



CAPE TOWN STADIUM (RF) SOC LIMITED INTEGRATED ANNUAL REPORT 2021-2022



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1. FOREWORDS

1. FOREWORDS



MESSAGE FROM THE CHAIRMAN OF THE BOARD

The year under review concluded successfully with Cape Town Stadium (RF) SOC Limited (the Entity) achieving all its primary targets. Covid-19 and the resulting legislation by National Government that restricted spectators from attending events had a significant impact on the operations of the Entity. With government relaxing restrictions during the last quarter of the year, the Entity was able to host a number of successful international and domestic events.

During the Covid-19 restrictions, the Entity continued its strict facility maintenance regime. In addition, much time was spent developing various event scenario plans aimed at adapting to the uncertain times and ensuring that the stadium would be 'event ready' to host major events the moment restrictions were lifted.

The Entity's commercial model and overlay was successfully implemented and is contributing positively towards the Entity's drive towards financial sustainability. It has also had the effect of substantially reducing the grant funding received from the City of Cape Town.

The Entity is committed to continue reducing the grant funding received from the City. DHL's contribution as our naming rights partner has certainly made a significant impact on the bottom line of the business. The ongoing negotiations with Western Province Rugby to finalise the long-term anchor tenancy terms are nearing finalisation. I congratulate Western Province Rugby and the DHL Stormers in winning the United Rugby Championship at the DHL Stadium. To further its financial sustainability, the Entity is also in the process of procuring long-term agreements with a number of sport and entertainment bodies.

The board of directors and its subcommittees have met regularly as per the work plan and have continued to have robust and honest debates concerning matters affecting the business, the stadium and its stakeholders. The board of directors has actively and continually evaluated its role in providing strategic guidance to management in these uncertain times.

I would like to express my sincere appreciation for the continued support, diligence and guidance that we have received from our board members as well as the CEO, his management team, and all staff for their commitment and hard work during a difficult period.

Lastly, I would also like to thank the City of Cape Town as shareholder for its unwavering support.

A handwritten signature in dark ink, appearing to read 'P. Veldhuizen', written in a cursive style.

Peter-John Veldhuizen
Board Chairperson



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

There is no doubt the greatest influencing factor of the 2021/22 period has been the impact of Covid-19, the restrictions on spectator numbers imposed by National Government, and the successful reopening of the DHL Stadium, with events returning 'back to normal' in the last quarter of the financial year.

With the reopening of stadia for spectators, it has become clear that event organisers and spectators alike have been very keen on hosting and attending live events again. This has resulted in the Entity exceeding its performance targets on both the number of events and the number of spectators in attendance at events. Spectator attendance at events is a key contributor to the commercial successes of the stadium. We look forward to this trend continuing in the next financial year.

Notwithstanding the challenges, Cape Town Stadium (RF) SOC Limited has achieved all its targets, including exceeding our revenue target by 30% and reducing grant funding from the City of Cape Town by R31million.

One of the entity's key objectives is to become financially sustainable and to this end, the commercial strategy was successfully implemented, with the stadium now being run with all commercial service providers operating on event days.

This, together with the value contributed by DHL, our naming rights partner, has resulted in a significant growth in revenue over the year. We look forward to the coming financial year, which will be the first year without any restrictions on spectator-attending events at DHL Stadium, and promises to be an exciting, and event-filled period.

During the financial year under review, the Entity also successfully implemented its own financial accounting system, which I believe is a significant step towards independence from the City.

Together with the rest of South Africa, we have faced challenges due to intensive load-shedding implemented by the national energy supplier. However, due to the implementation of various preventative measures, the core of our business – eventing – was not negatively impacted.

We have welcomed the DHL Stormers and Western Province Rugby as our anchor tenant, who now play the majority of their home games at the stadium. The DHL Stormers enjoyed an 11-match winning streak which culminated in the final to the United Rugby Championship being played at DHL Stadium, and the DHL Stormers being crowned tournament champions.

There is no doubt that the pitch has experienced its busiest time ever over the last financial year with a total of 21 rugby matches and 14 football matches being hosted during the year. We will look to replacing the 100% natural grass pitch with a 50% natural and 50% synthetic grass pitch in 2023. This will provide us with a far more durable playing surface which will allow a faster turnaround time for the hosting of sports matches and concerts.

In the last quarter of the financial year, we revisited our vision, mission and values as a management team and with the assistance of PricewaterhouseCoopers (PwC), we have refreshed these to be more reflective of our business. We look forward to sharing these with our staff in the new financial year and continue working together towards achieving financial sustainability and greater independence from the City of Cape Town in the coming years.

I would like to thank the board of directors, my management team and all our staff who have worked tirelessly to deliver against our mandate throughout the year.

Lesley de Reuck
CEO: Cape Town Stadium (RF) SOC LTD

the place
where
memories
are made



2. INTRODUCTION

An aerial photograph of a large, modern stadium with a curved, translucent roof. The stadium is situated in a valley, with a dense urban area and a large mountain in the background. The text "VISION" is overlaid on the stadium's seating area.

VISION

To achieve global recognition as a world-class stadium through the hosting of iconic experiences.

2. INTRODUCTION

Cape Town Stadium (RF) SOC Limited (CTS) was established as a municipal entity in 2018 with the aim of enabling the City of Cape Town to fully commercialise its multi-purpose stadium, now known as DHL Stadium, in the suburb of Green Point, Cape Town.

The DHL Stadium is a multi-purpose facility with a capacity of 62 000. It has a Business Lounge that can accommodate 2 100 guests, and various sized hospitality suites that can accommodate approximately 5 000 hospitality guests. The general seating capacity is 51 000, bringing the total spectator capacity to that of 58 000.

Located at the foot of Table Mountain and within walking distance of the Victoria and Alfred Waterfront, the DHL Stadium is ideally positioned to attract international and local iconic sporting events and concerts.

With a bustling calendar of bowl events, the stadium is also ideal for conferencing, trade shows, film shoots, and hosting non-bowl events throughout the year.

OUR VISION

To achieve global recognition as a world-class stadium through the hosting of iconic experiences.

OUR MISSION

We will achieve our vision by:

- enabling the creation of extraordinary experiences through collaboration with our partners in an innovative and dynamic manner. We achieve this through team integration – ensuring that we understand and enable our clients' objectives;
- adopting a client-centric, solution-driven approach, ensuring that we provide a legislatively compliant, safe and secure environment for our clients and guests; and
- taking care of our business and the stadium in a manner that is financially and environmentally sustainable, being mindful of our commitments to our stakeholders.

OUR VALUES

At the core of our values is the recognition that the satisfaction of our clients and guests is key to the achievement of our vision. We rely on repeat business and to this end, it is imperative that our actions are underpinned by values that drive our day-to-day behaviour:

Integrity

We hold ourselves and one another accountable and deliver on our promise to our stakeholders.

Innovation

We have a 'can-do' approach, are nimble and open to change when working with our clients.

Excellence

We hold ourselves to the highest standards of service delivery for our clients, guests and spectators.

Positivity

We nurture a positive approach and work with resilience and determination to deliver the best for our clients.

Collaboration

We believe our success lies in working together with stakeholders to achieve our objectives.

Courage

We are bold and brave and take responsibility for our actions.

Trustworthy

We build credible relations and take care of ourselves and each other.

As a municipal entity we, adhere to the Municipal Finance Management Act (MFMA) and our business conduct is informed by King IV.

MARKET POSITION

The DHL Stadium enjoys the unique market position of being the largest mass spectator venue in the Western Cape of South Africa. As a business, we aim to be dynamic and flexible, demonstrating the ability to host events of varying complexity, including international and domestic rugby tournaments, Premier Soccer League matches, iconic concerts and an assortment of bespoke events.

At the heart of our business is our commitment to provide a venue that can host spectacular and memorable events – *to be the place where memories are made.*

BUSINESS OBJECTIVES

Our ultimate aim as a business is to become financially sustainable and independent. We are working to achieve this by:

- hosting a robust annual calendar of iconic bowl events, building tradition in the events calendar that sees the return of bespoke events year on year;
- complement the bowl event schedule with the best use of non-bowl spaces for services such as conferencing, banqueting, trade shows and film shoots;
- achieve a successful events calendar through securing anchor tenants and long-term relationships that lead to repeat business;
- maximise the use of other areas in the stadium for commercial gain that complements the core purpose of the business, that of hosting iconic events; and
- prioritising events that can deliver against our target markets so that the best use of our available days can be maximised.

TARGET MARKETS

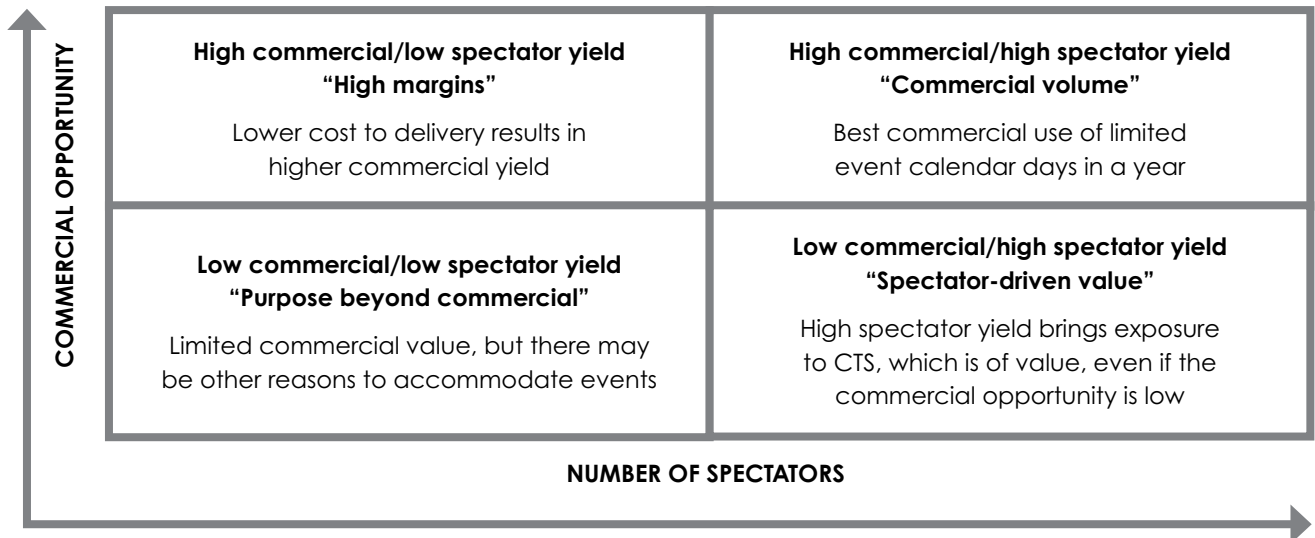


Figure 1: Target-market segmentation: Commercial opportunity vs spectator value

The key drivers in the identification of our target markets is to maximise spectatorship at each event hosted in the bowl and to secure events that are broadcast both in South Africa and globally. By identifying events that align closely to our targets market and proactively securing events well in advance of their scheduled dates, we will be able to ensure that we have the most sustainable events calendar possible and one that generates high commercial value.



It is important to note that while our primary objective is to achieve financial sustainability, we acknowledge and remain cognisant of our overall mandate to serve the broader community.

