CAPE TOWN STADIUM

INTEGRATED ANNUAL REPORT 2020-2021

TABLE OF CONTENTS

1. FOREWORDS

CAPE TOWN STADIUM

1. FOREWORDS

MESSAGE FROM THE CHAIRMAN OF THE BOARD

The year under review has been unprecedented. The challenges posed by the global Covid-19 pandemic have been top of mind throughout the year. The entity has had to juggle the requirement by the City of Cape Town as its shareholder, to employ austerity measures with the inability to host spectators at the limited events held.

The diversity and representivity on the board engender the robust and honest debate concerning matters affecting the stadium and its stakeholders, and these remain key factors in its relevance.

The board of directors has actively and continually evaluated its role in providing strategic guidance to management in these uncertain times. The entity has reduced expenditure to only critical expenditure, mindful not to impact any long-term maintenance requirements.

The stadium remains committed to reducing the grant amount required by the City of Cape Town as its shareholder and, to this end, has implemented a number of commercial initiatives including the securing of a naming rights partner and the development of the commercial event overlay. This, together with the completion of the suite build that will enable the stadium to secure an anchor tenant, sets the groundwork for further reductions in the future.

At the time of writing, the anchor tenant agreement, securing Western Province Rugby as the anchor tenant, is in the final stages of completion. It is envisaged that this will be finalised before year-end 2021.

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

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

- Petty Cash Policy
- Risk Acceptance and Tolerance Policy
- Environmental Sustainability Policy
- Succession Planning Strategy
- SCM Policy (updated)
- Directors' Remuneration Policy (updated)
- Business Continuity Plan

It would be remiss of me not to thank my fellow board members for their preparation and attendance at board meetings and the CEO, the senior executives, and the staff of the stadium for their dedication to the stadium over this period.

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

Peter-John Veldhuizen
Board Chairman

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Introduction

The Covid-19 pandemic and the resulting impact on the business objectives and operations of Cape Town Stadium defined the 2020/21 financial year. Strategic realignment saw the business focus on opportunities that remained available, given the implementation of the National Government Disaster Management, Act, 57 of 2002, which prohibited spectators from attending events at stadiums throughout the financial year.

While this resulted in a year of challenges, we are pleased to report that we were able to maximise revenues wherever the restrictive legislation allowed, and together with stringent budget cuts, enabled us to achieve short-term sustainability without compromise to our longer-term objectives.

Strategic alignment

The organisation has developed and implemented various strategies that together create the framework for the acquisition, hosting and commercialisation of events at Cape Town Stadium. The various strategies, approved by the board of directors, were implemented in the 2020/21 financial year. These strategies are:

- Events Acquisition Strategy
- Marketing Strategy
- Integrated Events Strategy
- Commercial Strategy

The integration and alignment of the aforementioned strategies have resulted in a more cohesive service offering to event organisers and rights holders, which will lead to repeat business and long-term relationships. This is imperative to the business as there are a limited number of clients within our target market who can host large events.

With the focus shifting to commercial gains, the measurement of success was realigned to focus on a number of spectators as opposed to a number of events – the objective being to secure events that are of commercial value – those with greater spectator yield. While Covid-19 presented a scenario, whereby we were unable to host spectators, the groundwork to ensure readiness continued throughout the year and is now complete, ensuring our preparedness to reopen stadiums to spectators in the near future.

Business planning

A service delivery agreement (SDA) between the entity and the CCT was signed on 10 December 2018. The Cape Town Stadium SOC RF LTD Business Plan and SDBIP for the financial years 2020–2021 were approved by the board of directors.

The Business Plan was adapted to be proactive in managing the changing environment due to Covid-19 and the implementation of the Disaster Management Act, 57 of 2002, which prevented mass gatherings, and in turn, spectators from attending events at Cape Town Stadium for the full financial year. The revised Business Plan for the year focused on securing broadcast events as these were still hosted, and the use of non-bowl spaces within the confines of the legislation. In this regard, Cape Town Stadium hosted several broadcast matches of both Cape Town City Football Club and Western Province Rugby during the period.

The SDBIP for the 2020/21 year was amended to focus on the number of spectators in attendance over the year – this is due to the number of spectators, and in turn, spectator spend, which is the primary


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enabler for the commercial event overlay. Given the inability to host spectators at the stadium, the SDBIP was amended to measure only the number of events hosted and not the number of spectators in attendance at events. Once this restriction is lifted, the SDBIP will revert to measuring both the number of events and the number of spectators. The Cape Town Stadium Management Team continues to deliver against these mandates, with the approved SDBIP as the guideline.

Legislative compliance and policy framework

The board of directors established the below subcommittees:

- Events, Marketing and Communication Subcommittee
- Human Resource, Social and Ethics Subcommittee
- Audit and Risk Committee
- Commercial Subcommittee

These subcommittees continue to meet each quarter in line with their approved terms of reference. Cape Town Stadium continues to maintain an effective administration and governance framework including:

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

Performance

While the Disaster Management Act, 57 of 2002 prevented spectators from attending events at Cape Town Stadium, the team remained focused on the long-term strategic objectives, while adapting as required for the short-term realities. This resulted in both the target number of events and the anticipated number of spectators being reduced to zero. To ensure financial sustainability, budget cuts were implemented wherever possible, without compromising the longer-term sustainability.

Implementation of the Integrated Event Strategy

The Integrated Event Strategy was approved by the board of directors in the 2019/20 financial year and successfully implemented in the 2020/21 financial year. The implementation of this strategy has resulted in the internal alignment of all departmental objectives, and in turn, the acquisition of events is aligned to the target markets, and the delivery of events is done with a client-centric approach to maximise repeat business.

In response to Covid-19 restrictions, the focus was realigned to secure as many broadcast sports events as possible, while maximising the use of non-bowl event spaces as possible within the Covid-19 guidelines. As restrictions were eased through the year, film shoots, sporting events without spectators and small conferences, all with appropriate social distancing guidelines in place, were hosted.

Implementation of the commercial model

With the formation of the Commercial Department in February 2020, significant progress has been made in the commercialisation of the business in the 2020/21 financial year. Key milestones include:

- A naming rights partner was contractually secured for a four-year term, effective 1 July 2021. This will see the stadium being known as the DHL Stadium as of the commencement date of the contract.

The associated branding rights were defined and approved, together with the graphical illustration of these rights;

- The permanent advertising inventory (signage) of the stadium was identified, catalogued and independently valued. With the appointment of Treble Entertainment as the sales agent, this inventory will be taken to market in the 2021/22 financial year;

- A total of 11 commercial service providers were appointed via a tender process across seven different tenders – forming the basis to the commercial event overlay. Included in the appointments are hospitality services, general public food and beverage services, liquor distribution agency, and product and pouring rights partners. The induction process will commence in the 2021/22 financial year, ensuring readiness to service general spectators and hospitality guests when they can return to the stadium. The successful service providers are:

Hospitality partner	Circa Hospitality
Liquor distribution agent	Circa Hospitality
Concessionaire – food and beverage	All Events Africa
Concessionaire – public liquor sales	Circa Hospitality, Treble Entertainment
Preferred product suppliers	Red Bull, Dairy Maid, J&M Famous Biltong, Twizza, Costa Coffee
Pouring rights partner	South African Breweries
Advertising sales agent	Treble Entertainment

- WP Rugby commenced the playing of matches at the stadium during the 2020/21 financial year, an exciting step forward in our objective of securing WP Rugby as a primary anchor tenant. While negotiations continued throughout the year, it is expected that these will be concluded early in the new financial year and that WP Rugby will commence their next season at Cape Town Stadium.

Marketing

The Cape Town Stadium continues to position itself as "more than just a stadium", and to this end, a number of marketing initiatives were fulfilled during the year:

- The introduction of a quarterly newsletter;
- Implementing a successful awareness campaign for the Business Lounge membership offering;
- Reaching a social media milestone of 5 000 followers on Instagram; and
- Engaging in various 'stories' such as Jean-Marc Johannes who broke the Guinness World Record of 12 Backside Bigspins in one minute set previously by American skateboarder, Rob Dyrdek, by completing an impressive 18 such tricks in the same amount of time. This featured in the Codemasters game series Dirt 5, thereby providing global reach for the stadium.

Events

Q1–Q4	Target	Actual	% achieved
Bowl events	11	37	All exceeded the target, i.e. 100% plus
Non-bowl events	15	21	All exceeded the target, i.e. 100% plus
Film shoots	9	26	All exceeded the target, i.e. 100% plus

Finance

The Cape Town Stadium obtained a clean audit and 100% asset verification for the 2020/21 financial year. During the year, the department successfully implemented its new financial system, which will be utilised for the recording and tracking of commercial revenue streams.

Income and expenditure

2021	Target	Actual	% achieved
Income	6 300 000	4 207 821	Shortfall on budget by 33%
Expenditure	114 614 524	77 053 352	Savings on budget of 33%
Grant funding	65 717 585	65 237 465	Savings on budget of 0,73%

While the 2020/21 financial year presented unprecedented challenges due to the Covid-19 pandemic, we were successful in adapting our business to be resilient and responsive to the environment.

During this time, we were also able to complete the construction of an additional 168 suites – as well as the upgrade of the 2 100-seater Business Lounge. Despite facing a number of Covid-19 induced logistical challenges, this capital infrastructure project to the value of R245 million was successfully implemented and practical completion was secured during this period.

We also procured our standalone finance system that will enable Cape Town Stadium to meet the reporting and revenue recognition requirements for various commercial deals that will be implemented in the future.

I would like to thank our staff who have worked tirelessly to ensure the success of the entity during this time – it is through their willingness to adapt to the changing environment that we were able to succeed.

I would also like to express my thanks to our chairman of the board of directors, Mr Peter-John Veldhuizen, and his board members for their dedicated and professional guidance throughout the year, as well as the City for their continued support.

Thank you

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

2. INTRODUCTION – CAPE TOWN STADIUM

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Cape Town Stadium is an iconic, multipurpose stadium located in the heart of the city of Cape Town. With a total capacity of 62 000, including the newly renovated Business Lounge catering for 2 100 guests and a suite capacity of over 5 000 guests, the stadium remains a world-class venue.

Over the years, Cape Town Stadium has established solid working relationships with event organisers, as well as an understanding of the needs of spectators and the broader community – our long-term sustainability and successes are linked to this.

The entity continues to deliver on its approved Business Plan (2020/21) in a manner that is consistent with international best practice.

Who we serve

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

- City of Cape Town;
- Provincial and National Government;
- National and international sporting bodies and tournament organisers;
- Local sporting teams;
- International and local music concert promoters;
- Event and conference organisers;
- National and international film industry;
- Ratepayers' associations;
- Corporate business, sponsors and advertisers;
- Hospitality and entertainment industry; and
- Event spectators and conference attendees.

