



CAPE TOWN STADIUM

CAPE TOWN STADIUM (RF) SOC LIMITED
INTEGRATED ANNUAL REPORT
2022/2023



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1. FORWARDS



MESSAGE FROM THE CHAIRMAN OF THE BOARD

The year under review will be remembered as the year in which the industry recovered from the devastating impact of COVID 19 and the associated restrictions placed on mass gatherings. While it was by no means an easy transition, it was rewarding to see the industry gain momentum and for the DHL Stadium to return to its core business of hosting events that attract thousands of spectators.

The 2022/3 financial year was a successful one with the ME achieving its primary targets. The positive public sentiment towards DHL Stadium has grown over the year as supporters of the DHL Stormers and Western Province Rugby acclimatised to their new home stadium. This sentiment culminated in the United Rugby Championship Grand Final between the DHL Stormers and Munster attracting a record crowd of over 56 000 spectators.

As with the rest of South African businesses, the ME has struggled to contain the cost of energy amidst planned blackouts. While the cost of diesel and electricity has been significant, management has managed this expense while ensuring the DHL Stadium technical systems are not affected by load shedding interruptions.

With a full events calendar in place, it has been rewarding to see the growth in revenue through the year as the event and commercial revenues have been realised. Staying true to the stadium being a multi-purpose destination, a total of 18 rugby, 16 football and 2 concerts

or entertainment events were hosted at DHL Stadium in the year under review.

The Board of Directors, supported by its subcommittees has met regularly throughout the year and held robust and honest debates regarding matters affecting the business, the stadium and its shareholders. The Board of Directors has offered strategic insight and guidance to management and fulfilled its duties diligently.

I would like to thank our board members for their contribution through the year, and in particular I would like to express my appreciation to Lesley De Reuck for his commitment and dedication to the ME since its inception in 2018 and wish him all of the best in his future endeavours as he looks to retiring in October 23.

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

A handwritten signature in blue ink, appearing to read 'P. Veldhuizen'.

Peter-John Veldhuizen
Board Chairperson



**THE PLACE WHERE
MEMORIES ARE MADE**



MESSAGE FROM CHIEF EXECUTIVE OFFER

The 2022/3 financial year was the first full year of operations post the COVID 19 restrictions imposed by National Government.

It was a relief to see events return to the DHL Stadium and rewarding to see the enthusiasm displayed by spectators as they showed their support by visiting the stadium in record numbers. A total of 993 627 spectators visited the stadium over the period under review.

Western Province Rugby Union, Western Province Rugby (Pty) Ltd, the City of Cape Town and the Cape Town Stadium (RF) SOC Limited entered into a 99 year lease in January 2023 that saw Western Province Rugby become the Anchor Tenant of the DHL Stadium. This was an exciting milestone for the ME. Not only does it secure approximately 15 – 18 senior professional rugby matches for the stadium, it also enables other commercial revenues that over time will see an increase in the financial sustainability of the ME.

With Western Province Rugby and Cape Town City Football Club playing the majority of their home matches at the DHL Stadium, I have been pleased to see the positive market sentiment towards the stadium growing over the year. We have implemented the commercial event day services and have conducted spectator surveys to best tailor our service offering to those desired by fans.

I congratulate our team for winning bronze at the 2022 International Project Management Association Awards in the Netherlands for the refurbishment of existing infrastructure and the construction of the additional hospitality suites at the DHL Stadium. This project deliverable was met in the prior year under very trying circumstances brought about by COVID 19.

The pitch was a much spoken of topic of conversation throughout the year as it battled to keep up with the increased number of events hosted at the DHL Stadium. While the pitch replacement was budgeted in future years, we thank the City of Cape Town for their willingness to schedule this process earlier. All the groundwork has been completed and we anticipate the pitch replacement process to commence in July 2023 during the Rugby World Cup window thus limiting the impact on events.

The ME remains committed to lessening the financial burden on the rate payer over time. To this end R18.1 million revenue was generated through commercial initiatives, increasing the total revenue by 33% on the prior year. The next phase of commercialisation will be to capitalise on property development within the precinct. Initial research was conducted in the 2022/3 financial year and we anticipate a full plan including return on investment will be completed by the end of the 2024/5 financial year.

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

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



Signing of Anchor Tenant Agreement December 2022

2. INTRODUCTION

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

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

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

With a bustling calendar of bowl events, the stadium is also ideal for conferencing, trade shows and film shoots, hosting non-bowl events throughout the year. The positioning statement of the ME is to be the place where memories are made.

In the 2021/2 financial year, the ME redefined its vision and mission, given the move towards commercialisation. This information remains consistent and has been applied throughout the 2022/3 financial year.

OUR VISION

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

OUR MISSION

We achieve our vision of global recognition as a world class stadium through the hosting of iconic experiences by:

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

OUR VALUES

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

Integrity

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

Innovation

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

Excellence

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

Positivity

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

Collaboration

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

Courage

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

Trustworthy

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

As a ME we adhere to the Municipal Finance Management Act and our business conduct is informed by King IV.

MARKET POSITION

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

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

The stadium hosted a total of 135 events in the 2022/3 financial year, attracting a total of 993 627 spectators.

While eventing is the ME's core business, the long term strategy is to develop the broader precinct into a vibrant space that offers attractions beyond the core business of hosting events. But to become a destination of choice on any day of the year.

BUSINESS OBJECTIVES

The primary long-term business objective of the ME is to achieve financial and operational sustainability. This will be achieved by:

- hosting a robust annual calendar of iconic bowl events, building tradition in the events calendar that sees the return of bespoke events year on year;
- establishing long term relationships with tournament rights holders, clubs and Event Organisers who are able to host iconic bowl events;
- compliment the bowl event schedule with the best use of non-bowl spaces for services such as conferencing, banqueting, trade shows and film shoots;
- investigate property development and the best way to fully commercialise the stadium, with the aim of 50% of future revenues being realised from non-event activity;
- mature to be a "stand alone" ME as envisaged when the ME was created, limiting the reliance on the City of Cape Town via the Service Delivery Agreement to identified areas where the City and ME can offer value to one another.

TARGET MARKETS

In the 2021/2 financial year, the ME defined its target markets and users. This information remains consistent and has been applied throughout the 2022/3 financial year.