OUR STAFF

CTS (RF) has a total of 30 full-time staff members who work tirelessly in delivering on our mandate. The senior management team led by the Chief Executive Officer, consists of the following departments:

- Finance
- Operations and Events
- Commercial
- Marketing
- Internal Company Services

An Integrated Events Management Forum acts as a platform for operational planning and communication between departments, ensuring the integrated and successful delivery of events.

The majority of staff are seconded to the Entity by the City of Cape Town. A Service Delivery Plan is in place between the Entity and the City of Cape Town for the delivery of key services such as human resource, supply chain management, legal and contract management support.



3. 2021/22 IN REVIEW



3. 2021/22 IN REVIEW

The 2021/22 financial year saw the end of the Covid-19 restrictions and the implemented Disaster Management Act, 57 of 2002, which dominated the lives of South Africans for the best part of 2 years.

The national lockdown, which prevented the hosting of gatherings and events, was implemented on 26 March 2020. On 4 April 2022, the National State of Disaster was lifted, terminating all regulations and restrictions one month later.

EVENT HOSTING

During the period 1 October 2021 to 4 April 2022 an 'adjusted' Level 1 lockdown was in place across South Africa, allowing for varying spectator numbers under stringent conditions such as mask wearing and vaccination protocols. This enabled spectators to return to stadia in some form, allowing for a progressive re-opening of DHL Stadium to spectators in this period.

Taking into account that the core business of the stadium is to host events with mass spectatorship, and given the uncertainty regarding the timing of the lifting of restrictions, the Entity focused on securing what business it could within the 'permitted' activities. This saw a shift in focus in terms of how we measure success, from the number of spectators attracted to securing events that were broadcast, as well as other non-bowl events that were permissible under the regulations. This included securing five of the eight matches in the British and Irish Lions rugby series, the United Rugby Championship quarter-final, semi final and final, as well as a number of on-line auctions and other non-bowl events.

With broadcast events being permissible from early 2022, and tournament rights holders and broadcasters eager to secure fixtures and content, DHL Stadium pitch experienced one of its busiest periods ever between January 2022 and June 2022, with 21 rugby matches (British and Irish Lions, United Rugby Championship and Currie Cup) and 14 Cape Town City Football Club matches being accommodated during this period.

DHL Stadium welcomed a total of 226 996 spectators for the financial year. This was well over the 57 000 anticipated spectators for the period, which was a projection based on uncertainty.

CTS delivered a total of 145 events against the target of 135 for the period.

Quarter	Events target	Events actual
1	27	16
2	26	36
3	72	44
4	10	49
Total	135	145

Table 1: Quarterly breakdown of events hosted

COMMERCIALISATION OF DHL STADIUM

The commercial service providers were appointed to support the delivery of services at DHL Stadium in August 2021. These appointments included all the service providers required to activate an event day commercial overlay including hospitality, liquor distribution, concessionaires, pouring rights partner and preferred product suppliers. It also included the appointment of an agent to sell the available advertising inventory.

Due to the delay in implementation of these service providers, as a direct impact of Covid-19 restrictions, force majeure was successfully applied when requested by any service provider.

The gradual increase in spectatorship aided the smooth implementation of the commercial overlay which is now fully operational and utilised at all events, unless they are 'clean stadium' events where the contract between CTS and the event organiser allows the event organiser to utilise their own service providers.

With DHL becoming the naming rights partner of the stadium in July 2021, the stadium is now known as DHL Stadium and various contractual rights have been implemented.

ANCHOR TENANT

The DHL Stormers and Western Province Rugby have played the majority of their home matches at DHL Stadium since the tournaments commenced after the lifting of Covid-19 restrictions. The DHL Stormers were declared champions of the United Rugby Championship in June 2022. Their success in the tournament led to the quarter final, semi-final and final of the tournament being hosted at DHL Stadium. This resulted in three additional internationally broadcast matches for the stadium.

While the signing of the formal anchor tenant agreement was delayed due to the appointment of the South African Rugby Union (SARU) administrator and due process required, the relationship between Western Province Rugby and CTS has been implemented based on the binding Heads of Agreement signed between the City of Cape Town and Western Province Rugby.

BUILDING THE BRAND

The marketing initiatives over the period under review have mainly focused on leveraging our 'owned platforms' such as the website and social media to:

- promote events hosted at the stadium;
- educate spectators on requirements for events, particularly during the Covid-19 pandemic; and
- build databases and subscriptions to increase our reach.

While the first period of the financial year was a relatively quiet period in terms of promotions, time was spent on the implementation of our new corporate identity, internally and externally, ensuring alignment to the changes brought about by our naming rights partner. These were implemented across our platforms and business. The result of this can be seen in this newly designed annual report.

LEGISLATIVE COMPLIANCE AND POLICY FRAMEWORK

The board of directors has established the following four subcommittees:

- Audit and Risk;
- Commercial;
- Events, Marketing and Communications; and
- Human Resource, Social and Ethics.

Each of these subcommittees have met each quarter in line with their approved terms of reference. The need to establish a Finance Committee has been identified. The terms of reference for the committee will be drafted and the committee will be constituted in the 2022/23 financial year.

CTS continues to maintain an effective administration and governance framework as required by a municipal entity. This includes adhering to the following requirements:

- The timeous submission of the annual report and business plan;
- The submission of all notices, agendas, action lists and minutes by the company secretariat;
- Updating of the authorities framework to include commercial scope and to ensure that all the necessary internal controls and processes are in place with the new commercial model; and
- Sound record keeping.

From a legal perspective, a total of 145 agreements were entered into between CTS and its clients for the hosting of events in the year under review.

STAFF

CTS has a total staff complement of 30 employees. The majority of the staff remain employees of the City of Cape Town and are seconded to the municipal entity. These secondments were renewed in 2021 for a further three years.

A total of 73 training interventions were hosted during the year against a target of 70.

One resignation was received during the financial year and three new appointments were made.

The organisational structure below reflects the top levels of management.

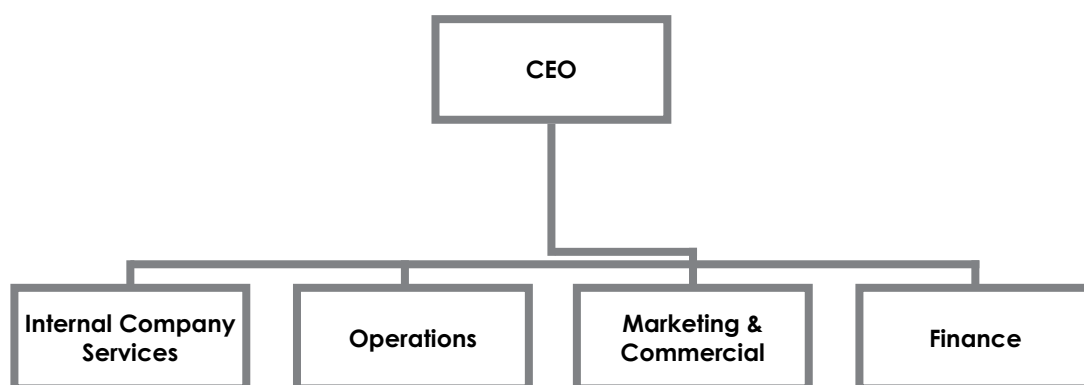


Figure 2: CTS senior management organisational structure

Senior management are supported by a middle management team who are ably implementing policies and plans.

FINANCE

CTS achieved a clean audit for the year 2021/22. This being the fourth consecutive clean audit since the establishment of the municipal entity in 2018.

The 2021/22 financial year was a successful period for the municipal entity with the revenue target being exceeded by 30%. Revenue increased by 122% in comparison with the 2019/20 financial year. This is a more realistic benchmark as opposed to the 2020/21 financial year, which was heavily impacted by Covid-19.

The percentage grant reduction achieved for this financial year was 31,5% (R41 million) against the budget of R61 million.

2021/22	Target	Actual	% achieved
Income	R29 359 122	R38 142 426	Exceeded target by 30%
Expenditure	R97 385 950	R87 73 804	Savings on budget of 9,9%
Grant funding	R61 293 027	R41 914 680	Savings on budget of 31,5%

Table 2: Key financial performance figures for 2021/22

4. EVENTS SHOWCASE

- BRITISH AND IRISH LIONS TOUR
- SANLAM CAPE TOWN MARATHON
- CAPE TOWN CYCLE TOUR
- CAPE TOWN CITY FOOTBALL CLUB
- DHL STORMERS AND DHL WESTERN PROVINCE RUGBY
- UNITED RUGBY CHAMPIONSHIP
- WE ARE AFRICA



BRITISH AND IRISH LIONS TOUR



5

Matches



13

Tries



65

Scrums



50+

Countries



GREEN INITIATIVES

A plastic-recycling programme was implemented, which contributed towards the build-a-brick initiative.



CAPE TOWN MARATHON



10 000

Entrants



50

Exhibitors



32 000

Visitors
(local and international)



GREEN INITIATIVES

- Biodegradable cups were used on race day instead of plastic water sachets
- A no-paper policy was implemented.
- Trail runners, 5 km and 10 km participants received a spekboom instead of a medal
- Spekbooms were handed out to all VIP guests
- 473 kgs of old medals were recycled to create the 2022 medal



CAPE TOWN CYCLE TOUR



23 500

Entrants



39 000

Visitors
(local and international)



R500 million

Economic impact



GREEN INITIATIVES

- Recyclable packaging was used for all fresh food
- Cutlery and serviettes were placed in biodegradable packaging
- All leftover food stock was donated to Food Forward, a feeding scheme who donates food to underprivileged communities on a daily basis, feeding up to 250 000 mouths a day



CAPE TOWN CITY FC



13

Broadcast matches



4 278

Spectators
(over the 2021/22 financial year)



DHL STORMERS AND DHL WESTERN PROVINCE RUGBY



13

Broadcast matches



123 797

Spectators (Season)



GREEN INITIATIVES

A plastic-recycling programme was implemented, which contributed towards the build-a-brick initiative.



UNITED RUGBY CHAMPIONSHIP QUARTER FINAL, SEMIFINAL, FINAL



16

Countries

8 million

Viewers

Broadcast reach



81 358

Spectators



GREEN INITIATIVES

A plastic-recycling programme was implemented, which contributed towards the build-a-brick initiative.



WE ARE AFRICA


591 | **16**
 Exhibitors | Countries


2 700
 Visitors (per day)



GREEN INITIATIVES

- More than 150 indigenous trees, purchased for the event, were planted at the Christel House School in Cape Town
- Water stations were placed throughout the venue, eliminating the use of plastic bottles. Guests were encouraged to bring their own bottles to refill.
- Recycling bins were placed throughout the venue encouraging the three Rs: reduce, reuse, recycle
- No printed material were used on event days

5. FORWARD-LOOKING STATEMENT



5. FORWARD-LOOKING STATEMENT

As challenging as the Covid-19 restrictions were for the events industry over the last two years, it is heartening to see that spectators show very little if any resistance to attending mass events. The reintroduction of spectator events was swift and successful, with sports fans demonstrating their willingness to attend events at DHL Stadium.

Where sporting events rely in part on broadcast revenues for the successful delivery of events, and could afford to open with a reduced crowd capacity, concerts were not the same. In order for concerts to be successful they require a full capacity. Given that international concerts take approximately 8 to 12 months to plan, it has taken longer for international concerts to start up.

After the loss of the planned Justin Bieber concert in September 2022 due to the artist's health challenges, we look forward to hosting our first international concert since the Covid-19 pandemic by welcoming international rock outfit Imagine Dragons to DHL Stadium in February 2023. This will be the first concert to be delivered by Big Concerts and Live Nations since the lockdown and we look forward to welcoming concert goers back to the stadium.