Our vision

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

Our mission

As a leading international, multipurpose events facility, our vision will be achieved through:

- client service excellence and customer centricity;
- a clear strategy and team synergies;
- innovative approaches; and
- environmental sustainability.

The Cape Town Stadium will strive to achieve financial sustainability through the acquisition of events in line with our target markets, an integrated events delivery platform, and the maximising of commercial opportunities.

The stadium will deliver on its approved Business Plan in a manner that is consistent with international environmental best practice, while contributing to the socioeconomic well-being of the city through the hosting of major events in a safe and spectator-friendly manner.

Our core values

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

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

As a municipal entity, Cape Town Stadium adheres to the Municipal Finance Management Act and utilises King IV Report principles as a guiding mechanism in the course of conducting its business.

Market position

The Cape Town Stadium offers a unique market position of being a mass spectator venue that is dynamic and flexible, demonstrating the ability to host a multitude of events, of varying levels of complexity. Over the last 10 years, this position has been synonymous with that of the City of Cape Town, as identified in the stadium name.

With the commercial efforts coming to fruition, this market position will extend to include several stakeholders who will form part of the brand identity – the most prominent will be the name change of the stadium from Cape Town Stadium to DHL Stadium.

The future market position will be that of *"DHL Stadium – so much more than just a stadium"*.

Target and market segmentation

In the prior financial year, the target markets were defined based on the core vision of the Cape Town Stadium and the overarching objective of achieving financial sustainability over time.

Utilising the Boston Growth Matrix of market segmentation, the target markets in the diagram on page 15 have been identified, with the primary focus on securing events with high spectatorship and high commercial yield.

To respond to Covid-19 restrictions, the target market focus areas were adapted to focus on:

- Secure events that are broadcast – this was proved to be a successful strategy that resulted in the securing of several sporting events when restrictions were lifted, allowing the hosting of sporting events without spectators;

- Secure non-bowl events that are compliant with legislation – because of the large volumes of space, the stadium is the ideal venue to host conferences, applying social distancing guidelines;

- Secure film shoots – the film industry commenced operations before the events industry with a significantly higher number of film shoots being secured during the period; and

- Secure events for 2023/24 – it is anticipated that the 2023/24 concert season will present a number of opportunities, given the lack of events over the last two years.


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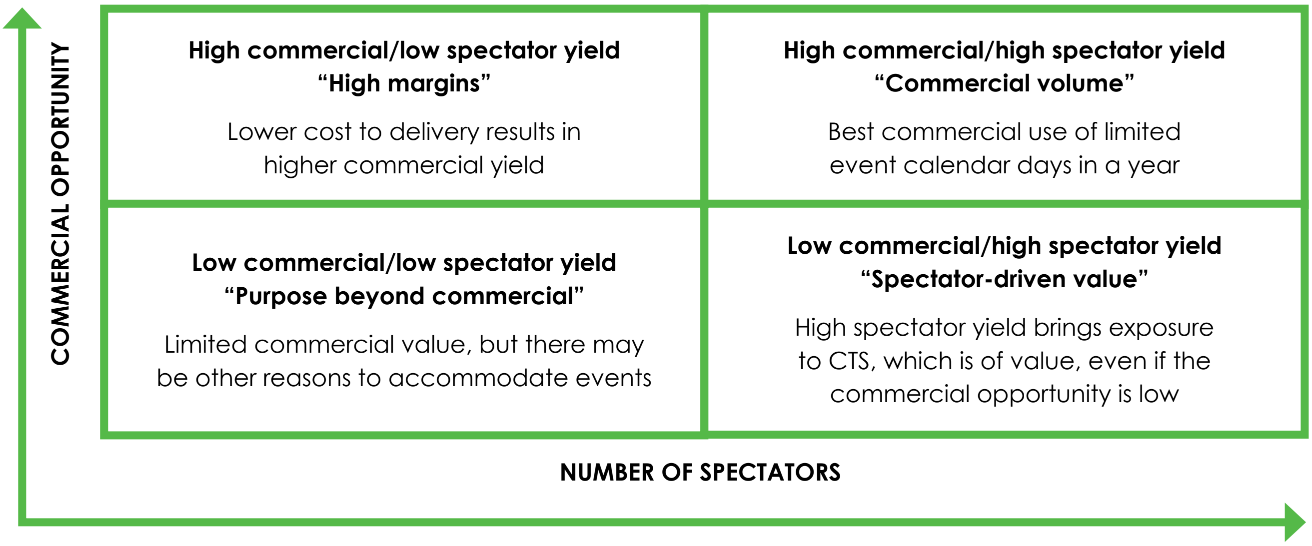


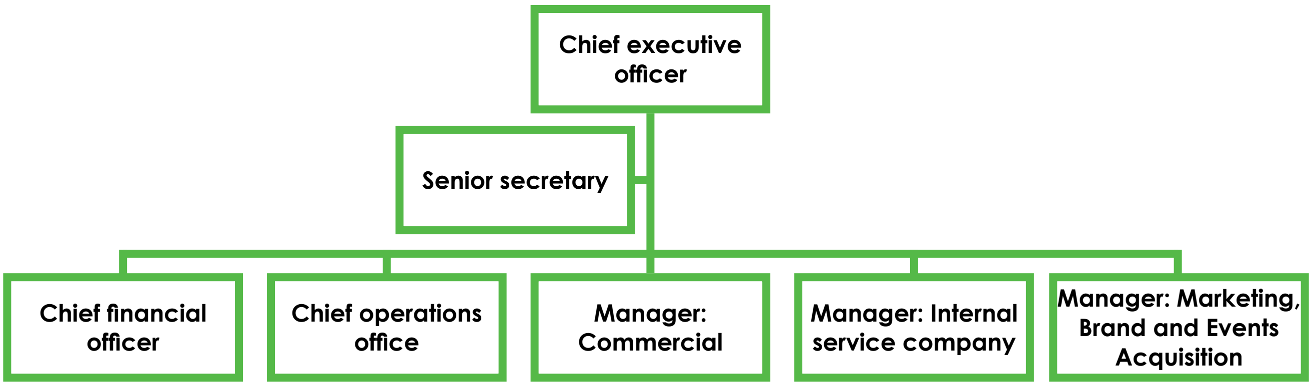
While the target markets required adaptation due to Covid-19 regulations, this was a highly unusual occurrence. The Cape Town Stadium is preparing for the re-opening of events to spectators – an imminent call – in a manner that is safe and will instil confidence in the general public. Once we can host spectators at the stadium again without restriction, we will also revert to the number of spectators being an SDBIP measurement.

The Cape Town Stadium will continue to actively seek long-term relationships with event organisers and promoters who best fit the target markets, while remaining cognisant of the overall mandate to the broader community.

Organisational structure

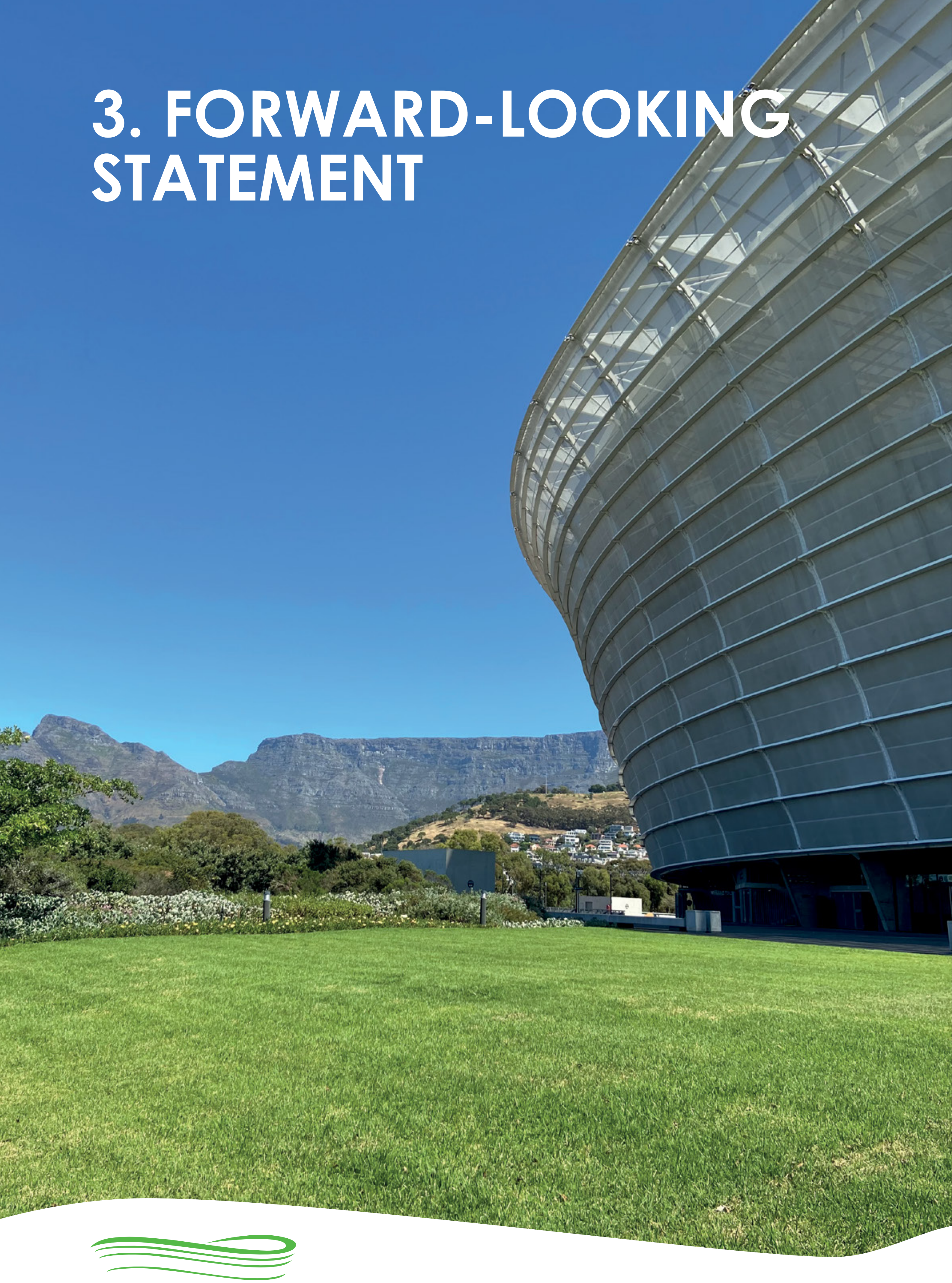
Following the restructuring report completed by PwC, approved by the board of directors in 2019, the 2020/21 financial year was the first complete year of operation with a full management compliment.

The organisational structure below reflects the top levels of management.