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

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

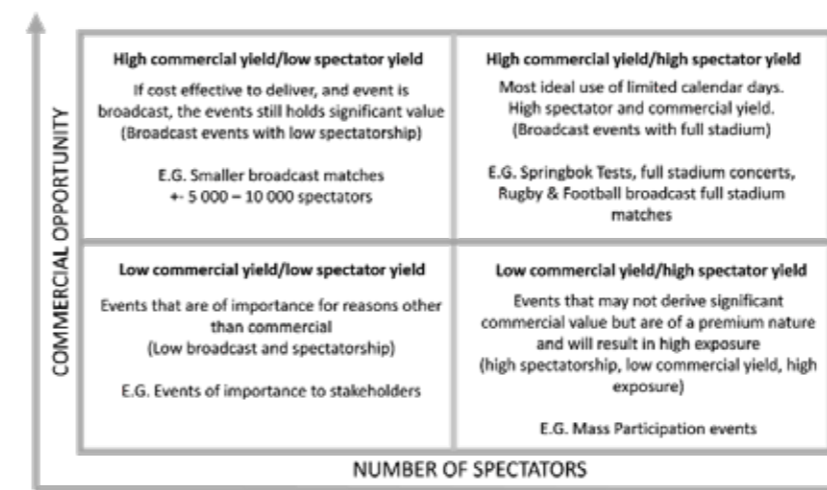
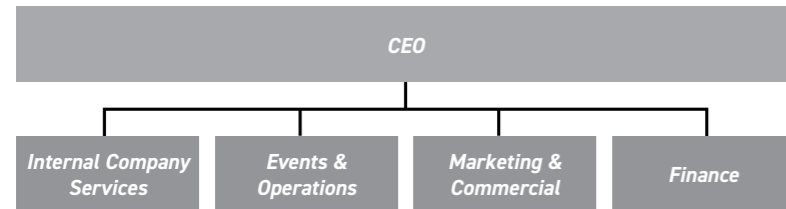


Figure 1: Target market segmentation: Commercial opportunity vs spectator value

OUR STAFF

CTS (RF) has a total of 31 full time staff members who are committed to delivering on our mandate. The senior management team led by the Chief Executive Officer, consists of the following Departments:

- Finance (including Supply Chain Management)
- Events & Operations
- Marketing and Commercial
- Internal Company Services



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

The majority of staff are employees of the City of Cape Town and seconded to the ME. These secondments were renewed in 2022 for a further three years. The position of the Chief Financial Officer remains as a non-seconded employee.

A total of 48 training interventions were hosted during the year with a budget spend of R190 000, exceeding the set target.

4 Resignations were received during the 2022/3 financial year namely:

- Head of Safety and Security
- Assistant Professional Officer: Events
- Senior Financial Clerk
- Finance Clerk

All of these positions were filled during the financial year bar for the APO: Events which is still in the process of being advertised and will be filled in the 2023/4 period.

The ME's absenteeism statistic was less than the 5% compliance threshold requirement for the entire period under review.

A Service Delivery Agreement is in place between the ME and the City of Cape Town for the delivery of key services such as human resource, supply chain management, stock and store acquisitions, IT, legal and contract management support.

LEGISLATIVE COMPLIANCE AND POLICY FRAMEWORK

The ME has 16 active policies within the policy framework that govern the business. All policies were reviewed in 2022/3 and will be reviewed again in 2024.

The ME actively identifies and manages existing, emerging and obsolete risk. The risks facing the organisation are reviewed on an ongoing basis and reported to the Board of Directors and its various sub-committees on a quarterly basis via the risk register. This ensures rigorous debate with regards to risk at both a management and board level.

The ME staff attended POPIA Compliance workshops and the Internal Company Service Manager was appointed as the POPIA Officer of the ME, ensuring legislative compliance.

The Board of Directors re-organised their Sub-Committees to incorporate distinction between Audit and Risk and Finance and established the following Sub Committees for the 2022/3 financial year:

- Audit and Risk
- Finance
- Events, Marketing, Commercial & Communication
- Human Resource, Social and Ethics

Each of these sub-committees met quarterly in the 2022/3 year in accordance with their approved terms of reference. The need to establish a Finance Committee was identified and the terms of reference for the committee was drafted and approved in the 2022/3 financial year.

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

- The timely submission of the annual report and business plan;
- The submission of all notices, agendas, action lists and minutes by the company secretariat;
- Updating of the authorities framework to include commercial scope and to ensure that all the necessary internal controls and processes are in place with the new commercial model; and
- Sound record keeping.
- Quarterly submission of SDBIP Indicators
- Bi Annual review of all ME policies
- CMS Compliance reports for events exceeding 20 000
- Annual Review of PIMMS

From a legal perspective, a total of 135 agreements were entered into between CTS and its clients for the hosting of events in the year under review.



Cape Town Stadium (RF) SOC Limited staff

3. 2022/2023 FINANCIAL YEAR IN REVIEW

The 2022/3 financial year was the first full year of trading post COVID 19 and the related restrictions that were placed on the hosting of events. While there is no doubt these restrictions were crippling to the industry, it also allowed for a "reset" within the industry, with new operators and ways of working coming to the fore.

In January 2023 the ME welcomed Western Province Rugby as the Anchor Tenant. Moving forward, all Western Province Rugby senior professional rugby matches will be played at the stadium. This includes all DHL Stormers and Currie Cup matches. It is anticipated that these matches will make up approximately 15 – 18 broadcast events per calendar year. This now forms the "anchor" to the events calendar which is complimented with approximately 15 broadcast football matches and a further 5 – 7 concerts or entertainment events. These 30 – 40 bowl events per year has and will in the future form the basis of the bowl events calendar.

EVENT HOSTING

The ME categorises the nature of events hosted at the DHL Stadium into 3 categories, namely:

Bowl Events

Bowl events are those that make use of the pitch and spectator seating. The primary objective is to secure events that maximise the spectatorship capacity. This is due to the spectator capacity driving the secondary event revenues such as hospitality, concessions and liquor distribution. Higher cost efficiencies are also realised as the number of spectators increases at any given event.

The exception to this is when a sporting match is broadcast, as the broadcast increases the value for our naming rights and other partners.

The ME hosted a total of 37 bowl events for the 2022/3 financial year. A list of these events is provided:

EVENT	DATE	EVENT	DATE
South Africa vs Wales	16 July 2022	Imagine Dragons	01 February 2023
PSL CTCFC vs Mamelodi Sundowns	05 August 2022	MTBS	11 February 2023
PSL CTCFC vs Stellenbosch	20 August 2022	Nedbank Cup CTCFC vs Royal AM	12 February 2023
PSL CTCFC vs Kaizer Chiefs	23 August 2022	PSL CTCFC vs Swallows FC	19 February 2023
Rugby World Cup 7's	09-11 September 2022	URC Stormers vs Sharks	04 March 2023
URC DHL Stormers vs Edinburgh	01 October 2022	PSL CTCFC vs Marumo Gallants FC	14 March 2023
CAF CTCFC vs Petro de Luanda	08 October 2022	EPCR Stormers vs Harlequins CC	
PSL Stellenbosch vs Kaizer Chiefs	09 October 2022	WP vs Griquas	01 April 2023
PSL CTCFC vs Chippa United	25 October 2022	Currie Cup WP vs Griffons	08 April 2023
CAF CTCFC vs USM	02 November 2022	PSL CTCFC vs Amazulu	09 April 2023
URC DHL Stormers vs Scarlets	25 November 2022	CC WP vs Cheetahs URC	
HSBC 7's	09-11 December 2022	Stormers vs Munster	15 April 2023
EPCR Stormers vs London Irish	17 December 2022	Monster Jam	22 April 2023
URC Stormers vs Bulls	23 December 2022	CC WP vs Bulls	29 April 2023
PSL CTCFC vs Royal AM	30 December 2022	PSL CTCFC vs Golden Arrows	03 May 2023
URC Stormers vs Lions	31 December 2022	URC QF Stormers vs Bulls	06 May 2023
PSL CTCFC vs Supersport United	03 January 2023	URC SF Stormers vs Connacht	13 May 2023
PSL CTC FC vs Orlando Pirates	07 January 2023	URC Final Stormers vs Munster	27 May 2023
PSL CTCFC vs TS Galaxy	20 January 2023	CC WP vs Sharks	10 June 2023
EPCR Stormers vs Clermont	21 January 2023		

Non-bowl events

While hosting bowl events fulfils the core purpose of the stadium, there are many suitable spaces within the precinct for hosting non-bowl events. These events comprise of conferences, workshops, meetings and private functions.