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

DRIVE TOWARDS FINANCIAL SUSTAINABILITY

CTS aims to be financially sustainable within the foreseeable future. While progress was made towards this objective in 2019 and 2020, the onset of the Covid-19 pandemic affected the ability to progress this mandate.

With a strong events calendar for the 2022/23 financial year, CTS will progress this mandate against realistic timelines to ensure that the short-term successes achieved by the municipal entity will be carried forward to future years. This will include the various areas currently serviced by the City of Cape Town through the Service Delivery Agreement between the City of Cape Town and the municipal entity, including the provision of legal, human resource, SCM and financial services.

Through achieving financial sustainability, CTS will ultimately become a standalone Entity.

EVENT ACQUISITION

CTS will remain focused on securing events that are best aligned to the identified target markets and provide repeat business. To this end, CTS aims to secure long-term relationships with clubs that can provide domestic and international broadcast content, as well as sufficient spectators to maximise the commercialisation of DHL Stadium.

CTS will also focus on building relationships with event organisers both locally and internationally that are able to deliver full stadium events. This market has been approached directly, supported by a public relations campaign to strengthen the positioning of DHL Stadium and its attributes on the international stage.

Ongoing management of existing relationships with our established partners including Western Province Rugby, Cape Town City Football Club, South African Rugby Union, World Rugby, Big Concerts and others will be prioritised to ensure that long-term relationships that have been fostered in the past are maintained.

HSBC World Rugby Sevens Series is currently in the last year of its contract with the stadium (ends December 2022) and we hope to secure a further four-year term with World Rugby.

The following number of events is expected over the next three financial years:

YEAR	BOWL EVENTS			NON-BOWL		TOTAL
	Rugby	Football	Concerts/other	Film shoots	Conference/ tradeshow	
2022/23	15	15	2	26	88	150
2023/24	15	15	4	28	95	160
2024/25	15	15	4	30	100	167

Note: Subject to change

Table 3: Breakdown of projected events for next three years

COMMERCIAL GROWTH

The commercial services will continue to evolve. With the implementation of the commercial service provider event overlay successfully completed, focus can now be placed on the best use of available space at the stadium. This includes the use of parking on non-event days, rental of office space and the commercialisation of a retail corridor along Fritz Sonnenberg Road.

Emphasis will also be placed on the naming rights value proposition in preparation for the end of the naming rights contract in 2025. The media value will be measured in order to assess how best to position the proposition.

ENSURING SOUND GOVERNANCE

While the municipal entity moves towards having greater independence from the City of Cape Town, it will ensure that the sound governance on which the past successes have been built will be carried into the future.

Key to the success of the Entity is its financial sustainability – this will be the core driver of activity. To this end, the procurement of a standalone financial system during the year under review will ensure that our record-keeping and revenue recognition are correct.

A total of 12 tenders will be advertised in the 2022/23 financial year. CTS will appoint its own supply chain management resource to ensure that our contracting process is in line with the MFMA and that all contracts are monitored and managed accordingly.

MAINTAINING THE ASSET

Core to the business of CTS is ensuring that the asset is maintained to a world-class standard and that it is able to continue hosting international sporting events and concerts, offering facilities that meet the requirements of international rights holders such as World Rugby.

Preventative, corrective, reactive and emergency maintenance processes are in place to ensure that the building and its structures are maintained over time.

With the increase in the number of events hosted at the stadium over the last year, and in particular the number of international test rugby matches hosted at the DHL Stadium, the 100% natural grass pitch has struggled to recover after matches. With the rugby season now stretching over a full 12-month period, there is insufficient time for the pitch to recover. We look forward to replacing the pitch in the 2023/24 financial year with one that is 50% natural grass and 50% artificial grass. This will provide a more robust pitch that requires less recovery time.



6. DEPARTMENTAL REVIEWS



6. DEPARTMENTAL REVIEWS

6.1 MARKETING DEPARTMENT

Mandate

The Marketing, Brand and Events Acquisition Department is the custodian of all brand and marketing initiatives. The department is also responsible for maintaining all 'owned' media platforms and for the development and implementations of the corporate identity of both CTS and DHL Stadium.

Strategic objectives

During the year under review, the Marketing Department realigned its objectives to ensure stronger cohesion between the department and the needs of the business. The strategic objectives of the Marketing Department are as follows:

- manage and promote the brand of DHL Stadium to its identified target audiences;
- assist in securing major events based on the commercial yield (maximum spectator ratio), while taking into account the need to accommodate smaller events;
- building a client and spectator (fan) databases that can be utilised in the promotion of events and for communication with spectators;
- understand the journey of both client and spectator with the objective of exceeding client expectations by providing mechanisms for effective communication and feedback;
- maintain and use promotional platforms to achieve our marketing objectives with a focus on 'owned', 'bought' and 'earned' media engagement;
- support the needs of the business by assisting all departments in achieving their objectives through the provision of marketing support; and
- maintain and foster relationships with the media and other key stakeholders to ensure effective and efficient communication plans and deliverables.

While the business interruptions resulting from Covid-19 had many far-reaching consequences for the events industry, it allowed us to shift the narrative with regard to DHL Stadium, focusing on the positive attributes and the excitement of events returning to the stadium. This commenced with the British and Irish Lions Tour, while played without the presence of spectators, it was an exciting and prestigious event hosted at DHL Stadium.

2021/22 highlights and successes

- a public relations campaign was run internationally with a particular focus on Europe to create awareness of the attributes of DHL Stadium. This campaign complemented the awareness created by the DHL Stormers playing in the United Rugby Championship in Europe, whereas their home matches were played at DHL Stadium and broadcast throughout Europe;
- stronger relationships have been established with event organisers to assist in the promotion of events at DHL Stadium, as well as ensuring that marketing rights secured through events are well utilised;
- the brand corporate identity (CI) was refreshed with the primary colour change from green to grey to align to the corporate colours of DHL, the naming rights partner. Staff and stakeholders were educated on the use of the new CI as well as how to distinguish between DHL Stadium (the name of the asset) and Cape Town Stadium (RF) SOC Limited (the municipal entity);
- the website was refreshed to reflect the new CI and all social media handles realigned to reflect the rights agreed with the naming rights partner. Ongoing monitoring has been put in place to track the use of the name DHL Stadium and the media value created for the naming rights partner; and
- CTS 'owned' platforms such as social media, the website and newsletters were refreshed to provide useful content such as upcoming event information and how best to engage with the stadium when visiting.

6.2 COMMERCIAL DEPARTMENT

Mandate

The Commercial Department is responsible for the development and implementation of the commercial strategy, with the aim of maximising commercial revenues while taking into account the broader objectives of CTS.

Strategic objectives

The strategic objectives of the Commercial Department are as follows:

- the full implementation of the commercial event overlay including the appointment of commercial service providers such as concessionaires, pouring rights partners, preferred product suppliers, liquor distribution agent and hospitality agent;
- the development of management processes for service delivery and mechanisms for performance evaluation;
- development of a platform of communication and engagement between service providers to ensure efficient service delivery that is well governed;
- ensuring the process of revenue collection and recognition is accurate and meets reporting requirements;
- implementation of the naming rights deliverables and measurement thereof;
- securing of the anchor tenant and other long-term association with rights holders and event organisers that can deliver events at DHL Stadium; and
- consideration of the development of other commercial spaces at DHL Stadium.

2021/22 highlights and successes

- **Commercial event overlay:**

A total of 11 commercial service providers were appointed towards the end of the 2021 calendar year, however these service providers were not able to activate until Covid-19 restrictions were lifted in April 2022.

While the restrictions placed on spectator numbers were seen as a negative by event and tournament organisers, it did assist with the smooth on-boarding of all service providers, with a gradual increase in spectators over a period of time. This allowed for the testing of systems and processes ahead of full stadia events.

The commercial event overlay is now fully operational. The processes related to quality assurance and revenue reconciliation have been implemented and are now monitored and adhered to on a monthly basis.

The financial system acquired by CTS that facilitates the reporting on various commercial revenues is now in place and will be used in the 2022/23 financial year to record commercial revenues.

- **Naming rights:**

Together with the rights to name the stadium DHL Stadium, DHL also secured the right to brand certain areas within the stadium.

The application of the name change from Cape Town Stadium to that of DHL Stadium has been fully implemented. A significant shift has been noted in the market place, with media and the general public largely embracing the name change and referring to the stadium by the correct designated name of DHL Stadium. This was a critical milestone to achieve as it is the manner in which the naming rights partner derives value. Work will continue into the future to reinforce the name of DHL Stadium in the market place.

The naming rights branding has been erected in and around the stadium and events such as the United Rugby Championship quarter final, semifinal and final matches saw DHL gain exposure in South Africa and throughout Europe.

We continue to work together with the City to derive further value for DHL, and in particular to secure signage on the external façade of the stadium.

- **Sale of advertising inventory:**

The advertising inventory is the permanent signage within the stadium that has commercial value to advertisers. It includes the tier branding in the stadium bowl that attracts television coverage as well as areas around the stadium that provide exposure to spectators.

The advertising inventory has been fully categorised and independently priced by Nielsen Sport, an independent expert. Treble Agency was successfully awarded the tender to represent the inventory in the market place in August 2021, and is currently in the process of identifying opportunities and promoting the inventory in the market.

To a large extent, the inventory is linked to Western Province Rugby playing their matches at the stadium and the fact that we are able to offer these matches as part of the exposure advertisers secure.

- **Securing Anchor Tenant:**

Western Province Rugby commenced their 2021/22 season at DHL Stadium and have played the majority of the season's matches at the stadium.

While the DHL Stormers have settled into playing their matches at the stadium, the appointment of the SARU Administrator in October 2021 has resulted in a delay in the signing of the Anchor Tenant Agreement and Suite Concession Agreement.

While this has not negatively impacted on the DHL Stormers matches being played at the stadium, and the relationship has settled to a point where the team feels 'at home' at DHL Stadium, it has had a negative impact on the ability for Western Province Rugby to commence the sale of suite concession rights to their suite holders and for CTS to commence sale of the Business Lounge Membership, as to do so requires agreements to be in place.

It is anticipated that these agreements will be concluded in the near future.

- **Strategy for retail and other space:**

The DHL Stadium has a number of areas that could be utilised for further development and commercial activity. These have been categorised into three main opportunities:

- **Fritz Sonnenberg Road corridor:** There is the opportunity to develop shop fronts along the Fritz Sonnenberg Road section of the stadium – this would see a row of coffee shops, restaurants and concept stores operating on a daily basis, complementing the event-day activities of the stadium;
- **Office space:** Two areas of office space of 714 m² each have been identified as areas that could be rented commercially; and
- **Parking:** The use of the CTS parking area for non-event-day parking.

These opportunities will be explored in more detail over the next two years and due process will be followed for each area identified.

It is critical that any such potential development links to the core business of the stadium – which is delivering large spectator events. It is important that whatever plan is adopted takes the impact of eventing into account to ensure that the services are complementary.

6.3 OPERATIONS AND EVENTS DEPARTMENT

Mandate

The Operations and Events Department is responsible for the asset preservation, operations and event management of the stadium.

The Department offers a comprehensive service offering to event organisers including the booking, planning and hosting of all events at DHL Stadium. The department plays a key role in the acquisition and retention of all events.