Through the service delivery plan signed between the City of Cape Town and the municipal entity, certain services are still provided to the entity by the City. These services include financial, supply chain management, legal and contract management support.

3. FORWARD-LOOKING STATEMENT



CAPE TOWN STADIUM

3. FORWARD-LOOKING STATEMENT

As we move towards 2022, the immediate objective will be to ensure readiness for the return of spectators to stadiums. While the timeline to this remains unclear, we anticipate some form of spectator attendance in the first half of the 2022 calendar year. We will also prepare for the likelihood of the announcement of any decision by National Government to change legislation without warning. To respond to this, our readiness plan will ensure that we are able and ready to host events with spectators from December 2021.

The board of directors has mandated the CEO to develop a plan for implementation over the next five years with the objective of the ME becoming organisationally independent from the City. This plan is dependent on the ME being in a position to support itself financially. With the current impact of Covid-19 and the lack of clarity on when spectators will return to stadiums, the timeline for this planning initiative is complex. Over the 2021/22 financial year, and as Covid-19 restrictions are lifted, this plan will be developed in preparation for a phased implementation approach commencing in the 2022/23 financial year.

A number of strategic deliverables were achieved in the 2020/21 financial year, setting the stage for the implementation of the commercial overlay in 2021/22. These include:

- The completion of the suite construction and the readiness to host suite hospitality and Business Lounge guests, and to meet the suite requirements of an anchor tenant;
- The negotiations with anchor tenants to secure rugby and football inventory;
- The securing of commercial service providers to provide services to both hospitality guests and general spectators;
- The securing of the revised liquor licence and pouring rights partner;
- The securing of the sales agent and the preparation of inventory for the sale of advertising space; and
- The securing of a naming rights partner.

Whereas in prior years the stadium was rented as a 'clean' stadium due to not having service providers to support service delivery, in future the stadium will offer a range of services to event organisers through the implementation of the commercial overlay. The focus will remain on ensuring the successful integration between departments to acquire, host and commercialise bowl and non-bowl events that align with our identified target markets. The stadium will, however, ensure it remains accessible to the broader community.

Event acquisition

The Cape Town Stadium will continue to acquire events aligned to the identified target markets with a particular focus on:

- Long-term relationships with sporting bodies whose events are broadcast on national television;
- Securing and hosting prestigious sporting events including the World Rugby HSBC Sevens, Rugby World Cup Sevens, test matches and other international tournaments;
- Securing and hosting of full-stadia concerts once artists can tour;
- Best use of 'dark days' and 'dark spaces' – when the bowl is not used and the unique non-bowl spaces are available for events such as trade shows, conferences and mass participation events; and
- Destination of choice for film shoots.

While it is anticipated that music concerts will only commence in 2023, the planning timeline for concerts is in excess of 12 months. Given this, planning will continue throughout the next financial year to ensure readiness for the return of touring artists to South Africa.

Event management

The Operations and Events Department is the custodian of the event organiser and our clients. Through the support of the broader organisation, Cape Town Stadium successfully acquired multiple major sporting, cultural and business events for the 2021/22 financial year and beyond.

The stadium's event calendar for the 2022/23 financial year is nearly full with events confirmed, including the World Rugby HSBC Cape Town Sevens, Rugby World Cup Sevens, DHL Stormers and Cape Town City Football Club matches.

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

YEAR	BOWL				NON-BOWL		TOTAL	ASSUMPTIONS
	Int. tests/ BIL tour	Rugby (WPR)	Football (CTCFC)	Concerts and other	Film shoots	Confer-ences/ trade show		
2021/22	6	15	15	0	16	58	**110**	Focus on broadcast events, training and Covid-19-compliant events and legislation-compliant events. Readiness plan for re-opening of events and acquisition of events that have a 12-month planning cycle (2023).
2022/23	3	15	15	2	20	60	**115**	Concerts anticipated to commence around January 2023 – capitalise on urgency of EOs to recommence business. Offer 2022/23 support services to EOs as many suppliers will have collapsed. World Cup Sevens and HSBC Sevens confirmed for the year.
2023/24	3	15	15	4	20	80	**137**	Anticipated back-to-normal scenario with new norm being to use CTS suppliers and service providers. Revert to SDBIP measurement of spectators.

Note: Subject to change

Integrated Events Strategy

The Integrated Events Strategy (IES) was approved by the Cape Town Stadium Board of Directors which ensures strategic and operational alignment of all internal departments, thus contributing to organisational effectiveness, efficiency, and the acquisition, retention and delivery of events.

The implementation of this strategy is well underway, and the Operations and Events Department ensures bi-weekly meetings are held with all departments and closely monitors the achievement of all strategic and operational objectives (strategic objectives are monitored at senior management level). The Cape Town Stadium departments provide input into a quarterly tracker to which progress is recorded against the following key deliverables:

- Increase of the annual spectator footfall to 1 million by 2024 with consideration to the ongoing Covid-19 pandemic;
- Secure major events in line with the Event Acquisitions Strategy based on commercial yield, while taking into account the need to accommodate smaller and/or community-based events;

- Proactively manage event delivery costs while maximising profitability;
- Understand and enhance the spectator journey to exceed expectations; and
- Ensure management accountability and measurement of delivery.

Infrastructure upgrades and maintenance

The Cape Town Stadium has completed the building of its new suites – a R245 million capital investment project completed during the 2020/21 financial year. The stadium now boasts 236 hospitality suites with upgrades to its Business Lounge, offering valuable spacing inventory for rental.

The stadium now boasts a total hospitality capacity of over 7 000 guests, including the 2 100-seater Business Lounge. The concept of 'shared hospitality' in the form of Business Lounge membership was successfully launched in the 2020/21 financial year, attracting a total media coverage of R1,4 million and 30 million views.

In the 2021/22 financial year, the benefits of this capital investment will be seen in the anchor tenant suite sales and Business Lounge membership sales to the public and corporates alike.

The Stadium Facilities Maintenance Strategy and Operating Plan have developed suitable standard operating procedures (SOP) to integrate the newly constructed and upgraded suites, ensuring optional safety and security standards. These processes ensure the stadium remains 'event-day ready' and will continue to do so into the future.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Implementation of the commercial event overlay

With the successful appointment of our commercial service providers, we are now well positioned to implement the commercial event overlay. This implementation will see, in addition to rental and technical revenues, commercial revenues being generated from events hosted at the stadium.

We look forward to the lifting of the restrictions placed on spectators attending events at stadia due to the Disaster Management Act of 2002. The success of the implementation of the commercial event overlay will be dependent on when this act is lifted and the business consequence due to the duration of the restrictions being enforced.

Naming rights

The naming rights contract with DHL has been successfully concluded. This agreement will see the stadium being known as DHL Stadium for the next four years. The focus over the next year will move to ensure all rights are delivered in line with the contractual obligations and that value is maximised for DHL, particularly with regard to broadcast exposure.

A strong working relationship has been developed between Cape Town Stadium staff and DHL, and we intend to build on this relationship to develop a strong partnership that offers value to both.

Sale of advertising inventory

The advertising inventory has been valued independently by Nielsen Sport, a reputable, independent agency that evaluates sporting rights globally. Over the next year, these rights will be taken to market and sold by our appointed agency, with the intention of maximising the exposure value for those who purchase advertising rights. This process will see the stadium change from a 'clean' stadium with no visible branding, to one that has a variety of brands advertising in the stadium, as seen in most world-class stadia.

Anchor tenant

While WP Rugby has already commenced playing matches at the stadium, due to Covid-19 regulations preventing spectators at events, we have yet to host spectators at WP Rugby events. The commercial overlay has been developed to serve this objective, and as we move forward, we will implement various commercial initiatives together with WP Rugby to unlock value. These will include WP Rugby sale of suites, the sale of the Business Lounge memberships, hospitality services, liquor distribution and the sale of food and beverage to the general public.

Strategy for retail and other spaces

Areas have been identified within the stadium that have been earmarked for retail or office space. Ideally, these spaces should be developed as complementary to the broader use of the stadium – that of hosting events. It also needs to take into account the requirements of the anchor tenant with regard to office space and parking. For these reasons, it has been important to focus on finalising the event strategy, including the securing of anchor tenants, before finalising the plan for other spaces.

During the next financial year, various options will be considered and a plan will be drafted for the best use of available space, including parking, retail and offices. This strategy will be developed into a long-term plan that will see these spaces being commercialised over the next five years in a manner that will ensure the use of the space over the long term will be aligned to the core business of the stadium and revenues maximised. This plan will also take into account joint opportunities with our anchor tenant for stadium tours, museum and a shop area.

Achieving financial independence

The Cape Town Stadium has successfully been operating as a municipal entity since February 2018, and currently, the CCT covers the shortfall on operational expenditure through grant funding. The short to medium-term plan is for Cape Town Stadium to become financially sustainable.

In order for the Cape Town Stadium to be financially sustainable, it would need to generate sufficient revenue to cover its operational expenditure. It is the intention to grow the new revenue streams over time and reach financial sustainability within the next five years. This can be achieved only through the commercialisation of the Cape Town Stadium, the realisation of the new revenue streams, and the optimisation of resources.

Covid-19 has had a significant delay on the Cape Town Stadium being able to implement its strategy in becoming financially sustainable. Cape Town Stadium had envisaged that during the 2021 financial year it would have been able to host events with spectators in attendance and thus implement its new commercial model. The entity has managed to host over 80 events for the past year, however, due to Covid-19 restrictions, no spectators had attended these events. The Covid-19 pandemic has had a significant impact on the income budget for the 2020/21 financial year.

The entity has successfully managed to appoint all the necessary service providers during the 2021 financial year with regard to the new commercial model, however, the implementation of the new commercial plan can only be rolled out with the return of spectators at events. It remains unlikely that the company would be able to operate at the levels seen pre-pandemic before the end of the next (2022) financial year.

Environmental/Event Sustainability Strategy and Policy Directive

The Environmental/Event Sustainability Strategy and Policy Directive was approved by the Cape Town Stadium Board of Directors on 28 May 2021. The strategy provides both a strategic and operational framework, which has enabled Cape Town Stadium to advance its current environmental sustainability practices by ensuring a reduction in its carbon footprint. The Cape Town Stadium aims to influence all its stakeholders to leverage positive behaviour change by creating awareness of the impact of their consumption.

The Operations and Events Department has designed and created an operational plan to ensure the implementation of the Environmental and Event Sustainability Strategy and Policy Directive in the new 2021/22 financial year.

The operational plan commits all Cape Town Stadium stakeholders to sound environmental and health practices, techniques and sustainable management systems to ensure the attainment of the following core objectives:

- The promotion of energy efficiency;
- The use of renewable energy sources;
- The use of natural ventilation where possible;
- The switching off of all technical equipment is not required;
- The continued commitment to recycling and waste segregation;
- The utilisation of local service providers;
- The utilisation of environmental-friendly products; and
- Assisting all event organisers and film organisers to develop and implement suitable environmental practices, thus encouraging the reduction of their carbon footprint.