The venues that are available include the Business Lounge which can cater for 2 100 guests, 6 conference rooms each catering for 100 guests, the Level 3 function room catering for 1000 guests and many other smaller, unique

spaces that can be used to create bespoke experiences. The majority of the spaces that are utilised for conferences, tradeshows and workshops are conveniently situated on the western quadrant of the stadium in Block A.

Our non-bowl events included We Are Africa, a showcase tourism event that attracts over 1 000 delegates from around the world to gain exposure to the African tourism market. This event has been hosted at the DHL Stadium for 4 years and makes use of the competitions area, Level 3 function room, the Business Lounge, the conferencing facilities and a range of other smaller areas.

Other events that we have hosted include a variety of functions for the City of Cape Town, the Cape Town Cycle Tour trade show and the Cape Town Marathon trade show.

The ME hosted a total of 66 non-bowl events for the 2022/3 financial year.

Film Shoots

Cape Town remains a sought after destination for the international film industry and the DHL Stadium is a popular venue for film shoots as it provides a variety of different space options in a secure environment.

The local film industry was negatively impacted by the 2023 Writers Guild of America strike which ran for 148 days from early May 23 until October 23. This resulted in all film shoots booked for the period May-June 23 of the current financial year being cancelled.

The ME hosted a total of 29 film shoots for the 2022/3 financial year.

In summary, the ME delivered a total of 135 events for the 2022/3 financial year, attracting a total of 993 627 spectators against a targeted number of 650 000 spectators.

Quarter	Targeted Number of Events	Actual Events Delivered	Targeted Number of Spectators	Actual Total Spectator Attendance
1	25	26	183 333	226 996
2	35	35	183 333	208 614
3	22	42	183 334	254 430
4	28	32	100 000	303 587
Total	110	135	650 000	993 627

Table 1: Quarterly breakdown of events hosted



**SHOWCASE #1
DHL STORMERS & THE UNITED RUGBY CHAMPIONSHIP**

17 Broadcast matches
across 16 countries
10 million viewers
334 641 spectators
Hosted Quarter Finals,
Semi Finals and Grand Final

COMMERCIALISATION OF THE DHL STADIUM

The Naming Rights partnership has established itself over the first full year of events being hosted post COVID 19. Due to the restrictions placed on events in the prior year, it was not possible to accurately measure the value derived from the partnership. Nielsen Sport was contracted to measure the media value across broadcast, social and public relations for the period July 22 to June 23. This value was measured to be between R 15 to R18 million.

The commercial event overlay was implemented for the full financial year under review. A total of 9 service providers and product suppliers supported the event delivery. *These included:*

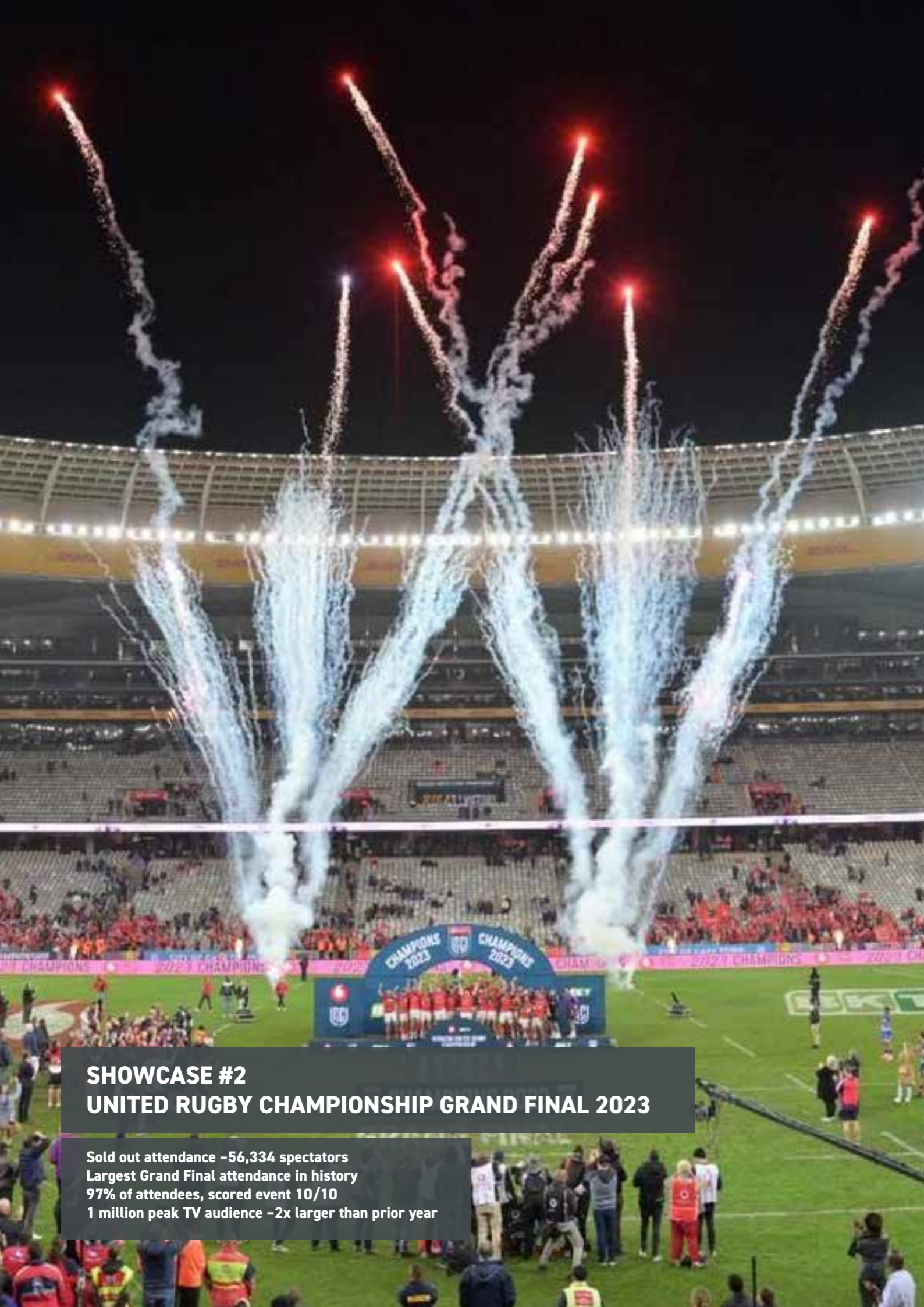
Hospitality Service Provider	Circa Hospitality
Liquor Distribution Agent	Circa Hospitality
Pouring Rights Partner	South African Breweries
Concession general public bars	Treble Entertainment
Concessions general public food & beverage	All Events Africa
Product Suppliers	Dairymaid, Red Bull, J&M Famous Biltong
Advertising Inventory sales agent	Treble Entertainment

Systems and processes were developed to accurately track the various revenue streams generated by commercial initiatives. These initiatives generated a total of R18.1 million against a target of R17.7 million. Initial steps were taken to investigate potential opportunities with regards to property development within the stadium precinct. These include parking initiatives, office space and a retail corridor on the east side of the stadium. These initial investigations are at a point where return on investment and associated costings can be prepared over the next two financial years.