Strategic objective

The strategic objectives of the Operations and Events Department are as follows:

- the maintenance, management and preservation of the DHL Stadium, ensuring that it remains a world-class multipurpose facility that is capable of attracting and hosting international and domestic showcase events;
- negotiating and securing a robust calendar of events well in advance that makes best use of the scarce event days in each year;
- the planning and hosting of all events including bowl events, non-bowl events, film shoots, trade shows and other bespoke events;
- client management of all event organisers providing strategic and operational delivery on all events and environmental management systems;
- optimal management of technical service providers including safety, security, cleaning, information technology and other maintenance contractors; and
- ensuring the asset and the events hosted are compliant with all relevant legislation and legislative requirements including those of a venue as defined by the Safety at Sports and Recreational Events Act, 2010.

2021/22 highlights and successes

• Event hosting

The department has hosted 145 events against the targeted 135 events for the 2021/22 financial year. With the restriction of spectator-attending events commencing in March 2020, the loss of spectators occurred between the last quarter of the 2021/22 financial year and the last quarter of the 2020/21 financial year. In total, a 24-month period was affected.

While spectator attendance at events was also down in the previous year with 275 226 spectators, the spectator yield of 226 966 achieved was higher than the projected 57 000. The reason that there was a greater number of events in the 2020/21 financial year was because of the limitation on the number of people at an event, with the focus then shifting to permissible events such as broadcast events and smaller events with social distancing in place.

With the pandemic-related restrictions now removed, future years will be benchmarked against the number of spectators in any given year, as the core business focus is to secure bowl events that generate a large spectatorship.





- **Spectator attendance**

YEAR	SPECTATORS	NUMBER OF EVENTS
2021/22	226 966	145
2020/21	275 226	103
2019/20	525 216	104

Table 4: Spectator attendance and event numbers over the past three years

When taking into account that the restrictions on spectators were only lifted in May 2022, it is clear that there was a dramatic increase in spectatorship as soon as legislation allowed. It is anticipated that this trend will continue into the future, with very little, if any, reservations from spectators returning to mass spectator events.

The events and film industries were two of the hardest sectors impacted by the pandemic. While the events industry was slowly able to re-open in the last quarter of the 2021/22 financial year, it still faced challenges with regard to staff shortages and cash flow issues. CTS has remained committed to supporting the industries' recovery by collaborating with event organisers to rebuild, attract and host a wide range of events during the 2021/22 financial year. To this end, DHL Stadium was the official host venue for the 2022 annual Cape Town Events Industry Engagement, hosting over 400 events industry stakeholders.

- **Project management excellence**

CTS has been nominated for the International Project Management Association (IPMA) Global Excellence Award in the category "Delivering Project Excellence" in recognition of the completion of the additional hospitality suites and facilities at DHL Stadium. Recognising global project management excellence, CTS is now shortlisted to one of the top three projects. The awards are to be held in November 2022 in Amsterdam.

- **Environmental sustainability**

CTS received the SALI Gold Award of Excellence for water-wise conservation, pitch and landscaping maintenance in 2022.

As part of its continued commitment to deliver on its event environmental sustainability objectives, CTS has implemented a recycling programme, an educational awareness programme for staff, and promotes the use of natural ventilation at events. CTS actively collaborates with event organisers to deliver sustainable events through the reduction of their event carbon footprint.

- **Managing energy**

While South Africa has been faced with ongoing load-shedding and the related disruption to business, CTS has experienced minimal impact due to possessing the capacity to generate 4 MW power supply output from backup or essential generators. This excludes the further capacity to run the sports or flood lights autonomously from the supply authority's electrical grid.

The stadium has implemented further energy-saving techniques and internal load-reduction techniques by isolating non-essential equipment and adjusting timers to accommodate specific event spaces, while considering the health and safety of employees, visitors, contractors and patrons.

There is, however, clear evidence that the electrical and electronic equipment are being adversely affected by the constant switching between power sources, thus reducing the originally designed operating lifespan. This will be taken into account in future planning.

- **Integrated Events Management Forum**

DHL Stadium's Integrated Events Management Forum is hosted monthly in order to ensure that planning and implementation with regard to the acquisition, hosting and retention of events are done in line with the Integrated Events Strategy.

This forum ensures that the Senior Management Team is aligned in its objectives and that the core function securing and hosting events that ultimately lead to CTS being financially sustainable, is realised.

The stadium has maintained its position as a sought after multi-functional facility and hosted 37 bowl events, 84 non-bowl events and 24 film shoots.

- **Maintenance**

The maintenance approach defines key systems and their management with the goal of maintaining a healthy, comfortable, energy-efficient and economical building. This is achieved while always keeping in mind that the purpose of these systems is to support the optimal use of the facility, including the short notice of impending events.

These goals are accomplished through well-managed systems and preventative maintenance programmes. Cost containment is achieved by avoiding the extra costs that are the inevitable result of a lack of preventative maintenance and by utilising appropriate conservation and efficiency strategies.

The approach to the maintenance activities during Covid-19 period had to support the structure and long-term maintenance activities as well as ensure the readiness of the facility to support the change in legislation if and when it was announced. This meant that the plant and equipment were kept in a constant state of readiness.

The undertakings between the CTS and various contracted service providers ensured that a basic level of agreed, priority-based maintenance would be upheld throughout these periods of uncertainty.

The respective undertakings focused on the following tasks, utilising the necessary essential skills available:

- **Preventative maintenance:** regular, scheduled maintenance and system testing to ensure compliance and readiness;
- **Corrective maintenance:** identified areas through preventive maintenance that require further attention and can be done through internal resources;
- **Reactive maintenance:** unplanned identified maintenance that occurs through facility use, vandalism or other day-to-day activities;
- **Emergency maintenance:** activities that stop or significantly reduce immediate damage to facilities and protect human life; they restore essential services; and
- **Non-maintenance (or 'run-to-fail'):** activities includes activities that are often performed by technical employees, but do little to maintain or extend the life of the stadium facilities.

The following protocols were developed to govern the following maintenance services:

- Fire and Access Control System Maintenance System
- Audio Visual System Maintenance Services
- Safety and Security Services
- Cleaning and Waste Management Services
- Pitch and Landscaping Maintenance Services
- General Building Maintenance Services
- Specialised Stadium Infrastructure Cleaning Services
- Electrical, Lighting: power Generation system
- HVAC and Mechanical Pump Maintenance Services
- Lift Maintenance Services

CTS has achieved 100% compliance on all its preventative maintenance and management programmes.

- **Business continuity and compliance**

CTS business continuity was approved in the 2020/21 financial year. Since its approval, management has ensured the testing of relevant critical processes to enable the stadium to respond proactively to crises, acute shock or chronic organisational stresses. The Business Continuity Plan played a pivotal role in outlining the organisational response to mitigate the challenges experienced during the Covid-19 pandemic.

CTS has achieved 100% compliance on all health and safety management programmes. It has also received its new Safety and High Risk Grading Certificate incorporating the additional suites that were built. The grading certificate is obtained as contemplated in Section 8 of the Safety at Sports and Recreational Events Act, 2010.

DHL Stadium is the only sport and recreational facility in the Western Cape categorised to host high-risk events.

6.4 INTERNAL COMPANY SERVICES DEPARTMENT

Mandate

The Internal Company Services Department leads and manages the internal company services function to ensure effective and efficient organisation-wide support with regard to administrative, human resource, legal and company secretariat-related services to all employees and board members of the Entity.

Strategic objectives

The strategic objectives of the Internal Company Services Department are as follows:

- to ensure an environment that will optimise the potential of its HR capital. It achieves this through focused skills development and training, and will contribute to identified interventions to ensure a highly motivated staff contingent;
- to ensure the smooth functioning of all the Entity's departments by providing all required HR and admin-related support functions;
- to provide management with all relevant reports and business intelligence that supports informed decision-making;
- to provide support to the CTS by collating and finalising all information related to performance management quarterly reports, performance indicator measurement sheets (PIMS), compliance management system (CMS) reports on events exceeding 20 000 in attendance, SDBIP submissions and legal requests; and
- to assume responsibility for the management, oversight and evaluation of the appointed Company Secretary.

2021/22 highlights and successes

- **Human resources**

Human resources played an important part in contributing towards the filling of three vacancies at CTS during the financial year. Vacancies were filled for a project administrator for the Events Department, a finance clerk for the Finance Department, and for a student assisting the Finance Department. The appointment of students is important as it allows the Entity to contribute towards on the job training and capacitating individuals for possible future employment opportunities.

Staff development remain, a strategic priority for the municipal entity. An individualised skills plan was developed to ensure that all staff are afforded relevant training opportunities in line with their professional development plans (PDPs), as indicated in their performance management templates. The process was successfully concluded with inputs obtained from both employees and managers. A target of 70 training interventions was set for the year and was surpassed.

CTS achieved an absenteeism rate of less than 5% for the financial year.



- **Administrative systems**

Administrative systems that were refined in the 2021/22 financial year included those relating to records management, archiving, registry, stock and stores control. These were put to the test and proved to be effective.

- **Company Secretary**

The company secretary function is outsourced to Kilgetty Statutory Services South Africa (Pty) Ltd. While stringent monitoring of service provider timelines was required at times, the service was successfully delivered throughout the year. Regular monitoring, communication and evaluation were implemented to ensure the required standards were maintained throughout the year.

The board and subcommittees successfully hosted all scheduled meetings required for the year, ensuring compliance with legislation and the relevant terms of references.

- **Legislative compliance**

- The department facilitated the drafting of corporate indicators as prescribed and in line with the City's Integrated Development Plan (IDP).
- A score of 100% was achieved for the completion of all declaration of interest submissions;
- The department reported on a quarterly basis on the compliance of targets as set out in the SDBIP; and
- A total of 145 legal agreements were entered into with clients.

6.5 FINANCE DEPARTMENT

Mandate

The mandate of the Finance Department is to provide a financial support function to CTS. The department also oversees the supply chain management function and ensures that the contract management process is completed in line with the MFMA.

Strategic objectives

As a support department to the Entity, the department's role includes the day-to-day support as well providing support in meeting the strategic objectives of the Entity. The Entity has to function in a commercial market, while also meeting the compliance requirements of the MFMA. The key strategic objectives are outlined below:

- provide day-to-day finance support to all departments;
- accurate financial reporting to management, the CTS board and the City of Cape Town;
- compliance financial reporting in terms of National Treasury financial reports and the MFMA;
- obtain a clean audit;
- achieve 100% asset verification;
- implement and set up the Entity's supply chain processes and systems;
- award all tenders as per the demand management plan;
- roll-out of the next phase of business financial reports;
- complete all internal audits as per the approved internal audit plan.

2021/22 highlights and successes

- **Supply chain management**

The City provides administrative supply chain management support to CTS as part of its Service Delivery Agreement. There are currently 23 tenders in place, all of which terminate on 30 June 2023. These contracts are split between operational contracts, which are for the maintenance and operations of the asset, and the commercial contracts, which enable the generation of commercial income. All contracts are monitored on a monthly basis on the Entity's own contract monitoring system.

On a quarterly basis, an update on the contract monitoring system report is provided to the board and sub-committees. The Entity has its own supply chain management policy and has its own Bid Adjudication Committee, which consists of members that are appointed by the Entity. There were no tenders awarded during the 2021/22 financial year and therefore there were no Bid Adjudication Committee meetings held for the year.