Cape Town Stadium will, through its marketing initiatives, ensure it remains visible to the City of Cape Town and further afield by engaging with target audiences through the sharing of relevant and meaningful information.

4. DEPARTMENTAL REVIEW

4. DEPARTMENTAL REVIEW

4.1 Commercial Department

Mandate
The Commercial Department is responsible for the development and implementation of the commercial strategy to maximise commercial revenues, while taking into account the broader objectives of Cape Town Stadium.

Overview
The Business Plan 2020/21 set the following objectives:

- The full implementation of the commercial event overlay includes:
  - The appointment of commercial service providers (concessionaires, pouring rights partners, preferred product suppliers, liquor distribution agent and hospitality agent), the development of the management processes for service delivery, and the mechanism for performance evaluation;
  - Developing a platform of communication and engagement between service providers to ensure efficient service delivery that is well governed; and
  - Ensuring the process of revenue collection and recognition is accurate and meets reporting requirements.
- Conclusion of negotiations to secure a naming rights partner and the implementation thereof;
- Securing an agent for the sale of advertising inventory;
- Securing WP Rugby as an anchor tenant; and
- Development of a strategy for the balance of retail and office space.

2020/21 highlights and successes
- **Commercial event overlay:** A total of seven tenders were successfully awarded to appoint 11 service providers who will deliver services to spectators and hospitality guests at the stadium in the future.

These service providers include:

Hospitality provider:	Circa Entertainment
Liquor distribution:	Circa Entertainment
Concessionaire (public bars):	Treble Entertainment, Circa Entertainment
Pouring rights:	South African Breweries
Product suppliers:	Dairy Maid Ice Cream, Costa Coffee, Twizza Cooldrinks, J&M Famous Biltong, Red Bull Energy Drinks

This now allows us to rent the stadium with the commercial overlay in place – offering far more support to event organisers in the services we can render to them.

Due to Covid-19 restrictions on spectators attending events at the stadium, these service providers will only implement service delivery when spectators are allowed to return to the stadium.

- **Naming rights:** A four-year agreement was signed between Cape Town Stadium and DHL, effective from 1 July 2021, whereby DHL has secured the naming rights to Cape Town Stadium. The stadium in the future will be known as DHL Stadium. This includes a set of rights that will offer DHL the opportunity to display its brand in various areas of the stadium, as well as secure a suite and activation rights at the stadium. A process will be implemented to ensure the successful delivery of rights over the next year.

- **Sale of advertising inventory:** An agent, Treble Entertainment, has been secured to sell the advertising inventory of the stadium. The commercial value of the inventory has been independently verified and the naming rights partners inventory ring-fenced. This inventory will be taken to market in the next year.

- **Securing anchor tenant:** The process of negotiating and finalising the anchor tenant agreement with WP Rugby has progressed steadily through the 2020/21 financial year, with terms negotiated amplifying those within the head of agreement signed between WP Rugby and the City of Cape Town in 2019. WP Rugby has begun playing matches at the stadium and a working relationship has been established between the stadium and WP Rugby. We anticipate the anchor tenant agreement will be signed in the near future.

- **Strategy for retail and other space:** Due to the complexity of the appointment of commercial service providers and the finalisation of the anchor tenant agreement with WP Rugby, the strategy for the use of retail, office and parking areas will commence in the 2021/22 financial year. This will also give time for the impact of Covid-19 on work and office space in Cape Town to be fully understood, as well as the best way in which to capitalise on this space. This strategy is a long-term plan that will influence the success of the stadium over the years to come, and it is critical that the correct planning is done once the key role players such as the anchor tenant are in place, and the complementary needs and benefits identified to ensure the best use of space.

4.2 Operations and Events Department

Mandate

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

Taking into account the broader objectives of Cape Town Stadium and the 2020/21 Business Plan, the department executes its mandate as follows:

- Proactive client relationship management and centralised 'point of contact' for all event organisers;
- Integrated events management services and the provision and management of all operational business services;
- Safety and security management that is aligned to international best practice;
- Optimal and purposeful infrastructure and facilities management;
- Enhanced information technology and communication systems and services; and
- Provision of policy directive aligned to event management, event sustainability, and infrastructure management.

Overview

Covid-19 has negatively impacted various socioeconomic industries, including the events, tourism and hospitality industries.

Cape Town Stadium responded proactively to the Covid-19 pandemic and has mitigated against the impact of the pandemic by developing and implementing:

- Stringent health, safety and return-to-work protocols as regulated by National Government, the World Health Organisation and international best practice;
- The health assessment Covid-19 QR code ensuring that persons entering and exiting the stadium could be suitably screened as per legislative requirements amidst the Covid-19 pandemic;
- The return of events and film shoot Covid-19 risk reduction transmission standard operating procedure (SOP) provides clear directive and guidance on the procedures to be followed during an event or film shoot to reduce the risk of Covid-19 transmission;
- A venue architecture overlay encompassing various scenario planning based on the staggered return of spectators; and
- Attracting bespoke mega-events such as the Castle Lager British and Irish Lions Series to South Africa broadcasted around the globe.

The Cape Town Stadium continued hosting events within strict Covid-19 protocols and delivered 84 events during the period under review, thus exceeding its set target of 35 events for the 2020/21 financial year.

Due to legislative restrictions imposed on events with regard to its delivery, hosting and allowance of spectators, the stadium continued accommodating soccer and rugby matches without spectators, as well as a series of international still and film shoots, attracting a new market segment delivering live hybrid and virtual experiences.

An event recovery plan was formulated and will be implemented in the 2022/23 financial year.

2020/21 highlights and successes

- **Additional hospitality suites:** Successful completion of the capital construction project worth R245 million excluding VAT. The stadium now boasts a total capacity of 236 hospitality suites.
- **Anchor tenant onboarding:** The Operations Department with the support of all internal departments have been preparing the stadium for the successful onboarding and/or receiving of WP Rugby**.** This has involved, inter alia, the:

- Development and detailed understanding of the revised accommodation schedule, including the new hospitality suites and Business Lounge;
- Identifying and satisfying the WPR professional team's needs with regard to practices, and familiarising and orientating WPR with the stadium and assisting them with their hospitality suite sales efforts; and
- Operational preparation for the receiving of WP Rugby.

- **Business Continuity Management Plan:** The Stadium Business Continuity Plan (BCP) has been successfully developed and identifies the mission, business and other critical processes and/or activities associated with its human capital, movable and immovable assets and dependencies. The BCP enables Cape Town Stadium to respond during a crisis, acute shock and/or chronic organisational stresses, while minimising business interruption and impact. During the Covid-19 pandemic, the stadium has remained resilient in the delivery of events.
- **British and Irish Lions Tournament:** Cape Town Stadium secured the contract to host the British Irish Lions 2021 Tour Series on July 21.
- **Cape Town City Football Club:** Cape Town Stadium and Cape Town City Football Club have concluded the renewal of a three-year memorandum of understanding. The agreement commenced on 10 October 2020, with the first period catering for events without spectators. The stadium management remains in discussion with the football club to onboard them as a secondary anchor tenant in the months to follow.
- **Concerts:** The stadium had ongoing discussions with various event organisers and has provisionally secured a concert lineup for the next financial year. The international concert circuit remains impacted by the Covid-19 pandemic. International travel restrictions remain a significant influencer in this regard.
- **Digital health QR code system:** This QR system was developed as part of the stadium's Covid-19 compliance plan, providing the ability to pre-screen all persons entering the building as per Covid-19 requirements.
- **Environmental/Event Sustainability Strategy and Policy Directive:** The strategy and directive were developed and approved in the past year. This has enabled Cape Town Stadium to strategically and operationally advance its current environmental sustainability practices. The Cape Town Stadium aims to influence all its stakeholders to leverage positive behaviour change by creating awareness of the impact of their consumption.

- **Facility maintenance management:** 100% compliance achieved on all preventative maintenance management programmes. Reactive maintenance management is assessed based on merit and aligned to budget availability.

- **Integrated events strategy:** The strategy was developed and approved, and aims to achieve an integrated approach to eventing that sees a seamless client-centric approach to event management and execution.

- **SASREA compliance:** The Cape Town Stadium applied for and again received its Annual Existing Stadium Safety and High-Risk Grading Certificate as contemplated in Section 8 of the Safety at Sports and Recreational Events Act, 2010. The Cape Town Stadium is the only sport and recreational facility in the Western Cape Province categorised to host high-risk events.

- **Venue event architecture overlay plan:** The Operations Department in conjunction with all departments have designed differentiating venue architecture overlay plans based on various events capacity in relation to the stadium commercialisation models.

4.3 Marketing, Brand and Events Acquisition Department

Mandate

The Marketing, Brand and Events Acquisition Department provides ongoing marketing support to assist in the commercialisation of the Cape Town Stadium, and in turn, assisting in the objective of achieving financial sustainability. The department is responsible for the marketing and promotional aspects of the Cape Town Stadium via various communication channels such as Instagram, the dedicated Cape Town Stadium website and newsletter. This department is also responsible for providing a support service to the Events Department for the marketing of events, as well as communication of events-related information to relevant target audiences. Furthermore, the department is responsible for events acquisitions for bowl and non-bowl events, however, there has been a massive disruption in terms of acquiring new events due to the ongoing Covid-19 lockdown restrictions.

Overview

During the past financial year, Cape Town suffered immense business disruptions due to the ongoing effects of the Covid-19 pandemic. The entire events calendar came to a halt which greatly impacted marketing efforts. However, the Marketing, Brand and Events Acquisition Department continued to promote the Cape Town Stadium across various platforms to keep the brand top-of-mind for future possible business opportunities. The department was also responsible for regularly communicating with all stakeholders to keep them abreast of the latest developments taking place at the Cape Town Stadium.

Despite the lack of major events, the department played a crucial role in the marketing and promotion of smaller-scale events, as well as providing a support service to the Commercial Department for the launch of the Cape Town Stadium Business Lounge and its hospitality offerings. The Marketing, Brand and Events Acquisition Department continued to meet its objectives and support the entity's goal of becoming financially sustainable.

2020/21 highlights and successes

The department has implemented the following towards realising its objectives:

- Elevated the brand to top-of-mind to instil confidence that the Cape Town Stadium is a leading multipurpose events facility that is attractive to both international and national markets;
- Actively marketed Cape Town Stadium on multiple platforms as a preferred event-hosting facility both locally and abroad;
- Created and maintained an engaging virtual audience through interactive social media platforms; and
- Created and maintained a quarterly newsletter to keep target audiences abreast of the latest news and developments at Cape Town Stadium.