ANCHOR TENANT

The DHL Stormers built on the success of the prior year by hosting the United Rugby Championship quarter final, semi-final and grand finale at DHL Stadium. While narrowly losing out on being crowned champions, the season was a success, bringing a total of 334 641 spectators to the stadium to watch a total of 17 matches. These matches were broadcast to 16 countries with a total viewership of over 10 million.

With the needs of the anchor tenant defined and operationalised, the ME has been in a position to move forward on assessing the available office space and other potential areas for property development and commercialisation. This planning as set the groundwork for further commercialisation of the stadium in future years.



**SHOWCASE #2
UNITED RUGBY CHAMPIONSHIP GRAND FINAL 2023**

Sold out attendance –56,334 spectators
Largest Grand Final attendance in history
97% of attendees, scored event 10/10
1 million peak TV audience –2x larger than prior year

BUILDING THE BRAND

The marketing initiatives remained consistent with the prior year, with a focus on leveraging and growing the ME's "owned platforms" such as social media, data bases and the website. This was achieved by:

- promoting events hosted at the stadium;
- educating spectators on how to have the best experience at the stadium
- building of databases and subscriptions to increase our reach.

The ME remains focused on increasing the positive sentiment with regards to DHL Stadium by providing meaningful and relevant information to our broader stakeholders. The total media exposure as measured by PEAR Africa was R237 685 290.



FINANCIAL PERFORMANCE

CTS has achieved a clean audit for the year 2022/3 financial year. This being the 5th consecutive clean audit since the establishment of the ME in 2018.

The 2022/3 financial year was a successful period for the ME with the revenue growth being 33% in comparison to the prior year. Revenue of R50 million was achieved for the year which is the highest revenue achieved since formation of the ME.

The ME utilised its full grant funding budget of R33million. The percentage grant reduction achieved for this financial year was 20.8% (R8.7 million) against the prior year utilised of R41.9million.

2022/23	Target	Actual	Prior Year	% achieved vs target
Income	R57 623 253	R50 727 775	R38 142 426	Achieved 88% of income budget
Expenditure	R97 822 454	R 95 918 721	R87 739 804	Savings on budget of 2%
Grant Funding	R 33 196 048	R 33 196 048	R41 914 680	Full budget utilised

Table 2: Key financial performance figures for 2022/23

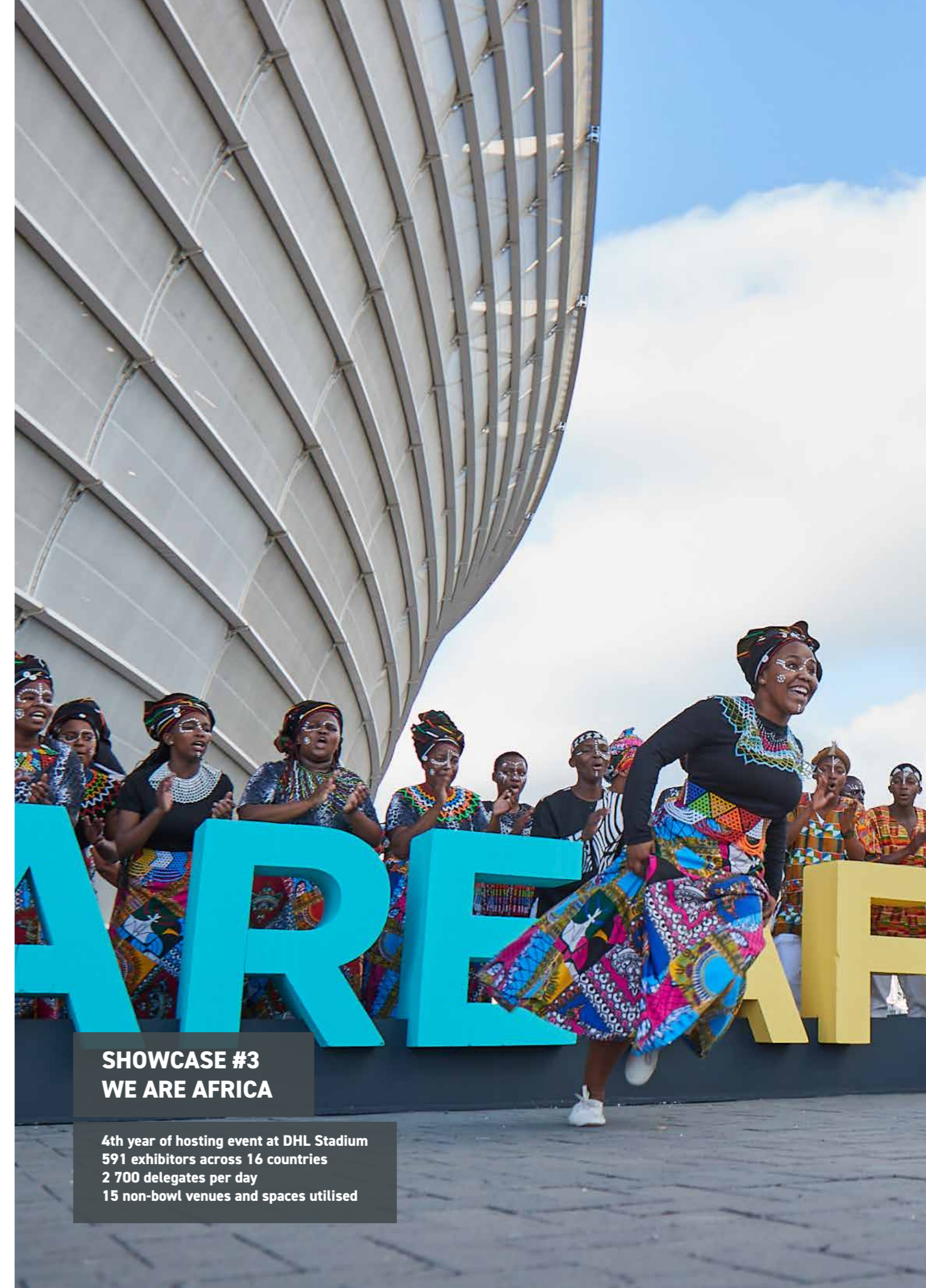
The ME was awarded a "clean audit" status for the 2022/3 financial year with the following summary from the Auditor General:

"The stadium is once again commended for receiving a financially unqualified audit opinion with no findings on compliance with laws and regulations and performance information (clean audit opinion) for the 2022-23 period under review."

"Cognisance is given to the stadium for performing consistently well post the Covid-19 pandemic. The stadium was able to systematically increase revenue generation, which resulted in showing a profit in the prior year under review."