The Entity is moving towards being independent from the City. With all 23 contracts terminating on 30 June 2023, the new tender process had to commence timeously in order to award the new tenders prior to the termination date. The Entity has appointed its own Supply Chain Management practitioner to focus on ensuring that these 23 contracts are awarded timeously, and to assist with the long-term set up of systems and processes where this supply chain management function will be performed internally.

- **Financial**

CTS achieved a 'clean audit' for the 2021/22 financial year. This is the fourth "clean audit" in a row. The Municipal Entity has achieved 'clean audits' since it was established. CTS also achieved:

- 98% asset verification for the 2021/22 financial year;
- 129% of its revenue target; and
- 31% saving on grant funding.

Financial accounting system

In the previous financial year, the need for a standalone accounting system was identified in order to correctly verify and report on the commercial revenue streams. Given the nature of the reporting requirements, the utilisation of SAP would have required customisation that would have been too costly and time consuming. The decision was made to procure an 'off the shelf' package to manage all commercial revenues, with a reconciliation back to SAP to ensure completeness.

The system was successfully implemented in the financial year under review, and the reporting schedules were completed and implemented for all commercial revenues.



7. BROAD-BASED BLACK ECONOMIC EMPOWERMENT



7. BROAD-BASED BLACK ECONOMIC EMPOWERMENT

MANAGEMENT CONTROL

Categories	Number	%	Race	Gender
Board	2	40%	W	M
	1	20%	A	M
	2	40%	C	F
Executive directors	1		W	M
Non-executive directors	All members of the board except for the CEO are non-exec directors			
Senior management	All entity staff were seconded by the City and they remain City employees, which the City will report on in terms of this requirement			
Middle management				
Junior management				

SKILLS DEVELOPMENT

Categories	Number	Race	Gender
2022			
Seconded employees	11	C	F
	4	C	M
	3	B	F
	6	W	M
	2	W	F
	1	B	M
	1	I	F
Internships, apprenticeships, learnerships	1	B	F
2021			
Seconded employees	13	C	F
	2	B	F
	1	W	F
	1	I	F
	5	B	M
	4	C	M
	2	W	M
	1	I	M
Internships, apprenticeships, learnerships	1	B	F

ENTERPRISE AND SUPPLIER DEVELOPMENT

2022

Total spend	67 049 269	
Total number of suppliers	44	
Total % B-BBEE spend	90%	
	Total suppliers	Total spend
Spend below R100 000 per supplier	23	404 595
Spend between R100 000–R500 000 per supplier	4	1 098 164
Spend between R500 000–R1 000 000 per supplier	5	3 322 261
Spend between R1 000 000–R2 000 000 per supplier	2	3 152 927
Spend between R2 000 000–R5 000 000 per supplier	7	29 842 648
Spend more than R5 000 000 per supplier	3	29 228 674
	44	67 049 269

2021

Total spend	43 057 943	
Total number of suppliers	35	
Total % B-BBEE spend	73%	
	Total suppliers	Total spend
Spend below R100 000 per supplier	19	535 991
Spend between R100 000–R500 000 per supplier	1	160 396
Spend between R500 000–R1 000 000 per supplier	4	2 741 659
Spend between R1 000 000–R2 000 000 per supplier	2	3 525 830
Spend between R2 000 000–R5 000 000 per supplier	7	21 943 486
Spend more than R5 000 000 per supplier	2	14 150 582
	35	43 057 944



8. ANNUAL FINANCIAL STATEMENTS



8. ANNUAL FINANCIAL STATEMENTS

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GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2022

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

The Entity entered into a service delivery agreement with the City for a period of 50 years with an option to renew for a further 49 years. Services to be provided by the Entity include:

- general facility operations
- events and entertainment services
- commercialisation
- marketing and hospitality
- finance, legal and administration management

The Entity is responsible for all maintenance required to provide services at the stadium, in accordance with the City's imposed maintenance standards.

The board of directors, in accordance with the provisions of the service delivery agreement, approved the company's commercialisation strategy as well as the commercial implementation plan 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, and more were identified, and contracts for these services were awarded during the 2020/21 financial year. These commercial tenders have the potential to substantially increase the income of the Entity.

The authorised share capital of the entity is 1 000 ordinary shares of a single class with no par value. The Entity has issued 100 ordinary shares with no par value.



DIRECTORATE AND ADMINISTRATION OF CAPE TOWN STADIUM

FOR THE YEAR ENDED 30 JUNE 2022

ADMINISTRATION

Registered office and postal address 1 Fritz Sonnenberg Road Green Point Cape Town 8051	Company Secretary Kilgetty Statutory Services South Africa (Pty) Ltd Waterford Office Park Waterford Sandton
Auditors The Auditor-General of South Africa 17 Park Lane Building Park Lane Century City 7441 Private Bag X1 Chempet 7442	Bankers Nedbank Ltd Fifth Floor Clock Tower Campus Clock Tower Precinct Cape Town 8001 PO Box 86 Cape Town 8000



DIRECTORATE AND ADMINISTRATION OF CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2022

DIRECTORS	
The directors of Cape Town Stadium for the period under review were:	
Independent non-executive directors	Executive director
Peter-John Veldhuizen Chairperson Appointed: 1 November 2017	Lesley de Reuck Chief executive officer Appointed as acting CEO: 1 February 2018 Appointed as CEO: 24 April 2018
Viola Manuel Deputy chairperson Appointed: 1 November 2017	
Samkelo Blom Appointed: 1 November 2017	
Limia Essop Appointed: 1 November 2017	
Martin van Staden Appointed: 1 November 2017	
Johannes Dique Appointed: 16 October 2018 Deceased: 25 January 2022	

DIRECTORATE AND ADMINISTRATION OF CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2022

BOARD COMMITTEES

Audit and Risk Committee

The following is the Audit and Risk Committee (the committee) report in respect of the financial year ended 30 June 2022.

Mandate

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

The committee has an independent role with accountability to both the board and the shareholders. It does not assume the functions of management, which remain the responsibility of the executive director, officers, and other members of management.

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

Composition of the committee

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

The committee meets at least four times a year. In the 2021/22 financial year, these meetings were attended by executive management as well as internal and external auditors. A quorum exists for all meetings. At least 50% of the committee members are required to be in attendance in order for the meeting to proceed.

Committee members	Qualifications
V Manuel (Chairperson)	MBA, Dip. Education, BA
J Dique (deceased 25 January 2022)	CA (SA), BCom (Hons)
L Ndaba	BCom, CIA, Cert. Ethics Officer
P Dala	PHD (IT), M.IT, CDPSE, CEH, CGEIT, CHFI, CISA, CISM, CISSP, COBIT, CRISC, LA27001
S Mzizi (terminated 1 November 2021)	BCom Hons: Financial Management, ACMA, CGMA, ACG
T Blok (appointed 1 November 2021)	CA(SA), BCom (Hons), CIA, CISA

The committee would like to pay a special tribute to the late Johannes Dique who was an independent board member and served as a member of the audit and risk committee until his passing. He was an instrumental in setting the Entity on the path of becoming financially sustainable whilst ensuring good governance. His passing has left a legacy that implies us to continue on this path to achieve this goal.

DIRECTORATE AND ADMINISTRATION OF CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Key responsibilities of the committee

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

The committee is required to:

- exercise oversight of the internal financial controls of the company;
- oversee the internal audit function, which is outsourced and reports directly to the committee;
- review and approve the internal audit plan;
- monitor the effectiveness of the internal audit function in terms of its scope of work, progress with the execution of the internal audit plan, and independence;
- oversee and review the expertise, resources and experience of the company's finance function;
- oversee the external audit process and approve the terms of engagement and remuneration of the external auditors, and review the effectiveness of the external audit process;
- ensure that any significant issues arising from the audit are brought to the committee's attention;
- oversee financial reporting risks;
- assist the board in ensuring that the Entity has implemented an effective policy and plan for risk management, which will enhance its ability to achieve its strategic objectives;
- monitor implementation of the risk management action plan and ensure that risk management assessments are performed continuously, and report to the board in this regard;
- oversee the development and annual review of a policy and plan for risk management to recommend for approval to the board, and ensure that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- ensure that the combined assurance received is appropriate to address all the significant risks facing the Entity and monitor the relationship between the assurance providers and the entity;
- oversee compliance with all applicable laws and regulations and review the effectiveness of the entity's systems for monitoring compliance;
- make recommendations to the board of directors, and advise the board, the accounting officer and management of the company on matters relating to: internal financial control and internal audit; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management and evaluation; effective governance; compliance with the MFMA; and other applicable legislation;
- see to any other matters and additional oversight functions as may be determined by the board from time to time.

The committee has a work plan in place to support its effective functioning during the year. The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its charter and that it has complied with all its legal, regulatory, and other requirements.

Internal controls

During the year under review, the committee:

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

DIRECTORATE AND ADMINISTRATION OF CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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

Risk management

During the year under review, the committee:

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

Internal audit

During the year under review, the committee:

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

The following assurance engagements were completed in the 2021/22 internal audit plan:

- percentage approved commercialisation programmes implemented as per approved plan
- annual financial statements review
- AGSA follow-up
- high-level review of financial information
- contract monitoring system

DIRECTORATE AND ADMINISTRATION OF CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Five internal audits, included in the 2021/22 internal audit plan, were completed and the areas for improvement were agreed to by management.

External audit

In the year under review, the committee:

- satisfied itself that the external auditors are independent of the company;
- considered the fees paid to the external auditors, as well as their terms of engagement, and found these to be acceptable;
- reviewed the external auditors' management letter and management's response thereto;
- concurred with the Auditor-General's opinion on the annual financial statements.

Annual financial statements

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

The financial statements are prepared in accordance with the basis of accounting determined by National Treasury, as set out in the accounting policy note 1 and in the manner required by the MFMA.

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



VC Manuel

Chairperson: Audit and Risk Committee



DIRECTORATE AND ADMINISTRATION OF CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2022

HUMAN RESOURCE (HR), SOCIAL AND ETHICS COMMITTEE

This report is presented by the HR, Social and Ethics Subcommittee (the committee) and explains how it has fulfilled its role in the year under review.

Mandate of the committee

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

Composition of the committee

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

Committee members	Qualifications
SM Blom (Chairperson)	BA, Dip. HR, Cert: Coaching
PJ Veldhuizen	LLM, MBA
L Essop	MAP, BSoc Sci, LLB
VC Manuel	BA, Dip. Education, MBA

Attendance of meetings

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

Responsibilities of the committee

The committee is responsible for:

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

Highlights

In the year under review, the HR, Social and Ethics Committee oversaw, and provided guidance on, people, leadership and organisational matters. In the previous financial year, the Entity implemented a new organisational structure, and much of the period under review was spent embedding and cascading that structure and ethos throughout the Entity.

Vacant senior roles were filled, new management was brought on board, and many staff members attended training and upskilling. The committee continued to provide support and guidance to the CEO and the executive team, while supporting the ongoing development of a people-centred organisation.

DIRECTORATE AND ADMINISTRATION OF CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2022

The executive management has also reviewed the values of the entity and aligned these to a customer-centric focus. The entity continues to invest in leadership development and aligning performance to agreed goals and targets. As a committee, we are grateful for the leadership and guidance provided by the CEO and the executive team.



SM Blom

Chairperson: Human Resource (HR), Social and Ethics Committee

EVENTS, MARKETING AND COMMUNICATIONS COMMITTEE

This report is presented by the Events, Marketing and Communication Subcommittee (the committee) and describes how it has discharged its duties in respect of the financial year ended 30 June 2022.