Despite the ongoing effects of the Covid-19 pandemic, this department made a great effort in keeping its social media presence active and publically engaging. Due to no major events taking place, a key focus was to create content on social media to provide followers with high entertainment value. The department achieved massive engagement on social media when it announced that the Cape Town Stadium will feature in one of the most successful car rallycross games, Dirt 5. This announcement was combined with a successful competition, which resulted in an increase in engagement and followers on social media.

While no spectator-attended events were permitted, when restrictions were relaxed, the Cape Town Stadium was fortunate enough to reopen its doors to professional sporting teams to continue their respective league matches. A major achievement was to host DHL Stormers and DHL Western Province matches at the stadium. While spectators could not attend these matches, the department made every effort to share images and updates of the matches via the social media platforms and its quarterly newsletter.

Adding to the successes of the financial year, the Cape Town Stadium played host to a 29-year-old skateboarder from the Cape Flats who successfully managed to break a 14-year Guinness World Record. This record-breaking achievement was supported by marketing efforts across various platforms and achieved massive recognition on a global scale.

Furthermore, the department played an active role in the marketing and social media campaign roll-out of the newly revamped Business Lounge and the completion of VIP suites. The department facilitated the implementation of the Business Lounge webpage on the dedicated Cape Town Stadium website. The webpage acts as a snapshot of what the Business Lounge has to offer in terms of hospitality and experience including the various membership options.

As part of the department's mandate to provide a support service to the commercial model of the Cape Town Stadium, the Business Lounge remains a priority and driving force in achieving financial sustainability for the entity.

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

- Consistency in communication platforms maintained with regard to key messages, and look and feel;
- Achieved 100% marketing activation target for the period;
- Achieved global recognition for the launch of Dirt 5;
- Implemented successful awareness campaign for the Business Lounge;
- Reached milestone of 5 000 followers on Instagram;
- Created and implemented a quarterly newsletter; and
- Advertising and promotion of special events across platforms.

The Marketing, Brand and Events Acquisition Department has performed well during this financial year despite the impact and effects that the Covid-19 pandemic has brought upon the events industry and many others. The department remains committed to delivering on its goals and support to other inter-departments to achieve the entity's objective of becoming financially sustainable.

4.4 Internal Company Services Department

Mandate

The Internal Company Service Department leads and manages the internal company services function to ensure effective and efficient organisation-wide support to all employees of the Cape Town Stadium. These functions include human resources, administration, legal and company secretariat services.

Overview

The HR section played an integral part in ensuring that all the Cape Town Stadium vacancies were filled.

As training and staff development remain a strategic priority to the ME, an individualised skills plan was developed. This Workplace Skills Plan aims to provide relevant training opportunities to all staff. The process was concluded with inputs obtained from both employees and managers to ensure the most appropriate training interventions were identified.

Administrative systems relating to records management, archiving, registry and stock and stores control were refined and provided to all internal staff departments to ensure compliance with relevant policies and guidelines.

Covid-19 regulations, unfortunately, affected the intended in-person training interventions envisaged for staff. Training opportunities, especially those that required physical attendance, were cancelled due to social distancing protocols. The focus shifted to online training opportunities which were made available and were well attended by employees.

The AG audit required the entity to provide, among other, information on HR and administration. There were no findings and the department contributed considerably in obtaining a clean audit.

Legislative compliance

- The Internal Company Services Department has developed a work plan for the board and its subcommittees to ensure timeous delivery of relevant reports and information.
- This department facilitated the drafting and ensured that relevant evidence was obtained to report on the quarterly performance of the entity. The quarterly performance is related to the performance indicators which are submitted to the City for review and recording.
- The board and subcommittees hosted all scheduled meetings required for the year, ensuring compliance with legislation and the relevant terms of references.
- The board, as part of its delegations, approved the following policies during this financial period:
  - Petty Cash Policy;
  - Risk Acceptance and Risk Tolerance; and
  - Environment and Event Sustainability.

2020/21 highlights and successes

- Achieved 100% on completion of declaration of interests' submissions;
- No occupational safety incidents were reported in the period;
- WSP training targets were adjusted downwards due to the Covid-19 restrictions on training. The entity was able to meet and exceed this adjusted target for 2020/21;
- Despite Covid-19, the entity achieved an absenteeism rate of less than the targeted 5% for the year;
- An effective and efficient stock control system was successfully implemented;
- Effective company secretariat service was provided to the board and subcommittees. The board expressed its satisfaction with the correctness of minutes and the timeous distribution of agendas, notices and action lists; and
- The Covid-19 HR and Operational Strategy developed for the Cape Town Stadium in conjunction with the Operations and Events Department ensured compliance with all Covid-19 regulations at all times.

A centralised legal register was established to ensure accurate tracking and monitoring of all legal activities and requests.

4.5 Finance Department

Mandate

The mandate of the department is to provide a daily finance support function to the Cape Town Stadium and to give substance to its financial strategy. The department provides support to the operational team by ensuring that all revenues are accounted for and timeously collected from clients. Support is also provided to the commercial team with the implementation of the new commercial model. Finance plays a pivotal role in ensuring financial reporting to management, the Cape Town Stadium Board and board committees/subcommittees and the City of Cape Town are accurate. Other oversight and management functions include the management and verification of fixed assets at the Cape Town Stadium on behalf of the City of Cape Town, the implementation and improvement of systems, processes and internal controls for all new operational areas to ensure good governance, as well as ensuring that the Cape Town Stadium achieves a clean audit.

Overview

During the past financial year, Covid-19 has had a significant impact on the Cape Town Stadium resulting in the entity not being able to conduct its normal business operations. The entity has managed to host over 80 events for the past year, however, due to Covid-19 restrictions, no spectators had been in attendance at these events.

The Covid-19 pandemic has had a significant impact on the income budget for the 2020/21 financial year. There was a loss of revenue in the amount of R18,5 million which was approximately 75% of the original budget due to the loss of hosting of events.

As a municipal entity, the stadium has to have a balanced budget. Thus, to make up for the shortfall of the revenue budget, the expenditure budget had to be reduced by R18,5 million. There were significant budget reductions in areas such as repairs and maintenance where 22% of this budget had to be reduced. Other areas of expenditure budget reductions included cleaning, security and other expenditure, etc. Furthermore, the reduction in the repairs and maintenance budget did not have an impact on the planned maintenance for the year.

The entity has, however, successfully managed to appoint all the necessary service providers during the 2021 financial year with regard to the new commercial model. However, the implementation of the new commercial model can only be rolled out with the return of spectators at events. It is assumed that government would phase in the lifting of Covid-19 lockdown restrictions as infections decrease, whereby gatherings are permitted and spectators will be allowed in attendance at events. It remains unlikely that the company would be able to operate at the normal business levels seen pre-pandemic before the end of the next (2022) financial year.

2020/21 highlights and successes

- Obtained a clean audit for the 2020/21 financial year;
- Achieved 100% asset verification for the 2020/21 financial year; and
- During the year, the department successfully developed, procured and implemented its new financial system which will be utilised for tracking of the new commercial revenue streams.

5. BROAD-BASED BLACK ECONOMIC EMPOWERMENT

CAPE TOWN STADIUM

5. BROAD-BASED BLACK ECONOMIC EMPOWERMENT

MANAGEMENT CONTROL

Categories	Number	%	Race	Gender
Board	3	50%	W	M
	1	17%	A	M
	2	33%	C	F
Executive directors	1		W	M
Non-executive directors	All members of the board, except for the CEO, are non-exec directors			
Senior management	All staff at the entity 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
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
2020			
Seconded employees	4	C	F
Internships, apprenticeships, learnerships	2	B	M

SOCIOECONOMIC DEVELOPMENT

The Cape Town Stadium is in its startup stages and therefore did not make any direct contribution towards socioeconomic development in this regard.

ENTERPRISE AND SUPPLIER DEVELOPMENT

2021

Total spend	43 057 944	
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

2020

Total spend	47 456 883	
Total number of suppliers	42	
Total % B-BBEE spend	55%	
	Total suppliers	**Total spend**
Spend below R100 000 per supplier	26	505 114
Spend between R100 000–R500 000 per supplier	3	793 134
Spend between R500 000–R1 000 000 per supplier	2	1 196 331
Spend between R1 000 000–R2 000 000 per supplier	2	2 350 971
Spend between R2 000 000–R5 000 000 per supplier	5	15 435 690
Spend more than R5 000 000 per supplier	4	27 175 643
	42	47 456 883

6. ANNUAL FINANCIAL STATEMENTS

CAPE TOWN STADIUM

6. ANNUAL FINANCIAL STATEMENTS

CONTENTS

GENERAL INFORMATION

FOR THE YEAR ENDED 30 JUNE 2021

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

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

The board of directors, in accordance with the provisions of the service delivery agreement, approved the company's commercialisation strategy, as well as the commercial implementation plan during the 2018/19 financial year. As part of the plan, several commercial opportunities such as pouring rights, hospitality rights, naming rights, liquor distribution rights, etc. were identified and 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 Cape Town Stadium once government allows spectators in attendance at events.

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

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM

FOR THE YEAR ENDED 30 JUNE 2021

ADMINISTRATION

Registered Office and Postal Address
1 Fritz Sonnenberg Road
Green Point
Cape Town
8051

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

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

Private Bag X1
Chempet
7442

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

PO Box 86
Cape Town
8000

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2021

DIRECTORS

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

Independent non-executive directors	Executive directors
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	

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2021

BOARD COMMITTEES

Audit and Risk Committee

The Audit and Risk Committee (the committee) submits its report in respect of the financial year ended 30 June 2021.

Mandate

The committee is governed by a term of reference which was approved by the board and is reviewed annually. The committee fulfils 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 (MFMA).

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

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 charter and that it has complied with all its legal, regulatory and other responsibilities.

Composition of the committee

The committee comprises five members, all of whom hold appropriate qualifications and experience, of which two are independent non-executive directors and all who are appointed by the Council of the City of Cape Town. The committee was chaired by Ms V Manuel.

The committee meets at least four times a year and its meetings were attended by executive management, internal and external auditors. A quorum for meetings is at least fifty per cent of the members present.

The table below discloses relevant information on the committee members:

Committee members	Qualifications
V Manuel	MBA, Dip. Education, BA
J Dique	CA (SA), B. Com (Hons)
L Ndaba	B. Com, CIA, Cert. Ethics Officer
P Dala	PHD (IT), M.IT, CDPSE, CEH, CGEIT, CHFI, CISA, CISM, CISSP, COBIT, CRISC, LA27001
S Mzizi	Bcom Hons: Financial Management, ACMA, CGMA, ACG
S Barnes	MBA, DIP. Business Management (resigned 29 October 2020)
RG Nicholls	CA (SA), CIA, B.Com (resigned 29 October 2020)

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 (MFMA).