"The reliance on the parent company has reduced in the current year. The reduction in the contributions by the City of Cape Town and services in kind was 16.6%. The stadium is encouraged to continuously strive to reduce the reliance and eventually become more sustainable."

Auditor General Summary 2022/3 FY audit



SHOWCASE #3 WE ARE AFRICA

4th year of hosting event at DHL Stadium
591 exhibitors across 16 countries
2 700 delegates per day
15 non-bowl venues and spaces utilised

4. FORWARD LOOKING STATEMENT

The 2022/3 financial has been a rewarding year where many of the plans that were developed during the COVID 19 restrictive period were actioned. The result has been a full year of trading with our commercial event overlay in use.

We aim to build on this progress over the next few years by cementing our events calendar for future years in advance so that there is less uncertainty in event hosting revenues. We will also look towards maximising financial and operational efficiencies in the delivery of events.

Ultimately, financial sustainability will be achieved through the diversification of income streams. The focus over the next 2-5 years will be to develop new revenue streams linked to property development, while maintain the core revenue streams linked to the hosting of events.

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

DRIVE TOWARDS FINANCIAL SUSTAINABILITY

While securing an anchor tenant in Western Province Rugby and regularly hosting broadcast Premier Soccer League matches has significantly increased the ME's revenues, it is imperative that the ME broadens its revenue potential in future years. This will be achieved through:

- Timeous event acquisition in advance for future years and limiting the risk of event cancellation in any given year;
- Property development and the stimulation of associated revenue streams;
- Maximizing spectator attendance;
- Driving non-bowl event revenues to ensure the best use of the asset and available spaces;
- Rationalising event day expenses, in particular diesel and power.

As a key driver to the success of the ME, the Board of Directors have requested management develop a plan of action that supports achieving this objective. This plan will be developed during the 2022/3 financial year and will set the direction for future years.

EVENT ACQUISITION

The ME has been successful in securing most events available to it that fall within the target markets. This has included securing Premier Soccer League, United Rugby Championship, EPCR and Currie Cup broadcast content available in the Western Cape. It has also included securing relationships with a number of concert organisers.

The ME will build on this by focusing on securing new event organisers who are able to host events that can attract bowl events with a spectatorship in excess of 20 000 people. This strategy will be complimented by identifying and securing business from corporates and entities that require conferencing and workshop venues on a regular basis in order to ensure regular and repeat usage of on-bowl venues and facilities.

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

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

A closer working relationship has been established with the City of Cape Town to attract international events. This has proved to be successful in securing an extension to the HSBC 7s contract for the 2022/3 financial year and we hope to see further successes such as the securing of a Bafana Bafana match, the hosting of an EPCR Final and diversification in concerts that the City attracts in the future.

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

YEAR	TOTAL SPECTATORS	BOWL EVENTS			NON-BOWL EVENTS		TOTAL
		RUGBY	FOOTBALL	CONCERTS	FILM SHOOTS	OTHER	
2024/25	750 000	15	15	4	28	60	122
2025/26	850 000	15	15	4	30	60	124
2026/27	1 000 000	15	15	4	30	60	124

Note: Subject to change. The number of spectators depicted excludes knockout and international fixtures which if secured will positively influence the stated numbers.

COMMERCIAL GROWTH

With the initial appointed commercial service provider's contracts terminating in July 23, a second set of tenders were prepared and advertised in the second half of the 2022/3 financial year. These service providers will be appointed between July – October 2023. This process provided the opportunity to learn from the implementation of the previous tenders and the specifications for the new tenders have taken these learnings into account.

A key area of growth for the ME will be to evolve the interdependency between commercial objectives and marketing initiatives, capitalising more fully on how we engage with the market place. This will be supported by the appointment of Octagon as the ME's marketing agency for the next 3 years.

While it is anticipated that the next two financial years will be a period of consolidation for the implementation of the commercial event overlay, planning will be prioritised for the development of property and how best to commercialise various areas in the precinct. It is anticipated this will be a 2-year planning process, with construction taking place in the 2026/7 financial year and return on investment being realised thereafter. This will also require that the existing operational and technical environment of the ME is enhanced to include the required skills required to support this initiative.

ENSURING SOUND GOVERNANCE

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

Particular focus will be placed on ensuring financial, supply chain management, contract management and risk reporting to meet the future needs of the organisation as it achieves greater independence from the City of Cape Town.

Currently the ME is supported by the City of Cape Town through a Service Delivery Agreement that outlines a number of services that the ME gains access to via the City of Cape Town. As the ME achieves a greater level of independence over the coming years, these outsourced services will be evaluated and consideration will be given to building the capacity of the ME so it is empowered to support itself.

PROPERTY DEVELOPMENT AND MANAGEMENT

It is imperative that the ME diversifies and maximises all potential revenue streams in order to achieve a financially secure future and reduce the burden on ratepayers over time.

To this end, the ME has begun and will continue to develop a plan that will aim to show a return on investment for a number of capital project to be embarked upon within the stadium precinct.

Due to the magnitude of these projects, time will be set aside to ensure each project is carefully assessed within the governance framework of the City as the owner of the asset and the ME as the lease holder of the precinct. This will ensure sound planning with realistic expectations on the return of investment through the investment of capital. Projects will include assessment of parking, office and retail areas.

The ME will also focus on the leasing of space to tenants as a dedicated revenue stream in future. Currently this comprises of cell phone operators and a fast food restaurant that were ceded to the ME by the City of Cape Town. It is anticipated that an office lease will be signed between Western Province Rugby and the ME in January 2024. This will become the first lease rental to be signed with the ME directly.

MAINTAINING THE ASSET

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

To ensure this preventative, corrective, reactive & emergency maintenance processes are in place to ensure that the building & its structures are maintained over time.

With the increase in the number of events hosted at the stadium over the last year, and in particular the number of international test rugby matches hosted at the DHL Stadium, the 100% natural grass pitch has struggled to recover after matches. With the rugby season now stretching over a full 12 month period there is insufficient time for the pitch to recover. We look forward to replacing the pitch in the 2023/4 financial year with one that is 50% natural grass and 50% artificial grass. This will provide a more robust pitch that requires less recovery time.