Mandate of the committee

The committee is governed by formal terms of reference, which have been approved by the board and are reviewed annually. The committee has an independent role with accountability to both the board and the shareholders. It does not assume the functions of management, which remain the responsibility of the executive director, officers, and other members of management of the entity. 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, of which all are independent non-executive directors of the board. They all hold appropriate qualifications and experience, and are nominated by the board and appointed by the City of Cape Town. The committee is chaired by Mr Martin van Staden and a quorum for meetings is 50% of members present.

Committee members	Qualifications
MJ Van Staden (Chairperson)	BCom Sports
L Essop	MAP, BSc Sci, LLB
VC Manuel	BA, Dip. Education, MBA

Attendance of meetings

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

DIRECTORATE AND ADMINISTRATION OF CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2022

Key responsibilities of the committee

The committee has the following responsibilities:

- oversee all events, marketing and communications-related issues;
- ensure communication, consultation and cooperation among the leadership regarding policies and procedures, including the following:
 - sharing best practices and knowledge;
 - providing opportunities for discussion;
 - coordinating policies and practice among the relevant sections;
- analyse and discuss data, and implement the processes to rectify incorrect data;
- coordinate the implementation of new systems, policies and processes in the various areas relating to events, marketing and communications;
- review proposals for business improvement processes to ensure compliance with established policies and, where necessary, recommend systems, policies and process changes arising from such reviews;

Highlights

During the year under review, there were still significant Covid-19 restrictions with regard to gatherings of people. Through the board, the committee lobbied the City of Cape Town to open stadiums again and allow fans to return. This happened in stages, and the stadium is once again fully operational and ready to welcome guests.

Another key highlight was the amended events and marketing strategy, which was aligned with the new commercial strategy. The committee has worked hard to approve and leverage the new naming rights partner (DHL) and finalise the anchor tenant agreement with Western Province Rugby.

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



M van Staden

Chairperson: Events, Marketing and Communications Subcommittee

COMMERCIAL COMMITTEE

This report is presented by the Commercial Subcommittee (the committee) and describes how it has discharged its duties in respect of the financial year ended 30 June 2022.

Mandate of the committee

The committee was established on 4 December 2020, and is governed by formal terms of reference, approved by the board. The committee has an independent role, with accountability to both the board and the shareholder. It does not assume the functions of management, which remain the responsibility of the executive directors, officers, and other members of management. The committee acts in an advisory and oversight capacity; it does not relieve the board of its responsibilities, but makes objective and independent recommendations.

DIRECTORATE AND ADMINISTRATION OF CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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

Composition of the committee

The committee comprises four members, all of who are independent non-executive directors with the appropriate qualifications and experience. They are nominated by the board and appointed by the City of Cape Town. The committee's acting chair is Mr M van Staden. A quorum for meetings is in place, with 50% of members required in order for meetings to proceed.

Committee members	Qualifications
MJ Van Staden (Chairperson)	BCom Sports
PJ Veldhuizen	LLM, MBA
VC Manuel	BA, Dip.Education, MBA
J Dique (deceased 25 January 2022)	CA(SA), BCom (Hons)

Attendance of meetings

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

Key responsibilities of the committee

The committee fulfils the following main responsibilities:

- oversees commercial-related issues;
- provides for communication, consultation, and cooperation among the leadership regarding policies and procedures, including the following:
 - sharing best practices and knowledge;
 - providing opportunities for discussion;
 - coordinating policies and practices among the relevant sections;
- monitors the implementation of new systems, policies, and processes in various relevant areas;
- reviews proposals for business improvement processes to ensure compliance with established policies and, where necessary, recommends systems, policies, and process changes arising from such reviews.

Highlights

In the year under review, the committee:

- considered and recommended the CTS Environmental and Event Sustainability Strategy and Policy directive for board approval;
- finalised and approved the new commercial strategy, specifically focused on the new naming rights implementation and the new food and beverage commercial strategy;
- made progress with the anchor tenant agreement with Western Province Rugby, which is anticipated to be finalised shortly.

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



M van Staden
Acting-Chairperson of the Commercial Subcommittee

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Meeting Type	Board Meeting	Audit & Risk Committee	HR, Social & Ethics Committee	Events, Marketing & Communications Committee	Commercial Subcommittee
NUMBER OF MEETINGS HELD	5	5	4	4	4
PJ VELDHUIZEN	5		4		4
L ESSOP	5		4	4	
J DIQUE (deceased 25 January 2022)	2	3			1
V MANUEL	5	5	4	4	4
M VAN STADEN	5			4	4
S BLOM	5		4		

Details of Director's meeting attendance 01 July 2021 – 30 June 2022

The directors are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements of the Entity. The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations of such statements issued by the Accounting Standards Board, the Local Government: Municipal Finance Management Act, 56 of 2003, Local Government: Municipal Systems Act 32 of 2000, and the Companies 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 66-90, are compiled for the financial period from 1 July 2021 to 30 June 2022 and were approved by the board of directors and signed by the chief executive officer (CEO) on behalf of Cape Town Stadium (RF) SOC Ltd.



L de Reuck
Chief Executive Officer
31 August 2022

COMPANY SECRETARY CERTIFICATE

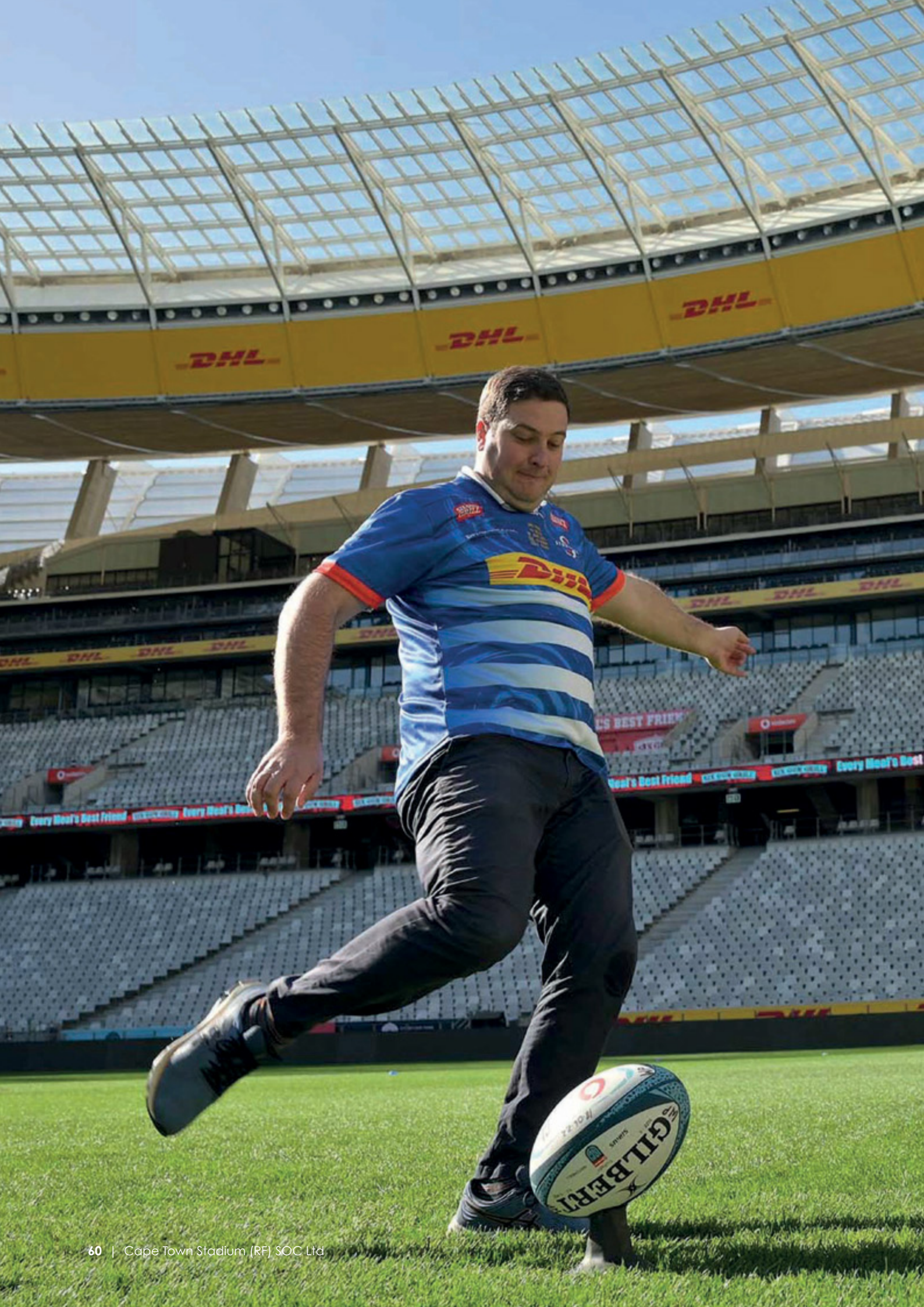
FOR THE YEAR ENDED 30 JUNE 2022

In terms of Section 88(2)(e) of the Companies Act of South Africa Act, 71 of 2008 (the act), I certify that the Entity has lodged with the Companies and Intellectual Property Commission, all returns and notices as required by the act in respect of the financial year ended 30 June 2022, and that all such returns and notices are true, correct and up to date.



Kilgetty Statutory Services South Africa (Pty) Ltd
Company Secretary
31 August 2022





REPORT OF THE AUDITOR-GENERAL

TO WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF CITY OF CAPE TOWN ON CAPE TOWN STADIUM (RF) SOC LIMITED

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Cape Town Stadium (RF) SOC Limited set out on pages 66-90, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cape Town Stadium (RF) SOC Limited as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act, 2008 (Act No. 71 of 2008) (the 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 my report.
4. I am independent of the municipal entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting officer for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected strategic focus areas presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipal entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
12. I evaluated the usefulness and reliability of the reported performance information in accordance

Strategic focus areas	Pages in the annual performance report
Strategic focus area 1: opportunity city	91-92

with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus areas presented in the municipal entity's annual performance report for the year ended 30 June 2022:

13. I performed procedures to determine whether the reported performance information 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.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic focus area:
 - Strategic focus area 1: opportunity city

Report on the audit of compliance with legislation

Introduction and scope

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

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

Internal control deficiencies

21. 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.