The committee:

- exercises oversight of the internal financial controls of the company;
- oversees the internal audit function, which is outsourced and which reports directly to the committee;
- reviews and approves the internal audit plan, and monitors 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;
- oversees and reviews the expertise, resources and experience of the company's finance function;
- oversees the external audit process and approves the terms of engagement and remuneration of the external auditors and reviews the effectiveness of the external audit process. Ensures that any significant issues arising from the audit are brought to the committee's attention;
- oversees financial reporting risks in relation to financial reporting;
- assists the board in ensuring that the company has implemented an effective policy and plan for risk management, which will enhance the company's ability to achieve its strategic objectives;
- monitors implementation of the risk management action plan and ensures that risk management assessments are performed continuously and reports to the board in this regard;
- oversees the development and annual review of a policy and plan for risk management to recommend for approval to the board and ensures that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks;
- ensures that the combined assurance received is appropriate to address all the significant risks facing the company and monitors the relationship between the assurance providers and the company;
- oversees compliance with all applicable laws and regulations and reviews the effectiveness of the company's systems for monitoring compliance;
- makes recommendations to the board of directors, and advises 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 and any other matters referred to it by the board; and
- performs such additional oversight functions as may be determined by the board from time to time.

Key responsibilities

The committee has a work plan 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

The committee has, during the year under review:

- 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;
- reviewed the effectiveness of the company's system of internal financial controls including receiving assurance from management, internal audit and external audit;
- reviewed and made recommendations to relevant company policies;
- satisfied itself that the chief financial officer has the appropriate expertise and experience to act in this capacity;
- The committee has reviewed the quarterly financial and performance reporting together with findings from the Auditor-General and internal audit. These findings have been discussed 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 is satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- exercised oversight of the financial aspects of capital projects including the CTICC East expansion.

Based on the processes and assurances obtained, the committee believes that the significant internal financial controls are generally effective and that accounting practices are appropriate.

Risk management
The committee has, during the year under review:
- exercised oversight in respect of the enterprise risk management function, which remains management's responsibility; and
- monitored the implementation of the company's risk management action plan and made recommendations regarding the improvement thereof and reporting thereon.

The committee believes that the combined assurance model is adequate for the entity.

Internal audit
The committee has, during the year under review:
- ensured that the company's internal audit function was independent and that it had the necessary resources to enable it 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; and
- 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 2020/21 internal audit plan:
- Annual Financial Statements Review
- Occupational Health and Safety
- Percentage Achievement of Projected Revenue
- Roll-Over: Repairs and Maintenance
- Operational Expenditure and Payments
- Roll-Over: Procurement Processes
- Cape Town Stadium Commercialisation (AERF)

Six internal audits included in the 2020/21 internal audit plan were completed and the areas for improvement were agreed to by management.

The Cape Town Stadium Commercialisation (AERF) review was deferred due to delays experienced by CTS in the awarding of tenders and the drafting of related standard operating procedures.

External audit
The committee is satisfied that the external auditors are independent of the company.

The committee had considered the fees to be paid to the external auditors, as well as their terms of engagement and found it to be acceptable.

The committee has reviewed the external auditors' management letter and management's response thereto.

The committee concurs 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 the annual report, and is satisfied with its integrity. The committee recommended the approval thereof to the board.

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

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

Viola Manuel
Chairperson of the Audit and Risk Committee

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Human Resource (HR), Social and Ethics Subcommittee

The mandate of the subcommittee

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

Terms of responsibilities of the committee and terms of reference/mandate

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

Attendance of meeting

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

Highlights

During the last financial year, the committee has had to address a number of issues. Central to these has been Covid-19 and its impact on the workforce. Having bedded down the organisational structure, the committee played an oversight role in ensuring that agreed plans were implemented. Members of the CTS Board were also assessed and evaluated by KPMG in their effectiveness as board members since appointment. The report was presented to the HR/Ethics Committee to be validated and a recommendation forwarded to the CTS Board for approval. Leadership development and skills development were some of the key aspects which the committee deliberated on during the course of this year. Transformation and BEE compliance has seen some major improvements. The committee is satisfied that the CEO and executive management of CTS continue to execute the people’s agenda and mandate to the best of their ability with discretion and professionalism.

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

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

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

Samkelo Blom
Chairperson of the Human Resource, Social and Ethics Subcommittee

EVENTS, MARKETING AND COMMUNICATIONS COMMITTEE

The Events, Marketing and Communications Committee (the committee) submits its report in respect of the financial year ended 30 June 2021 as required by Section 94 of the Companies Act, 71 of 2008 (Companies Act).

Mandate of the committee
The committee is governed by formal terms of reference, which have been approved by the board and are reviewed annually. It fulfils its responsibilities in terms of the Companies Act, 71 of 2008 (Companies Act), the Municipal Finance Management Act, 56 of 2003 (MFMA), and its terms of reference. The committee has an independent role with accountability to both the board and the shareholders. It does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of management of the Cape Town Stadium. The committee acts in an advisory and oversight capacity; it does not relieve the board of its responsibilities but makes objective and independent recommendations. The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its terms of reference and that it has complied with all its legal, regulatory and other responsibilities.

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

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

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

- Sharing best practices and knowledge;
- Providing opportunities for discussion;

- Coordinating policies and practice among the relevant sections;
- Analysing data, discussions and the processes to rectify incorrect data;
- Coordinating the implementation of new systems, policies and processes in the various areas relating to Events, Marketing and Communications; and
- Reviewing proposals for business improvement processes to ensure compliance with established policies, and where necessary recommendations of systems, policies and process change arising from such reviews.

Highlights

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

The events industry has faced significant challenges due to Covid-19 over the last financial year. The cancellation of all major events at Cape Town Stadium has severely impacted the plans and strategies of the Events and Marketing Committee. The committee had to reprioritise and adapt to an ever-changing events industry. This new direction can be summarised in the following priorities:
- Secure the safety and security of the stadium staff and suppliers by implementing various Covid-19 protocols and systems;
- Be available to the City of Cape Town as a facility that can be used to support various campaigns to fight the pandemic;
- Cost-cutting on all non-essential expenditures to minimise the financial impact;
- Innovate and adapt to drive new income streams in a changing environment; and
- Prepare the stadium and staff for the events industry to return and be ready to stage events safely.

The committee also advised and monitored the implementation of the new anchor tenant agreement and naming rights strategy for Cape Town Stadium. This included establishing clear objectives to help drive future business and add value to the spectator experience at the stadium.

The Marketing Committee comprises three independent non-executive directors.

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

Martin van Staden
Chairman of the Events, Marketing and Communication Subcommittee

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (continued)

FOR THE YEAR ENDED 30 JUNE 2021

Commercial Committee

The Commercial Subcommittee (the committee) submits its annual report in accordance with Section 94 of the Companies Act, 71 of 2008 (Companies Act).

Mandate

The committee was established on 4 December 2020 and it is governed by a formal terms of reference, which was approved by the board. The committee fulfils its responsibilities in terms of the Companies Act, 71 of 2008 (Companies Act), the Municipal Finance Management Act, 56 of 2003 (MFMA), and its terms of reference. It does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of management of the Cape Town Stadium.

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

Composition of the committee

The committee comprises four members, all of which are independent non-executive directors with the appropriate qualifications and experience, which were nominated by the board and appointed by the City of Cape Town. The committee is chaired by Mr J Dique and a quorum for meetings is fifty per cent of the members present.

The table below discloses relevant information on the committee members:

Committee members	Qualifications
J J Dique	CA (SA), B. Com (Hons)
PJ Veldhuizen	LLM, MBA
Martin van Staden	BComp Sports
V Manual	MBA, Dip. Education, BA

Attendance of meetings

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

Key responsibilities of the committee

The committee has oversight responsibility of commercial-related issues at the Cape Town Stadium (CTS). The committee provides for communication, consultation and cooperation among the leadership regarding policies and procedures, which includes:

- Sharing best practices and knowledge;
- Providing opportunities for discussion;
- Coordinating policies and practice among the relevant sections;
- Monitoring of the implementation of new systems, policies, and processes in the various areas for the committee; and
- Reviewing proposals for business improvement processes to ensure compliance with established policies, and where necessary recommendations of systems, policies, and process change arising from such reviews.

Highlights

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

The committee considered and recommended the CTS Environmental and Event Sustainability Strategy and Policy Directive for board approval.

The year under review was challenging with the Covid-19 global pandemic, where CTS had to employ austerity measures because of the inability to host spectators at events that were allowed to be held. CTS had to manoeuvre very carefully between compliance to regulatory requirements, as required by the City of Cape Town as its shareholder.

Expenditure was reduced to only critical expenses and management took cognisance that long-term maintenance requirements were not impacted.

The anchor tenant agreement with Western Province Rugby is in the process of being completed and will be finalised. The stadium remained committed to reducing the grant amount required by the City of Cape Town and was successful with the implementation of commercial deals during the year.

J J Dique
Chairman of the Commercial Subcommittee

Details of director's meeting attendance 1 July 2020 – 30 June 2021

Meeting type	Board meeting	Audit and Risk Committee	HR, Social and Ethics Committee	Events, Marketing and Communications Committee	Commercial Subcommittee
NUMBER OF MEETINGS HELD	**4**	**4**	**4**	**4**	**3**
PJ VELDHUIZEN	4	-	4	-	3
L ESSOP	4	-	4	4	-
J DIQUE	4	4	-	-	3
V MANUEL	4	4	3	4	3
M VAN STADEN	4	-	-	4	3
S BLOM	4	-	4	-	-

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

The directors are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements of the company. The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations of such statements issued by the Accounting Standards Board, the Local Government: Municipal Finance Management Act, 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 reasonably, but not absolute, assurance about the reliability of the financial statements, that assets are safeguarded, and to prevent and detect losses. The directors are not aware of any significant breakdown in the functioning of these measures, procedures and systems during the period under review.

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

Approval of the financial statements

The financial statements, which appear on pages 60 to 80, are compiled for the financial period from 1 July 2020 to 30 June 2021 and were approved by the board of directors and signed by the chief executive officer (CEO) on behalf of the Cape Town Stadium.

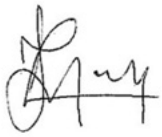
L DE REUCK
Chief Executive Officer
31 August 2021


3
Hollywood
bets
DURBAN
BLK

COMPANY SECRETARY CERTIFICATE

FOR THE YEAR ENDED 30 JUNE 2021

In terms of Section 88(2)(e) of the Companies Act of South Africa, Act 71 of 2008 (the act), I certify that the company has lodged with the Companies and Intellectual Property Commission, all returns and notices as required by the act in respect of the financial year ended 30 June 2021, and that all such returns and notices are true, correct and up to date.