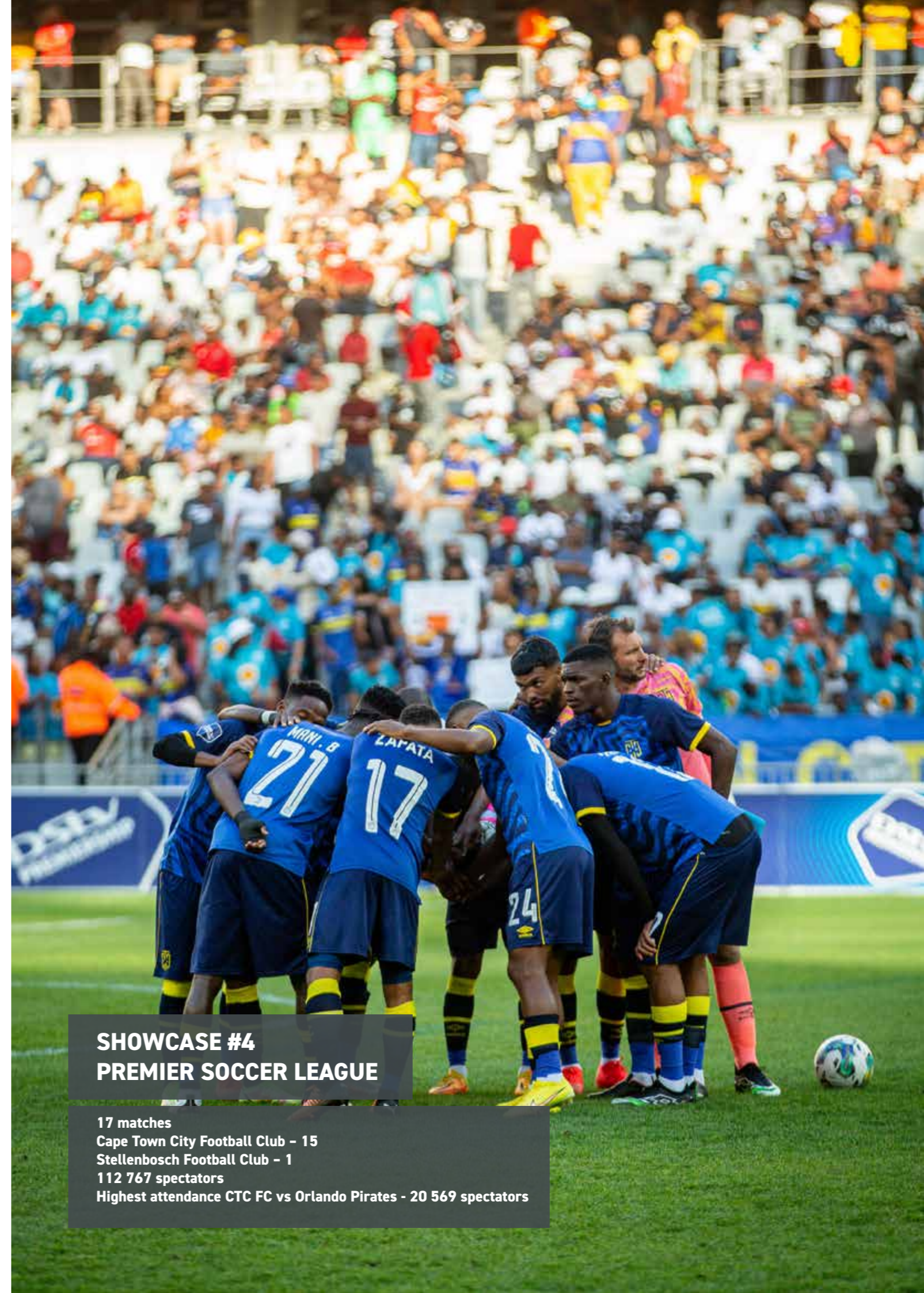
COST CONTAINMENT

As the ME moves towards being a stand-alone ME, it has adopted a zero budgeting approach, assessing the expenses anticipated in each future year in line with the business objectives. The cost of diesel has had a significant impact on the operating expenses of the stadium and future plans will take these costs into account.

While there is a limit to what the market can absorb in rental increases, the ME will remain mindful of margins and begin calculating the true cost of hosting events to ensure that it has a full understanding of cost drivers and how best to manage these.

AUDIT

CTS will strive to maintain its clean audit status from the CTS has received a "clean audit" for the 2022/3 financial year and will endeavour to achieve a "clean audit" in the upcoming financial year.



SHOWCASE #4 PREMIER SOCCER LEAGUE

17 matches
Cape Town City Football Club - 15
Stellenbosch Football Club - 1
112 767 spectators
Highest attendance CTC FC vs Orlando Pirates - 20 569 spectators

5 DEPARTMENTAL REVIEWS UPDATE PER DEPARTMENT

5.1 MARKETING AND COMMERCIAL DEPARTMENT

MANDATE

The Marketing and Commercial Department were consolidated into one department during the 2022/3 Financial Year. This was done in order to achieve greater effectiveness in the alignment between marketing and commercial objectives, as well as to achieve efficiencies in the implementation of various plans. This was a natural progression on the prior year's focus where alignment was created between marketing and commercial objectives.

This exercise has proved to be successful, with a focus on "purposeful marketing" - where each marketing objective is linked to a commercial or brand building desired outcome.

The Marketing and Commercial Department is responsible for building and maintaining the brand of the DHL Stadium and all communication between the ME and various stakeholders including rate payers, the general public and potential clients. It is also responsible for the identification, development, promotion and commercialisation of various opportunities that align to achieving greater financial sustainability for the ME.

STRATEGIC OBJECTIVES

The objectives of the Marketing and Commercial Department are as follows:

Marketing & Communication

- promote and build the brand of DHL Stadium to position the stadium as a world class, multi-purpose venue that is able to support the delivery of extraordinary showcase events;
- communicate with stakeholders to convey the purpose, vision and operations of the organisation;
- to build the value of "owned platforms" such as the web site, databases and social media platforms to increase engagement and reinforce our purpose with stakeholders.

Commercial

- the negotiation and commercialisation of all potential event related revenues;
- the identification, development of plans and implementation of business opportunities with regards to the spatial framework of the ME precinct; and
- actively seek out other potential revenue streams that will assist the ME in achieving its objective of financial sustainability.

2021/22 HIGHLIGHTS AND SUCCESSES

Marketing & Communication

- Given the exceptionally busy event calendar for the 2022/3 financial year, focus was given to communication with regards to events hosted at DHL Stadium. This included promotions of upcoming events, event information that would make the spectator's journey more enjoyable, as well as post event visuals. This has resulted in the conversation around the stadium being firmly positioned on events;
- Positive promotion and information was provided regarding the pitch and the pitch replacement process planned for the 2022/3 financial year – with an emphasis on why the stadium required a new pitch and the benefits that would be derived;
- A tender for marketing services was advertised in April 2023 with Octagon being appointed as our marketing agency. This will have an impact on the effectiveness of the department as they will now be in a position to make use of a full range of marketing tools that were previously not accessible;
- The communication strategy has resulted in greater brand awareness and a higher positive brand sentiment, which is reflected in Google reviews tracked;



- Spectator surveys were implemented at larger events and feedback was received, some of which influenced our service offering to spectators;
- A focus on "owned" media platforms such as social media handles, web site and data bases has seen a growth in the reach of our platforms;

ITEM	PRIOR FY	CURRENT FY	NO. GROWTH	% GROWTH
Newsletter (database size)	684	963	279	40.78%
Business Lounge (database size)	555	1 318	763	137.47%
Instagram (followers)	5 372	9 005	3633	67.62%
Facebook (followers)	2 341	2 832	491	20.97%
LinkedIn (followers)	284	437	153	53.87%
TOTAL OWNED MEDIA	9236	14555	5319	57.58%

