  Below  Well below  AT - Annual Target						
No	Indicator	Status	Target	Actual	Reason for variance	Remedial action
Strategic Focus Area 1: Opportunity City						
Corporate Objective : Financial Sustainability						
1.	Percentage reduction of the Grant Allocation from the City of Cape Town		5%	24.10%	Well above target	Maintain the momentum
2.	Percentage Achievement of Projected Revenue		90%	118.23%	Well above target The Stadium hosted more than anticipated Bowl Events such as Rugby Marvel Day, an additional Ed Sheeran Concert , and the Monster Jam event , which increased income .In addition the Marketing Drive to increase use of our Non Bowl Areas within the Stadium , also contributed to higher usage .	Maintain the momentum
Corporate Objective : Positioning Cape Town as a forward looking globally competitive City						
3.	Percentage Compliance with approved Repairs and Maintenance Programme		100%	100%	On target	Maintain the momentum
4.	Percentage Spent on Repairs and Maintenance Budget		95%	98.85%	Above target	Maintain the momentum
5.	Percentage Compliance with OHSA Act and regulations (Act 85 of 1993)		100%	100%	On target	Maintain the momentum
6.	Number of Marketing Interventions implemented as per the approved Marketing Plan		12	12	On Target	Maintain the momentum
7.	Number of Bowl Events Hosted		33	37	Well above target The Stadium hosted more Bowl Events than anticipated due to it being preferred as a potential venue by many promoters.Examples were the Rugby Marvel Day, an additional Ed Sheeran Concert , a Church event as well as the Monster Jam Event , which was procured by the CEO during his visit to Manchester for the Stadium Business Summit Conference in 2018.	Maintain the momentum
8.	Number of Non Bowl Events Hosted		40	52	Well above target Non Bowl Events include all Events within the Stadium as well as the Stadium Precinct (forecourts and parking areas). The marketing drive to increase use of our Non Bowl Areas contributed to increased utilisation. Examples of Non Bowl Events in the precinct includes the CT CycleTour,The Gun Run and various Film shoots.	Maintain the momentum

Annexure A – Cape Town Stadium Performance Scorecard 01 July 2018 – 30 June 2019 (continued)

2018/19 FOURTH QUARTERS PERFORMANCE SCORECARD - CAPE TOWN STADIUM - 1 JULY 2018 to 30 JUNE 2019						
Well Above  Above  On target  Below  Well below  AT - Annual Target						
No	Indicator	Status	Target	Actual	Reason for variance	Remedial action
9.	Number of Film shoots hosted		10	16	Well above target The Stadium embarked on a dedicated effort to attract more film shoots by presenting the Entity as a venue of choice through inter alia a presentation to the Film Industry by the Manager Marketing Brands and Events Management.	Maintain the momentum
10.	Percentage approved commercialisation programmes implemented as per approved plan.		100%	90%	The target was not met as the naming rights process proved to be more onerous than expected .Each individual naming rights sponsor requires specific attention with regards to branding and return on investment. Sufficient time must be allocated to each individual naming rights sponsor to ensure the best possible outcome for the Stadium.	A number of on site meetings with potential sponsors have been scheduled.The appointed service provider is currently in communication with various potential naming rights sponsors. Further clarification was requested from these sponsors and all required information packs were submitted .An offer is expected within the foreseeable future. Responsible person: Werner Kuhn Due date: On-going
Corporate Objective : Economic Inclusion						
11	Percentage budget spent on implementation of WSP		95%	91.76%	The budget allocated for WSP Training in relation to the small staff compliment of 19 was too high . In addition staff could not attend planned training sessions due to a high number of events in the events season (October to April) Coaching of staff to prepare them for the shift in focus of the Entity . was envisaged to be completed in this quarter. Due to problems experienced with this HR Tender, this intervention could not occur.	It is the intention to realign the budget allocated in order to align it to the staff compliment. The coaching intervention will occur in the new financial year which will contribute towards reaching the expenditure target. Responsible person: Werner Kuhn Due date: On-going

Annexure A – Cape Town Stadium Performance Scorecard 01 July 2018 – 30 June 2019 (continued)

2018/19 FOURTH QUARTERS PERFORMANCE SCORECARD - CAPE TOWN STADIUM - 1 JULY 2018 to 30 JUNE 2019						
Well Above  Above  On target  Below  Well below  AT - Annual Target						
No	Indicator	Status	Target	Actual	Reason for variance	Remedial action
Strategic Focus Area 4: Inclusive City						
Corporate Objective 4.3: Building Integrated Communities						
12.	Building Integrated Communities - Percentage of people from employment equity target groups employed in the three highest levels of management in compliance with the City's approved employment equity plan (EE) (NKPI)		80%	17%	Cape Town Stadium is in process of appointing level 1-3 managers from the targeted EE groups.	Employment from targeted equity groups will be considered when appointments are done. Responsible person: Werner Kuhn Due date: On-going
Strategic Focus Area 5: Well Run City						
Corporate Objective 5.1: Operational Sustainability						
13.	Operational Sustainability Percentage of Absenteeism		≤ 5%	4.28%	Well above target	Maintain the momentum
14.	Operational Sustainability - Percentage of declarations of interest completed		100%	100%	On target	Maintain the momentum
15.	Operational Sustainability - Opinion of the Auditor General	AT	Clean Audit		Will only be available after final Auditor General results by the end of November 2019.	

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

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
CEO	Chief Executive Officer
CFO	Acting Chief Financial Officer



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