Company Secretary
31 August 2021

REPORT OF THE AUDITOR-GENERAL

TO THE COUNCIL OF THE CITY OF CAPE TOWN FOR THE CAPE TOWN STADIUM

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Cape Town Stadium SOC (RF) Limited set out on pages 60 to 80, which comprise the statement of financial position as at 30 June 2021, 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 SOC (RF) Limited as at 30 June 2021, 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 71 of 2008 (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor-General's responsibilities for the audit of the financial statements section of 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. Emphasis of matter

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

Underspending of the budget

7. As disclosed in the statement of comparison of budget and actual amounts, the entity materially underspent their operating budget by R37, 6 million.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the MFMA and 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.

9. In preparing the financial statements, the accounting officer is responsible for assessing the municipal entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipal entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 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 area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators 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.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus area presented in the municipal entity's annual performance report for the year ended 30 June 2021:

Strategic focus area	Pages in the annual performance report
Strategic focus area 1: the opportunity city	81 – 83

15. 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.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this strategic focus area:

- Strategic focus area 1: the opportunity city

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 81 to 83 for information on the achievement of planned targets for the year and management's explanations provided for the under-/over-achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

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

20. I did not identify any instances of material non-compliance with the selected requirements of applicable legislation, as set out in the general notice issued in terms of the PAA.

Other information

21. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report, 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 area presented in the annual performance report that have been specifically reported in this auditor's report.

22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected strategic focus area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

24. I have nothing to report in this regard

Internal control deficiencies

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

Cape Town, 30 November 2021

Auditor-General

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

ANNEXURE

Auditor-General's responsibility for the audit

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

   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer

   - conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Cape Town Stadium SOC (RF) 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 2021

Rand (R)	Note	2021	2020
ASSETS			
Current assets		**6 527 528**	**6 462 846**
Cash and cash equivalents	8	3 000	-
Services in-kind benefit	10	2 010 000	2 010 000
Receivables from non-exchange transactions	11	4 384 185	3 956 863
Receivables from exchange transactions	11	130 343	495 983
Total assets		**6 527 528**	**6 462 846**
NET ASSETS AND LIABILITIES			
Net assets		**2 010 000**	**2 010 000**
Share capital	9	-	-
Accumulated surplus/(deficit)		2 010 000	2 010 000
Current liabilities		**4 517 528**	**4 452 846**
Payables from exchange transactions	12	3 846 748	2 566 055
Other payables	12	133 343	495 983
Value-added tax	13	537 437	1 390 808
Total net assets and liabilities		**6 527 528**	**6 462 846**

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2021

Rand (R)	Note	2021	2020
REVENUE			
Exchange revenue	2	**4 207 821**	**17 124 376**
Rental of facility		2 748 054	17 085 963
Other income		1 459 767	38 413
Non-exchange revenue	3	**72 845 531**	**67 831 439**
Contributions		65 237 465	59 453 808
Services in-kind received		7 608 066	8 377 631
Total revenue		**77 053 352**	**84 955 815**
EXPENDITURE			
Board members' remuneration		348 225	271 660
Contracted services	4	42 353 735	44 980 700
Employee costs	5	1 389 814	731 556
Security services		6 757 605	8 589 195
Cleaning costs		5 041 428	6 855 706
Consultants		3 145 012	3 691 608
General expenses	6	18 017 533	17 825 390
Total expenditure		**77 053 352**	**82 945 815**
Surplus/(deficit) before taxation		-	**2 010 000**
Taxation		-	-
SURPLUS/(DEFICIT) FOR THE PERIOD		-	**2 010 000**

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2021

Rand (R)	Share capital	Accumulated surplus/ (deficit)	Total
Balance at 1 July 2019	-	-	-
Surplus/(deficit) for the year	-	2 010 000	2 010 000
Share issues 9	-	-	-
Balance at 30 June 2020	**-**	**2 010 000**	**2 010 000**
Surplus/(deficit) for the year	-	-	-
Balance at 30 June 2021	**-**	**2 010 000**	**2 010 000**

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2021

Rand (R)	Note	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from contributors and others		69 383 604	79 276 602
Cash payments to suppliers		(69 380 604)	(79 285 146)
Cash generated/(utilised) by operations	**7**	**3 000**	**(8 544)**
Finance income received		-	635
Bad debts written off		-	(2 880)
Net cash flow from operating activities		**3 000**	**(10 789)**
Net increase/(decrease) in cash and cash equivalents		**3 000**	**(10 789)**
Cash and cash equivalents at beginning of the year		-	10 789
Cash and cash equivalents at the end of the year	**8**	**3 000**	**-**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2021

FINANCIAL PERFORMANCE	APPROVED BUDGET	FINAL BUDGET	ACTUAL	FAVOURABLE/ (UNFAVOURABLE) VARIANCE	VARIANCE %
Board members remuneration	424 400	424 400	348 225	76 175	**17,95**
Employee costs	1 408 550	1 408 550	1 389 814	18 736	**1,35**
Contracted services	42 782 607	43 146 747	42 353 735	793 012	**1,84**
Security services	7 410 180	6 770 180	6 757 605	12 575	**0,19**
Cleaning costs	5 842 831	5 042 831	5 041 428	1 403	**0,03**
Consultants	3 450 000	3 600 000	3 145 012	454 988	**12,64**
Services in-kind utilised	42 596 939	42 596 939	7 608 066	34 988 873	**82,14**
General expenses	10 699 017	11 624 877	10 409 467	1 215 410	**10,46**
Total expenditure	114 614 524	114 614 524	77 053 352	37 561 172	**32,77**
Rental of facility	4 800 000	4 800 000	4 060 054	(739 946)	**-15,42**
Other income	1 500 000	1 500 000	147 767	(1 352 233)	**-90,15**
Services in-kind received	2 596 939	2 596 939	7 608 066	5 011 127	**192,96**
Contributions	65 717 585	65 717 585	65 237 465	(480 120)	**-0,73**
Total revenue	74 614 524	74 614 524	77 053 352	2 438 828	

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

1. SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

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

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

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

GOING-CONCERN ASSUMPTION

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

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

Going concern

Management considers key financial metrics and approved medium-term budgets, 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

All material differences are explained in note 16 to these annual financial statements.

Impairment of trade receivables from exchange transactions
The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payment based on the creditworthiness. This was performed for all debtors.

ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective and adopted in the current year

The following GRAP standards are applicable and effective in the current year:
GRAP 18 – Segment reporting
GRAP 34 – Separate financial statements
GRAP 35 – Consolidated financial statements
GRAP 36 – Investments in associates and joint ventures
GRAP 37 – Joint arrangements
GRAP 38 – Disclosure of interest in other entities
GRAP 110 – Living and non-living resources
IGRAP 20 – Accounting for adjustments to revenue to pay levies

GRAP 18, 35, 36, 37, 38, 110 and IGRAP 20 is not applicable to the Cape Town Stadium and has no impact on the financial statements.

The application of GRAP 34 has had no impact on the financial statements.

Standards and interpretations issued, but not yet effective
At the date of submission of these financial statements, there are no standards of GRAP that have been issued by the board and for which the Minister of Finance has determined an effective date.

CASH AND CASH EQUIVALENTS

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

VALUE-ADDED TAX

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

INCOME TAX

The Cape Town Stadium 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. The income is recognised as per the contractual agreement between the client and the Cape Town Stadium (RF) SOC Ltd.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

LEASES

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

EMPLOYEE BENEFITS

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

TRADE PAYABLES

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

RECEIVABLES

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

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

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

BUDGET INFORMATION

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

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

The amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in note 16 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

SERVICES IN-KIND

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

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

The Cape Town Stadium (RF) SOC Ltd recognises the use of these assets, 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.

RELATED PARTIES

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

OFFSETTING

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position 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 2021

2. EXCHANGE REVENUE

Rand (R)	2021	2020
Rental of facility	**2 748 054**	**17 085 963**
Bowl events	1 599 714	13 342 491
Non-bowl events	811 224	2 536 692
Film shoots	337 116	1 206 780
Other income	**1 459 767**	**38 413**
Stadium tours	-	37 778
Interest income	-	635
Rebates income	147 767	-
Rights fees	1 312 000	-
Total exchange revenue	**4 207 821**	**17 124 376**

3. NON-EXCHANGE REVENUE

Contributions		
City of Cape Town	65 237 465	59 453 808
Analysis of government grants and subsidies		
Operating	**65 237 465**	**59 453 808**

Services in-kind		
Services in-kind received	7 608 066	8 377 631
TOTAL	**7 608 066**	**8 377 631**

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 next three years based on the Business Plan. There is no significant risk causing a material adjustment to the carrying amount of the services in-kind benefit within the next financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

4. CONTRACTED SERVICES

Rand (R)	2021	2020
Building contracting services	6 885 833	11 549 803
Electrical services	5 413 910	6 059 460
Information technology services	4 249 596	4 958 223
Administrative and support cost	22 198 497	18 120 866
Other	3 605 899	4 292 348
TOTAL	**42 353 735**	**44 980 700**

5. EMPLOYEE COSTS

Employee costs	1 389 814*	731 556
TOTAL	**1 389 814**	**731 556**

*The CFO was appointed on 1 December 2019 and is the only employee of the Cape Town Stadium (RF) SOC Ltd.

6. GENERAL EXPENSES

Municipal services	8 278 152	8 744 378
Hire charges	-	438 484
Auditors' remuneration	726 859	553 172
Printing and stationery	182 736	129 937
Licences	223 968	325 999
Services in-kind utilised	7 608 066	6 367 630
Other expenditure	997 752	1 265 790
TOTAL	**18 017 533**	**17 825 390**

7. CASH GENERATED/(UTILISED) FROM OPERATIONS

Rand (R)	2021	2020
Surplus/(deficit) before tax	-	2 010 000
Adjustment for:		
Finance income	-	(635)
Services in-kind received	(7 608 066)	(8 377 631)
Services in-kind expenses	7 608 066	6 367 631
Bad debts written off	-	2 880
Movements in working capital		
Decrease/(increase) in receivables	(61 682)	2 699 053
(Decrease)/ increase in payables	918 053	(885 723)
(Decrease)/increase in net VAT	(853 371)	(1 824 119)
Cash generated/(utilised) from operations	**3 000**	**(8 544)**

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:

Current account	-*	-
Cash on hand	3 000	-
The following bank accounts were held by the entity		
Nedbank – Current account	-	-

*The bank account balance is zero as of 30 June 2021 due to the Cape Town Stadium (RF) SOC Ltd's bank account being swept to the City of Cape Town's bank account, as the City administers all payments on behalf of the entity and covers the shortfall of the operational expenditure through the grant in accordance with the service delivery agreement (SDA).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

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.

Rand (R)	2021	2020
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	2 010 000	2 010 000
Long-term portion	-	-
Value of services in-kind benefit at 30 June 2021	**2 010 000**	**2 010 000**

This is a non-cash charge and arose as a result of the GRAP 23 accounting recognition of the services in-kind benefit.