Commercial

- All Naming Rights deliverables have been met and the last right, being the façade signage is in the process of being designed by DHL. The relationship has grown over the years and the relationship with DHL has not only assisted in the ME's objectives of financial sustainability, but has provided additional value in the provision of items such as staff uniforms, table cloths and assistance with marketing collateral. Nielsen has been contracted to provide accurate media values for the Naming Rights Partner for the 2022/3 financial year, which will be available after the period. These values will be used to benchmark the renewal values.
- While it was not possible to extend the commercial service provider contracts as hoped (due to Covid19 restrictions preventing service delivery), management was satisfied they had applied themselves to the situation and after deliberation, elected to re-advertise all commercial services. This resulted in a total of 7 commercial tenders were advertised, with the objective of appointing service providers in the 2023/4 financial year. This ensured there was uninterrupted service delivery for events;

- Western Province Rugby formally became the Anchor Tenant to the DHL Stadium on the 1 January 2023 with the signing of the Anchor Tenant Agreement and the Suite Concession Agreement which forms the basis on which the stadium and stadium services will be accessed by Western Province Rugby. The second half of the financial year saw the on-boarding of Western Province Rugby, ensuring sound communication and working relationships were established;
- While the ME continued to build its relationship with Cape Town City Football Club, the Premier Soccer League welcomed Cape Town Spur Football Club back into their tournament and the ME has re-established its relationship with the club, in order to support both clubs for the broadcast matches.
- The next phase of commercialisation of the stadium that of property development, has commenced. Relationships have been established with various role players in order to understand the various options that exist and which will give the greater return. This scope of work became viable once the Anchor Tenants requirements had been clarified.

OBJECTIVE 1	OBJECTIVE 2	OBJECTIVE 3	OBJECTIVE 4	OBJECTIVE 5
Secure Naming Rights Partner	Secure <i>Anchor Tenant</i>	Negotiate EO commercial terms	Implement commercial overlay	Retail, office space, parking, other opportunities
Objective achieved in July 2021 All contractual rights have been delivered Independent evaluation conducted in the value of the rights for the 2022/3 financial year Renewal negotiations commence July 2023	Objective achieved with the signing of the Anchor Tenant Agreement and Suite Concession Agreement in January 2023 On-boarding has been completed	The majority of events hosted at DHL Stadium are now done so with commercial terms in place. If the stadium is rented as a "clean stadium" a premium rental is applicable	All service providers were in place for the full period and delivered services such as food & beverage, Liquor Distribution, Hospitality, public bars successfully. Contract tender process for July 2023 start date is being implemented	Various opportunities identified for rental, office and parking development. Requires in-depth planning and financial modelling which will be done in the 2023/4 FY. Office space has been earmarked for WP Rugby and studio space for SuperSport



SHOWCASE #5 RUGBY WORLD CUP 7's

9 - 11 September 23

105 000 spectators

Broadcast to over 67 countries

5.2 OPERATIONS AND EVENTS DEPARTMENT

MANDATE

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

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

STRATEGIC OBJECTIVES

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

Asset maintenance and preservation

- The maintenance, management and preservation of the DHL Stadium, ensuring that it remains a world class multi-purpose facility that is capable of attracting and hosting international and domestic showcase events;

Technical operations

- Timeous appointment and optimal management of technical service providers including safety, security, cleaning, information technology and other maintenance contractors;
- Supporting the technical delivery of all events hosted at the stadium to a world-class standard;

Eventing

- Negotiating and securing a robust calendar of events including bowl non-bowl events such as film shoots, conferences, trade shows and other bespoke events;
- Client management of all event organisers, providing strategic and operational support for the delivery of fall events;
- Implementing environmental management systems;
- Ensuring all events hosted are compliant with all relevant legislative requirements including those of a venue as defined by the Safety at Sports and Recreation Events Act, 2010 (SASREA).

The department ensures an integrated approach towards the implementation of objectives through:

- Management of the integrated events process that ensures all departments collaborate to offer the best service and solutions to our clients and spectators;
- Application of project management principles and processes;
- Development of operational plans and guidelines for each event hosted; and
- Monitoring and tracking of outputs to ensure accurate reporting

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

2022/23 HIGHLIGHTS AND SUCCESSES

Event hosting

The department has hosted 135 events against the targeted 110 events for the 2022/3 financial year.

2022/3 Quarter	Targeted Number of Events	Actual Events Delivered	Targeted Number of Spectators	Actual Total Spectator Attendance
1	25	26	183 333	226 996
2	35	35	183 333	208 614
3	22	42	183 334	254 430
4	28	32	100 000	303 587
Total	110	135	650 000	993 627

Note: Subject to change. The number of spectators depicted excludes knockout and international fixtures which if secured will positively influence the stated numbers.

While the number of events hosted in the 2022/3 financial year was less than the prior year, this is reflective of the strategic objective to focus on the number of spectators as a measurement of success. The result being a greater number of events that promoter a larger spectator attendance.

The drive to increase spectator numbers saw an increase of 766 661 spectators on the prior year. The financial year under review was the first full year of hosting events post Covid 19 restrictions, which in turn had a negative influence on the prior year spectator number. It is however noteworthy that the 2022/3 financial year saw an increase of 468 411 spectators against the 2019/2020 financial year.

The increase in spectator numbers was largely attributed to the DHL Stormers performance in the United Rugby Championship, securing the quarter final, semi-final and home final for the 2022/3 season.

Spectator Attendance

YEAR	SPECTATORS	NUMBER OF EVENTS
2022/2023	993 627	135
2021/2022	226 966	145
2020/2021	275 226	103
2019/2020	525 216	104

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

Event Acquisition

The ability to partner and network effectively with the events and film industry has enabled the stadium to become a positive catalyst promoting economic growth, job creation, the offering of a modernised multi-purpose facility bringing together people across the globe, South Africa and Cape Town. The stadium plays a pivotal role in forging social cohesion.

Through the implementation of an integrated management approach the stadium remains hard at work at attracting, hosting and retaining a robust and diverse annual events calendar.

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

YEAR	TOTAL SPECTATORS	BOWL EVENTS			NON-BOWL EVENTS		TOTAL
		RUGBY	FOOTBALL	CONCERTS	FILM SHOOTS	OTHER	
2024/25	750 000	15	15	4	28	60	122
2025/26	850 000	15	15	4	30	60	124
2026/27	1 000 000	15	15	4	30	60	124

Note: Subject to change. The number of spectators depicted excludes knockout and international fixtures which if secured will positively influence the stated numbers.

International Project Management Awards

- The Stadium was awarded bronze at the 2022 International Project Management Association Awards in Netherlands. The refurbishment of existing infrastructure and construction of additional hospitality suites was nominated for "Project of the Year". The CTS team was recognised for exceptional project management capabilities, skills and competencies. This prestigious award contributed to global recognition for both the Stadium and the City of Cape Town.

Pitch replacement process

- The pitch replacement project commenced in March 2023 and will conclude in September 2023. The Stadium will have a fully stitched hybrid grass system in place ensuring it remains a world class facility aligned to the very best international industry standards suitable for rugby, soccer and concerts.