Cape Town
30 November 2022

Auditor-General



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 relating to events or conditions that may cast significant doubt on the ability of the municipal entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

Rand (R)	Note	2022	2021
ASSETS			
Current assets		26 869 004	6 527 528
Cash and cash equivalents	8	5 520 411	3 000
Services in-kind benefit	10	2 434 800	2 010 000
Receivables from non-exchange transactions	11	7 805 063	4 384 185
Receivables from exchange transactions	11	11 108 730	130 343
Total assets		26 869 004	6 527 528
NET ASSETS AND LIABILITIES			
Net assets		2 434 800	2 010 000
Share capital	9	-	-
Accumulated surplus/(deficit)		2 434 800	2 010 000
Current liabilities		24 434 204	4 517 528
Payables from exchange transactions	12	8 277 889	3 846 748
Other payables	12	15 413 734	133 343
Value-added tax	13	742 581	537 437
Total net assets and liabilities		26 869 004	6 527 528

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2022

Rand (R)	Note	2022	2021
REVENUE			
Exchange revenue	2	38 142 426	3 265 908
Rental of facility		15 715 269	1 806 141
Other income		22 427 157	1 459 767
Non-exchange revenue	3	50 022 178	72 845 531
Contributions		41 914 680	65 237 465
Services in-kind received		8 107 498	7 608 066
Total revenue		88 164 604	76 111 439
EXPENDITURE			
Board members' remuneration		334 708	348 225
Contracted services	4	50 894 236	42 003 392
Employee costs	5	1 432 594	1 389 814
Security services		6 331 420	6 357 173
Cleaning costs		5 992 828	4 850 290
Consultants		1 040 544	3 145 012
General expenses	6	21 713 474	18 017 533
Total expenditure		87 739 804	76 111 439
Surplus/(deficit) before taxation		424 800	-
Taxation		-	-
SURPLUS/(DEFICIT) FOR THE PERIOD		424 800	-

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2022

	Rand (R)	Note	Share capital	Accumulated surplus/ (deficit)	Total
Balance at 1 July 2020			-	2 010 000	2 010 000
Surplus/(deficit) for the year			-	-	-
Share issues		9	-	-	-
Balance at 30 June 2021			-	2 010 000	2 010 000
Surplus/(deficit) for the year			-	424 800	424 800
Balance at 30 June 2022			-	2 434 800	2 434 800

The accumulated surplus is a result of the adoption of GRAP 23 in relation to the services in-kind asset recognition. During the current year, a valuation was performed on the market rental resulting in a surplus for the year.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

Rand (R)	Note	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from contributors and others		65 595 537	68 441 691
Cash payments to suppliers		(60 140 430)	(68 438 691)
Cash generated/(utilised) by operations	7	5 455 107	3 000
Finance income received		62 304	-
Net cash flow from operating activities		5 517 411	3 000
Net increase/(decrease) in cash and cash equivalents		5 517 411	3 000
Cash and cash equivalents at beginning of the year		3 000	-
Cash and cash equivalents at the end of the year	8	5 520 411	3 000



STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2022

FINANCIAL PERFORMANCE	APPROVED BUDGET R	FINAL BUDGET R	ACTUAL R	FAVOURABLE/ (UNFAVOURABLE) VARIANCE	VARIANCE %
Board members' remuneration	460 474	460 474	334 708	125 766	27,31
Employee costs	1 408 550	1 457 848	1 432 594	25 254	1,73
Contracted services	55 401 442	52 860 906	50 894 236	1 966 670	3,72
Security services	8 390 342	10 227 444	6 331 420	3 896 024	38,09
Cleaning costs	10 002 114	7 252 114	5 992 828	1 259 286	17,36
Consultants	1 858 052	1 520 951	1 040 544	480 407	31,59
Services in-kind utilised	6 733 801	6 733 801	7 682 698	(948 897)	(14,09)
General expenses	16 822 412	16 872 412	14 030 776	2 841 637	16,84
Total expenditure	101 077 187	97 385 950	87 739 804	9 646 146	9,91
Rental of facility	26 971 534	22 988 306	22 151 394	(836 912)	(3,64)
Other income	6 887 588	6 370 816	15 991 032	9 620 216	151
Services in-kind received	8 743 801	6 733 801	8 107 498	1 373 697	20,40
Contributions	60 484 264	61 293 027	41 914 680	19 378 347	31,62
Total revenue	103 087 187	97 385 950	88 164 604	9 221 346	9,47
Surplus/(deficit) for the year	2 010 000	-	424 800	424 800	

*For the purposes of this statement, rights fee income forms part of rental of facility revenue.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Cape Town Stadium (RF) SOC Ltd, which are in all material respects consistent with those applied in the previous year, are set out below.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards issued by the Accounting Standards Board (ASB) and approved by the minister of Finance as effective in accordance with Section 122(3) of the Local Government: Municipal Finance Management Act, 56 of 2003.

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

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

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

GOING-CONCERN ASSUMPTION

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

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

- **Going concern** – Management considered key financial metrics and approved medium-term budgets, the impact of the Covid-19 pandemic, the associated conditions of a general economic downturn, together with the municipal entity's dependency on a grant from the City of Cape Town, to conclude that the going-concern assumption used in compiling its annual financial statements, is appropriate.
- **Budget information** – Variances between budget and actual amounts are regarded as material when there is a variance of 10% or greater in the statement of financial performance. All material differences are explained in note 16 to these annual financial statements.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

- **Impairment of trade receivables from exchange transactions** – The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, as well as an assessment of their ability to make payments, based on their credit worthiness. This was performed for all debtors.

ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective and adopted in the current year

There are no new GRAP standards that are applicable and effective in the current year.

Standards and interpretations early adopted

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

Standards and interpretations issued, but not yet effective

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

Annual periods commencing on or after 1 April 2023:

- Amendments to GRAP 1 on the presentation of financial statements
- Improvements to Standards of GRAP (2021)
- IGRAP 21 on the effect of past decisions on materiality

The purpose of the amendments and improvements to the Standards of GRAP is to better align with recent international developments. The amendments result in better information being available to make decisions about financial assets and their recoverability, as well as more transparent information on financial liabilities.

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

Annual periods commencing on or after 1 April 2025:

- GRAP 104 on Financial Instrument
- GRAP 25 on Employee Benefits

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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

GRAP 25 was revised in 2021 to align it with IPSAS 39. Areas, where GRAP 25 departs from the requirements of IPSAS 39, are explained in the basis for conclusions. The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans.

Management has considered all of the above GRAP standards issued, but not effective, and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the entity.

CASH AND CASH EQUIVALENTS

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

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

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

VALUE-ADDED TAX

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

INCOME TAX

The Cape Town Stadium (RF) SOC Ltd is registered for income tax. Income tax is recognised in surplus or deficits.

REVENUE RECOGNITION

Revenue comprises the invoiced services net of value-added tax, rebates and all discounts. Revenue arising from the rendering of services is recognised when the event takes place. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the Cape Town Stadium (RF) SOC Ltd, and when these benefits can be reliably measured. Revenue is measured at the fair value of the consideration receivable.

REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions relates to income earned from venue rental and other services including rights fees, advertising fees, rebates income, rental income and commercial income. The income is recognised as per the contractual agreement between the client and the Cape Town Stadium (RF) SOC Ltd. Rebate income is recognised through the rebates earned from preferred suppliers, where their services are utilised by the entity's clients.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

LEASES

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

TRADE PAYABLES

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

RECEIVABLES

Receivables that arise out of contractual rights are classified as contractual receivables.

Contractual receivables are recognised initially at fair value plus transactional cost, which approximates amortised cost.

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

BUDGET INFORMATION

The annual budget figures have been prepared in accordance with GRAP standards on an accrual basis, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

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

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

SERVICES IN-KIND

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

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

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

COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

RELATED PARTIES

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

OFFSETTING

Assets and liabilities as well as revenue and expenses are offset and the net amount is reported in the annual financial statements when there is a legally enforceable right to offset 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 (continued)

FOR THE YEAR ENDED 30 JUNE 2022

2. EXCHANGE REVENUE

Rand (R)	2022	2021
Rental of facility	15 715 269	1 806 141
Bowl events	10 589 145	1 037 026
Non-bowl events	4 416 800	597 700
Film shoots	709 324	171 415
Other income	22 427 157	1 459 767
Stadium tours	1 761	-
Interest income	82 944	-
Advertising income	12 800 750	-
Rental income	1 848 144	-
Rebates income	3 105 578	147 767
Rights fees	4 587 980	1 312 000
Total exchange revenue	38 142 426	3 265 908

Notes:

- Non-bowl events and film shoots exclude the use of the pitch area to host the event.
- Advertising income comprises the naming rights income as well as the sale of advertising space in the stadium.
- The comparative figures of the rental of facility revenue have been restated to reflect net revenue. The direct costs associated with the rental of facility revenue were offset against this revenue, as these costs were fully recovered. The gross revenue for the 2021 financial year was R2 748 054 and the direct cost was R941 913 resulting in a net revenue of R1 806 141.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

3. NON-EXCHANGE REVENUE

Rand (R)	2022	2021
Contributions		
City of Cape Town	41 914 680	65 237 465
Analysis of government grants and subsidies		
Operating	41 914 680	65 237 465
Services in-kind		
Services in-kind received	8 107 498	7 608 066
TOTAL	8 107 498	7 608 066

Notes:

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

4. CONTRACTED SERVICES

Building contracting services	7 008 721	6 885 833
Electrical services	7 068 746	5 413 910
Information technology services	8 601 870	4 249 596
Grading of sport fields	3 408 594	2 710 322
Servicing of equipment	534 326	520 117
Event costs	674 860	14 260
Company secretarial service	389 600	-
Administrative and support costs	23 159 879	22 198 497
Other	47 640	10 857
TOTAL	50 894 236	42 003 392

Note:

- The comparative figures of the contracted services (event cost) have been restated due to revenue being disclosed as net revenue. The event costs (R350 343) associated with the rental of facility revenue were offset against revenue as these costs were fully recovered. The balance of the direct costs relates to cleaning R191 138 and security R400 432, equating to the total direct costs of R941 913, which were offset against revenue as, disclosed in note 2.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

5. EMPLOYEE COSTS

Rand (R)	2022	2021
Employee costs	1 432 594	1 389 814
TOTAL	1 432 594	1 389 814

6. GENERAL EXPENSES

Municipal services	9 353 667	8 278 152
Auditors' remuneration	509 046	726 859
Printing and stationery	199 663	182 736
Licences	368 161	223 968
Legal	643 540	253 511
Fuel	904 902	283 094
Commission	1 370 125	-
Services in-kind utilised	7 682 698	7 608 066
Other expenditure	681 672	461 147
TOTAL	21 713 474	18 017 533

7. CASH GENERATED/(UTILISED) FROM OPERATIONS

Surplus/(deficit) before tax	424 800	-
Adjustment for:		
Finance income	(62 304)	-
Services in-kind received	(8 107 498)	(7 608 066)
Services in-kind expenses	7 682 698	7 608 066
Movements in working capital		
Decrease/(increase) in receivables	(14 399 265)	(61 682)
(Decrease)/increase in payables	19 711 532	918 053
(Decrease)/increase in net VAT	205 144	(853 371)
Cash generated/(utilised) from operations	5 455 107	3 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

8. CASH AND CASH EQUIVALENTS

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

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

Rand (R)	2022	2021
Current account		—*
Cash on hand	2 555	3 000
The following bank accounts were held by the entity		
Nedbank – Current account	5 517 856	—

Notes:

- *The bank account balance is in relation to the bank account created for the purposes of the new commercial model.
- The main bank account continues to be swept daily to the City of Cape Town's bank account as the City administers all payments on behalf of the entity and covers the shortfall of the operational expenditure through the grant, in accordance with the service delivery agreement (SDA).

9. SHARE CAPITAL

The authorised share capital of the Cape Town Stadium (RF) SOC Ltd is 1 000 ordinary shares of a single class with no par value. The entity has issued 100 ordinary shares with no par value to the City of Cape Town on 1 November 2017. The City of Cape Town is the sole shareholder of the company.