11. RECEIVABLES FROM NON-EXCHANGE AND EXCHANGE TRANSACTIONS

Receivables from non-exchange transactions	4 384 185	3 956 863
Receivables from exchange transactions	130 343	495 983
Total	**4 514 528**	**4 452 846**

Receivables age analysis

Current (0–30 days)	4 410 028	4 238 344
31–60 days	-	15 536
61–90 days	-	75 520
91–120 days	-	6 900
+120 days	104 500	116 546
Total	**4 514 528**	**4 452 846**

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

12. PAYABLES FROM EXCHANGE TRANSACTIONS AND OTHER PAYABLES

Rand (R)	2021	2020
Payables from exchange transactions	3 846 748	2 566 055
Other payables	133 343	495 983
Total	**3 980 091**	**3 062 038**

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

13. VALUE-ADDED TAX

VAT payable	537 437	1 390 808

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	4 337	4 437
Total	**4 837**	**4 937**

Future minimum lease payments for the operating leases relate to the lease from the City of Cape Town for a period of 50 years for use of Cape Town Stadium, the remaining term is 48 years 4,5 months.

Minimum lease payments recognised as an expense during the period amounts to R100.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

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 company and the City of Cape Town which sets out the objectives of the company and the responsibilities of both the company and the City of Cape Town.

Related party transactions

Rand (R)	2021	2020
Revenue:		
Services in-kind received	7 608 066	8 377 631
Grants and subsidies received	65 237 465	59 453 808
Expenditure:		
Contracted services	22 198 497	18 120 866
Municipal services	8 278 152	8 744 378
Services in-kind utilised	7 608 066	6 367 631
Lease rental	100	63
Related party balances		
Amounts owing to City of Cape Town	984 191	2 085 020
Amounts due by City of Cape Town	4 384 185	3 956 863

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 2021

15. RELATED PARTY (continued)

Directors' remuneration

Non-executive directors' remuneration

Rand (R)	2021	2020
Peter-John Veldhuizen (Chairperson)	70 966	47 335
Viola Manuel	90 105	80 986
Samkelo Blom	52 152	52 395
Martin Van Staden	62 401	36 249
Limia Essop	52 328	52 496
Johan Dique	65 263	50 111
TOTAL	**393 215**	**319 572**

Executive director's remuneration

Rand (R)	Annual salary	Bonus	Allowances	Social contribution	Total
2021					
Chief executive officer					
Lesley De Reuck	1 611 686	-	161 603	268 762	2 042 051
Chief financial officer					
Fairoza Parker CA(SA)	1 389 814	-	-	13 199	1 403 013
	3 001 500	**-**	**161 603**	**281 961**	**3 445 064**
2020					
Chief executive officer					
Lesley De Reuck	1 508 532	47 321	158 613	255 099	1 969 565
Chief financial officer					
Fairoza Parker CA(SA)	725 362	-	-	6 194	731 556*
	2 233 894	**47 321**	**158 613**	**261 293**	**2 701 121**

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

*CFO appointed on 1 December 2019

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

15. RELATED PARTY (continued)

Acting chief financial officer (CFO)

Rand (R)	2021	2020
Kim Theron – Acting allowance	-	74 193

Other related party

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

16. BUDGET INFORMATION

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

Statement of financial performance

(i) Board members' remuneration
Board fees did not increase in the current year, although an annual increase has been factored into the budget. This has resulted in savings being realised.

(ii) Consultants
The savings realised in this expenditure category is primarily due to the cancellation of one of the consultant's contracts in December 2020, as well as improved cost management.

(iii) Services in-kind utilised and received
The budget provision for services in-kind utilised and received was based on the anticipated market-related rental as budgeted in the prior period, however, the services in-kind balances are significantly less than budget, hence savings are realised.

(iv) General expenses
Due to the existing Covid-19 restrictions, as well as improved cost management, this resulted in a saving of the general expenses.

(v) Rental of facility
Due to the existing Covid-19 restrictions, the entity was not in a position to host certain events, therefore resulting in underachievement of the annual revenue target.

(vi) Other income
As the naming rights partner will only be appointed during the new 2021/22 financial year, this income stream could not be realised during the 2020/21 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

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, the CEO may dispense with the official procurement processes established by the policy and procure any required goods or services through any convenient process in exceptional circumstances. The following deviations were awarded during the previous 2019/20 financial period:

No	Supplier	Nature of goods/ services	Reason for deviation	Period of contract	Value of award
1	Sail Rights Commercialisation (PTY) Ltd	Appointment of expert naming rights provider for the commercialisation of the naming right on the Cape Town Stadium	Exceptional case where it is impractical or impossible to follow the official procurement process	1 July 2020 – 30 June 2023	Rates based
2	International Risk Management (Pty) Ltd t/a Imvula Risk Management (IRM)	Deviation for the appointment of a business consultant for the implementation of the business management model and the commercialisation of the Cape Town Stadium	Exceptional case where it is impractical or impossible to follow the official procurement process	1 July 2020 – 30 June 2023 (contract terminated on 31 December 2020)	Rates based

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

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

Rand (R)	**2021**	**2020**
Total deviations for the year	2 394 568	-
Incident		
Exceptional circumstance	2 394 568	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2021

17. SUPPLY CHAIN MANAGEMENT REGULATIONS (continued)

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

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

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

Cape Town Stadium registered for VAT in January 2020 with an effective date from when the entity was formed in February 2018. This required Cape Town Stadium to lodge and pay all the backlog of monthly VAT returns from February 2018 up until the registration date 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 has disputed and lodged an objection on the basis that payment had been made timeously through the City. Cape Town Stadium awaits the outcome of the SARS objection process.

GLOSSARY OF ABBREVIATIONS

ASB	Accounting Standards Board
CEO	chief executive officer
CFO	chief financial officer
CTS	Cape Town Stadium (RF) SOC Limited
GRAP	Generally Recognised Accounting Practice
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
MFMA	Local Government: Municipal Finance Management Act, 56 of 2003
SDA	service delivery agreement

Cape Town Stadium Performance Assessment Report for 2020/21: JULY 2020 – JUNE 2021

✔ – Meets or exceeds target ❗ – Currently does not meet target ● – Information not available or work on hold

No	Indicator	Annual target 2020/21	Actual performance 2020/21	Rating	Reason for variance	Remedial action
Strategic focus area 1: Opportunity city						
Corporate objective 1.1: Positioning Cape Town as a forward-looking, globally competitive city						
1.	Percentage reduction of the grant allocation from the City of Cape Town	7%	0,73%	❗	Due to the under performance of the revenue target, more of the allocated grant had to be utilised than anticipated; therefore, the grant saving (0,73%) is below the target of 7%.	The entity will continue to try and meet/exceed its revenue targets in order to obtain the targeted grant savings. This is achievable should government lift the Covid-19 restrictions, allowing spectators in attendance at events.
2.	Percentage achievement of projected revenue	70%	66,79%	❗	The under performance was primarily due to the non-realisation of the advertising income, as the naming rights contract will only be approved during the 2021/22 financial year. Income earned for the financial year was primarily obtained from the hosting of football and rugby matches without spectators, as well as non-bowl events which consisted of, inter alia, a vehicle launch, City-sponsored events, the hosting of the taxi-driver facilitator training in partnership with the Western Cape Government, and film shoots. Further income was received from rebates and rights fees paid by operational service providers as per tender specifications.	The entity will continue to try and meet/exceed its revenue targets in order to obtain the targeted grant savings. This is achievable should government lift the Covid-19 restrictions, allowing spectators in attendance at events.
3.	Percentage compliance with approved repairs and maintenance programme	100%	100%	✔	On target	Maintain the momentum
4.	Percentage compliance with Occupational Health and Safety Act (OHSA), 85 of 1993, and its regulations	100%	100%	✔	On target	Maintain the momentum
5.	Number of marketing interventions implemented as per the approved marketing plan	12	12	✔	On target	Maintain the momentum

Cape Town Stadium Performance Assessment Report for 2020/21: JULY 2020 – JUNE 2021

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

No	Indicator	Annual target 2020/21	Actual performance 2020/21	Rating	Reason for variance	Remedial action
6.	Number of bowl events hosted	11	37	✓	Well above target: The initial targets projected were based on the prohibition and limitation on events and gatherings. Subsequently, the adjustment to lockdown regulations has permitted sporting events to proceed without spectators. The sporting fixtures and back-to-back play increased the delivery output of bowl events. Furthermore, the continued client-centric relationship has contributed significantly to the securing of additional bowl events during the challenging Covid-19 pandemic. Although the bowl events far exceeded the target, the income generated from these events were much less than the perceived budgeted income, as the stadium had to charge low rental rates to event organisers due to the Covid-19 restrictions and the ban on spectators.	Maintain the momentum
7.	Number of non-bowl events hosted	15	21	✓	Well above target: The positive variance is attributed to the continued client engagement across national, provincial and local government departments. Stadium operations and events have secured a new revenue stream and client: High Street Auctions. The continued client-centric relationship has contributed significantly to the securing of additional non-bowl events during the challenging Covid-19 pandemic.	Maintain the momentum
8.	Number of film and still shoots hosted	9	26	✓	Well above target: CTS has secured local and international film shoots. The easing of Covid-19 regulations have allowed the film industry to increase output. The continued client-centric relationship has contributed significantly to the securing of additional film/still shoot delivery during the challenging Covid-19 pandemic.	Maintain the momentum

Cape Town Stadium Performance Assessment Report for 2020/21: JULY 2020 – JUNE 2021

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

No	Indicator	Annual target 2020/21	Actual performance 2020/21	Rating	Reason for variance	Remedial action
Corporate objective 1.3: Economic inclusion						
9.	Percentage budget spent on implementation of Workplace Skills Plan (WSP)	40%	52%	✓	Well above target: A large cut in the training budget was affected in order to contribute towards savings to mitigate the stadium losses as a result of no events. Parallel to this, a significant number of training interventions were concluded by staff contributing towards more expenditure on the reduced budget than anticipated.	Maintain the momentum
Strategic focus area 4: Inclusive city						
Corporate objective 4.3: Building integrated communities						
10	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 are not fully representative as per the set target. This is due to the historical appointments still occupying positions on the current structure in the applicable levels.	As vacancies in the top three levels of management occur, the employment strategy will focus on reaching the set target of 80%.
Strategic focus area 5: Well-run city						
Corporate objective 5.1: Operational sustainability						
11.	Percentage absenteeism	≤5%	3,67%	✓	Well above target: The positive variance is mainly due to ongoing focus on this important matter.	Maintain the momentum
12.	Percentage declarations of interest completed	100%	100%	✓	On target	Maintain the momentum
13.	Opinion of the Auditor-General	Clean Audit	Clean Audit	✓	On target	Maintain the momentum


CAPE TOWN STADIUM
THANK YOU
ON!