Authorised ordinary shares	1 000	1 000
Issued ordinary shares at no par value	100	100

10. SERVICES IN-KIND BENEFIT

The services in-kind balance is made up as follows:		
Short-term portion	2 434 800	2 010 000
Long-term portion	—	—
Value of services in-kind benefit at 30 June	2 434 800	2 010 000

Notes:

- This is a non-cash charge and arose as a result of the GRAP 23 accounting recognition of the service in-kind benefit.
- The increase in services in-kind benefit is due to a market valuation that was performed during the year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

11. RECEIVABLES FROM NON-EXCHANGE AND EXCHANGE TRANSACTIONS

Rand (R)	2022	2021
Receivables from non-exchange transactions	7 805 063	4 384 185
Receivables from exchange transactions	11 108 730	130 343
Total	18 913 793	4 514 528
Receivables age analysis		
Current (0–30 days)	11 413 234	4 410 028
31–60 days	276 743	-
61–90 days	34 004	-
91–120 days	32 506	-
+120 days	7 157 306	104 500
Total	18 913 793	4 514 528

Notes:

- Receivables from non-exchange transactions relate to the grant payment due from the City of Cape Town as denoted in the service delivery agreement (SDA) between the City and the Cape Town Stadium (RF) SOC Limited.
- The carrying value of these receivables is denominated in South African Rand.
- The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.
- The entity does not hold any collateral as security.

12. PAYABLES FROM EXCHANGE TRANSACTIONS AND OTHER PAYABLES

Payables from exchange transactions	8 277 889	3 846 748
Other payables	15 413 734	133 343
Total	23 691 623	3 980 091

Notes:

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

13. VALUE-ADDED TAX

Rand (R)	2022	2021
VAT payable	742 581	537 437

14. OPERATING LEASE COMMITMENTS

Lessee

Cape Town Stadium		
Payable within one year	100	100
Payable within two to five years	400	400
Payable after five years	4 237	4 337
Total	4 737	4 837

Lessee

- Future minimum lease payments for the operating lease relates to the lease from the City of Cape Town for a period of 50 years for use of the Cape Town Stadium.
- The remaining lease term is 47 years and 4,5 months.
- Minimum lease payments, recognised as an expense during the period, amount to R100.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

15. RELATED PARTY

Parent municipality

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

Related party transactions

Rand (R)	2022	2021
Revenue:		
Services in-kind received	8 107 498	7 608 066
Grants and subsidies received	41 914 680	65 237 465
Expenditure:		
Contracted services	23 159 879	22 198 497
Municipal services	9 353 667	8 278 152
Services in-kind utilised	7 682 698	7 608 066
Lease rental	100	100
Related party balances		
Amounts owing to City of Cape Town	15 413 734	984 191
Amounts due by City of Cape Town	7 805 063	4 384 185

Executive management

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

15. RELATED PARTY (continued)

Directors' remuneration

Non-executive directors' remuneration

Rand (R)	2022	2021
Peter-John Veldhuizen (Chairperson)	70 073	70 966
Viola Manuel	98 968	90 105
Samkelo Blom	51 168	52 152
Martin van Staden	66 410	62 401
Limia Essop	55 082	52 328
Johan Dique	39 204	65 263
TOTAL	380 905	393 215

Executive directors' remuneration

Rand (R)	Annual salary	Bonus	Allowances	Social contribution	Total
2022					
Chief executive officer					
Lesley de Reuck	1 818 193	-	160 993	284 974	2 264 160
Chief financial officer					
Fairoza Parker	1 432 594	-	-	16 576	1 449 170
	3 250 787	-	160 993	301 550	3 713 330
2021					
Chief executive officer					
Lesley De Reuck	1 611 686	-	161 603	268 762	2 042 051
Chief financial officer					
Fairoza Parker	1 389 814	-	-	13 199	1 403 013
	3 001 500	-	161 603	281 961	3 445 064

The chief executive officer's remuneration is included in contracted services.

Other related party

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

16. BUDGET INFORMATION

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

Statement of financial performance

(i) Board member's remuneration

Board fees did not increase in the current year, although an annual increase had been factored into the budget. This has realised savings.

(ii) Security services

The savings on security services cost are due to the fact that allowance was made in the budget for event security, but the event security costs have been offset as a direct cost against revenue from facility rental.

(iii) Cleaning costs

The savings on cleaning services cost are due to the budget including an allowance for event cleaning, but actual event cleaning costs were offset against facility rental revenue.

(iv) Consultants

The savings on the consultant's costs are mainly due to cost management initiatives implemented by the Entity.

(v) Services in kind utilised and received

The variances are mainly because of the increase in the valuation of the asset, which resulted in the increase in the market related rental.

(vi) General expenses

The savings on general expenses are mainly due to cost management within advertising, internet, legal, conferences and travel expenditure categories.

(vii) Other income

The favourable variance on other income is due to the additional income earned from the commercial model for the events which were hosted once the Covid-19 restrictions were lifted. Another contributor to the favourable variance is the ongoing negotiations with the anchor tenant. This agreement has not yet been finalised and, as a result, all the revenue earned from the naming rights has been recognised by the Entity. However, the budget had taken into account a revenue share model, which has resulted in an over achievement for this income category.

(viii) Contributions

The favourable variance on the contributions is due to less of the City's grant payment being utilised thanks to the Entity gaining additional revenue for the financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

17. SUPPLY CHAIN MANAGEMENT REGULATIONS

17.1 Deviations

In terms of Section 36(1) of the Municipal Supply Chain Management Regulation and the Cape Town Stadium's Supply Chain Management Policy, in exceptional circumstances, the CEO may dispense with the official procurement processes established by the policy and procure required goods or services through any convenient process. The following deviations were awarded during the 2019/20 financial year with a termination date of 30 June 2023. There have been no new deviations for the 2021/22 financial year.

No	Supplier	Nature of goods/ services	Reason for deviation	Period of contract	Value of award
1	Sail Rights Commercialisation (PTY) Ltd	Appointment of expert naming rights provider for the commercialisation of the naming right on Cape Town Stadium	Exceptional case where it is impractical or impossible to follow the official procurement process	1 July 2020 to 30 June 2023	Rates based

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

The table below outlines the total spend on the contracts awarded during the 2019/20 financial year:

Rand (R)	2022	2021
Total deviations for the year	1 791 853	2 394 568
Incident		
Exceptional circumstance	1 791 853	2 394 568

17.2 Awards to close family members

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2022

18. EVENTS AFTER REPORTING DATE

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

19. CONTINGENT LIABILITY

SARS VAT matter

Cape Town Stadium (RF) SOC Ltd registered for VAT in January 2020 with the effective date being February 2018, when the entity was formed. This required the entity to lodge and pay the backlog of monthly VAT returns from February 2018 up until the registration date in order to comply with SARS administrative systems. Historically, from February 2018 the entity's VAT had been paid over to SARS through the City's monthly VAT returns, and SARS had been paid timeously. However, on submission of all the historical VAT returns, SARS systems automatically calculated penalties and interest in the amount of R1,4 million.

SARS is of the view that penalties and interest are due to the late submission of returns, however, Cape Town Stadium (RF) SOC Ltd has disputed this and lodged an objection on the basis that payment had been made timeously through the City. During the year under review, Cape Town Stadium (RF) SOC Ltd followed up with SARS on the matter and awaits the outcome of the SARS dispute process.

20. FINANCIAL RISK MANAGEMENT

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

GLOSSARY OF ABBREVIATIONS

ASB	Accounting Standards Board
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CTS	Cape Town Stadium (RF) SOC Limited
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
SDA	Service Delivery Agreement

2021/2022 Q4 ANNUAL PERFORMANCE MANAGEMENT REPORT – CAPE TOWN STADIUM							ANNEXURE B
- Well above - Above - On target - Below - Well below							
No	Indicator	2021/2022 (Quarter4)			Reason for variance	Remedial action	
		Target	Actual	Status			
SFA1: Opportunity city							
Corporate objective 1.1: Positioning Cape Town as a forward-looking, globally competitive city							
1	Percentage reduction in the grant allocation from the City	1%	31.62%		As a result of the entity generating sufficient income as outlined below, the entity required significantly less of the City's grant than was initially anticipated.	Maintain the momentum	
2	Percentage achievement of projected revenue	90%	129.92%		The entity hosted a total of 145 events during the 2021/22 financial year. The entity's over performance is due to additional income earned as a result of government lifting the Covid-19 restrictions on the number of spectators allowed in attendance at events.	Maintain the momentum	
3	Percentage compliance with approved repairs and maintenance programme	100%	100%		The Stadium is 100% compliant with its approved repairs and maintenance programme.	Continued Compliance at 100%	
4	Percentage compliance with Occupational Health and Safety Act (OHSA) 85 of 1993 and its regulations	100%	100%		The Stadium is 100% compliant with the OHSA Act and Regulations (Act 85 of 1993)	Continue Compliance at 100%	
5	Percentage Implimentation and evaluation of event commercial service providers	100%	100%		Reporting compliance are 100% and in line with requirements	Maintain the momentum	
6	Number of events hosted	135	145		The Stadium hosted additional bowl, non-bowl and film shoot events during QRT4.	The Stadium Operations Department actively engages the Events Industry to ensure the constant acquisition of new and/or additional events. Due to the lifting in the COVID 19 restrictions the Stadium managed to secure more events offerings.The events numbers were reduced for the first three quarters as we initially measured each LEAP day of training as an event. During a review we noted this as incorrect and the measurement was changed to reflect each week block booked as one intervention/event. The reporting for the 4 th quarter was in line with this and the first three quarters were corrected as per the evidence provided.	
7	Number of spectator attendance at the CTStadium	57 000	226996		Due to the lifting in the National Disaster Regulations pertaining to COVID 19 the Stadium was able to host events at a greater capacity contributing to an increase in the total number of spectators and/or event participants.	The Stadium spectator ratio will increase significantly followed the removal of all COVID 19 restrictions on events.	

2021/2022 Q4 ANNUAL PERFORMANCE MANAGEMENT REPORT – CAPE TOWN STADIUM						ANNEXURE B
 - Well above  - On target  - Below  - Well below						
No	Indicator	2021/2022 (Quarter4)			Reason for variance	Remedial action
		Target	Actual	Status		
Corporate objective: 1.3 Economic inclusion						
8	Number of training interventions completed per annum, as per Works Skills Plan (WSP) Please note: Indicator name changed from "percentage" in the 2020/2021 FY to "Number" in the 2021/2022 FY	70	73		The Stadium reached and exceeded it's targeted training interventions	Reporting in the next cycle will revert back to percentage spent of approved budget.
SFA 4: Inclusive city						
Corporate objective 4.3: Building integrated communities						
9	Percentage of people from employment equity target groups employed at the three highest levels of management, in compliance with the entity's approved employment equity (EE) plan (NKPI)	80%	50%		Currently top three levels of management is not fully representative as per the set target due. This is due to the historical appointments still occupying positions on the current structure in the levels applicable. In addition the Manger Marketing amd Events Aquisition position is vacant due to the secondment of the incumbent to another Department	As vacancies in the top three levels of management occurs, the employment strategy will focus on reaching the 80% target set in the indicator.
SFA 5: Well-run city						
Corporate objective 5.1: Operational sustainability						
10	Percentage absenteeism	≤5%	2%		Absenteeism are less than the threshold set	Maintain the momentum
11	Percentage declarations of interest completed	100%	100%		Maintain the momentum	Maintain the momentum
12	Opinion of the Auditor-General	Clean Audit	On target		Maintain the momentum	Maintain the momentum

* - "Clean audit" is defined as an unqualified audit report with no material findings on compliance with laws, regulations and predetermined objectives. The Entity performed very well in the quarter and year , reducing the dependency on the Grant Allocation and generated far more income than expected. Events and spectator attendance outperformed the target set. In addition 73 training interventions were completed against a target of 70 , adding to the intellectual capital of the staff members .

NOTES:

[illegible]



CAPE TOWN STADIUM

THANK YOU