Health and Safety

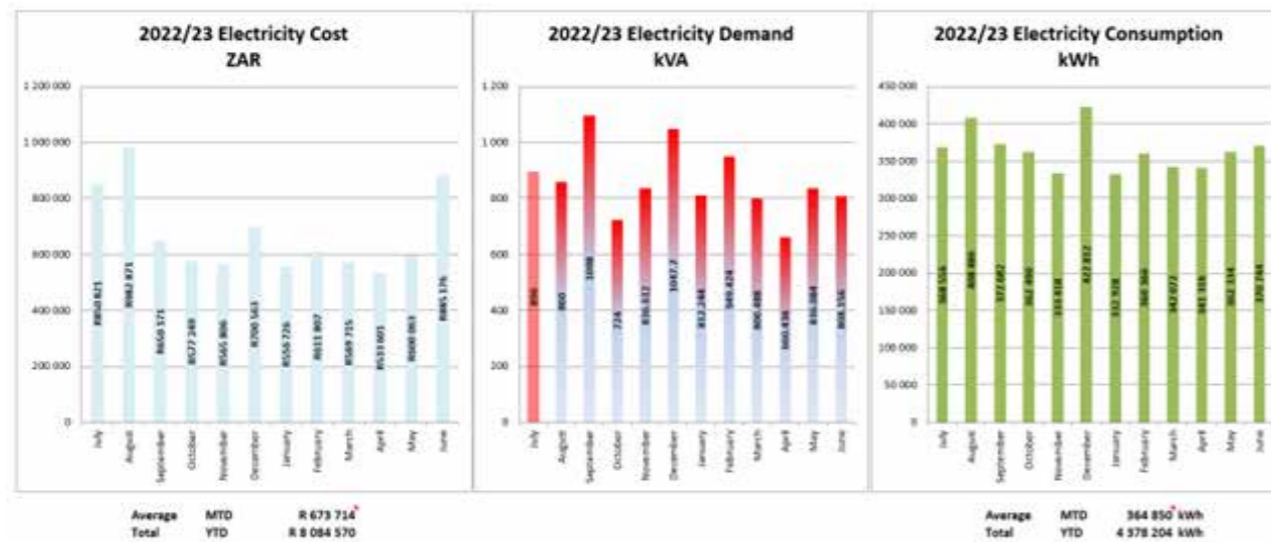
- CTS has achieved 100% compliance on all health and safety management programmes.
- The stadium has renewed its Safety and High Risk Grading Certificate. The grading certificate is obtained as contemplated in Section 8 of the Safety at Sports and Recreational Events Act, 2010. The successful renewal of the stadium annual liquor licence has been received. The DHL Stadium is the only sport and recreational facility in the Western Cape categorised to host high-risk events.

Environmental Sustainability

- CTS remains committed to its environmental sustainability objectives and has successfully partnered with multiple Event Organisers to deliver zero waste events. The delivery of zero waste events has contributed to the successful creation of the build a brick campaign championed by SA Rugby and the planting of trees initiatives at underprivileged schools by We are Africa.

Managing energy

- The Stadium has proactively managed its energy demands and costs throughout the 2022 /2023 financial year. The implementation of multiple energy saving and internal load reduction techniques has contributed to managing energy demands.



The graph and respective Rand values illustrate the entire account cost for the respective 2022/23 financial year.

The energy demand charge is determined by that immediate point in time when peak demand is measured to be at the highest point/value (in kVA) in a month. The nature of the time of use tariff structure is applied and the stadium is billed at the highest point in time within a specific month. The hosting of major events and use of floodlights affect the peak demand. The peak demand is managed through the utilisation of the rotary UPS (uninterrupted power supply) on a diesel generators.

South Africa has continued to face higher stages of load shedding which has directly contributed to an increase in expenditure relating to the purchasing of diesel to ensure sufficient energy availability throughout the 2022/2023 financial year. The higher stages of load shedding although predicted led to an increase in diesel pricing while the more frequent usage of generator capacity was required.

Stadium Management has commenced with an energy cost containment project aimed at further reducing its energy bill and enhancing energy efficiency.

Integrated Events Management Forum

- The Integrated Events Management forum has expanded to include all operational personnel whom directly contributes to the initiation, planning, implementation and execution of a diverse portfolio of events hosted at the stadium.
- Due to this integrated events management approach a total of 135 events were successfully hosted while acquisitions future events which ultimately lead to CTS being financially sustainable is realised.

Maintenance Programme

- The Stadium has a preventive maintenance programme which ensures the regular compliance and facility readiness to host multiple events. The expansion of the stadium infrastructure to incorporate new additional hospitality suites has been integrated into the existing maintenance programme without an increase to the existing budget.

The Stadium has achieved 100% compliance to its Maintenance Programme as approved by the Board of Directors.

BUSINESS CONTINUITY AND COMPLIANCE

CTS has reviewed its business continuity management plan to enable the stadium to proactively respond to crisis, acute shock or chronic organisational stresses.

The Business Continuity Plan played a pivotal role in outlining the organisational response to mitigate the challenges experienced during higher stages of load shedding during the year under review.



SHOWCASE #6 IMAGINE DRAGONS

A Big Concerts event February 23
Attendance 40 000

5.3 INTERNAL COMPANY SERVICES

MANDATE

The Internal Company Service Department leads and manages the internal company service functions to ensure effective and efficient organisation-wide support with regards to administration, human resource, legal and company secretariat related services to all employees and board members of the ME.

STRATEGIC OBJECTIVES

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

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

Human Resources

- ensure the organisation promotes an environment that will optimise the potential of its human capital through skills development and training;
- identify and provide staff interventions as required with the objective of maintaining a highly motivated staff contingent; and
- facilitate the recruitment process in order to ensure optimum functionality in the board approved organisational structure

Administration

- provide the necessary administrative, legal and human resource support to the organisation to ensure that all departments function effectively and reporting deadlines are met;
- provide management with the necessary reports and business intelligence to support informed decision making; and
- ensures all relevant records and documents are filed according to the applicable archiving policy requirements.

Legal

- interface between the City's legal department and the Cape Town Stadium
- facilitate the utilisation of all external legal resources;
- ensures all legal requests are in compliance, activated and concluded timeously
- containing costs and ensuring legal resources are utilised efficiently by accurate tracking of legal briefs and the implementation thereof.
- identify legal needs of the ME by consulting with different Stadium departments
- manage and maintain relationships with any legal service provider that was appointed via the City SCM process
- ensures timeous revision of all ME policies

2022/23 Highlights and successes

Human Resources

Human resources played an important part in contributing towards the filling of four vacancies at CTS during the financial year. The appointment of students is also important as it allows the ME to contribute towards "on the job training" and capacitating individuals for possible future employment opportunities. The department coordinated the successful submission of all bursary applications of the ME to ensure that staff development and retention be guaranteed.

Staff development will remain a strategic priority for the ME. An individualised skills plan was developed for

2022/23 to ensure that all staff are afforded relevant training opportunities in line with their professional development plan (PDP's as indicated in their performance management templates. The process was successfully concluded with inputs obtained from both employees and managers. forty eight training interventions was concluded in the year with a budget of R190 000 spent.
CTS achieved an absenteeism rate of less than 5% for the financial year.

Administrative Systems

The centralised and management of a contracts register in the 2022/3 financial year in order to have full oversight of all contractual obligations and end of contract dates. The department coordinated the successful acquisition of PC Laptops and printers for all sections of the ME ensuring that staff are equipped with the latest technology in order to assist them in performing at an optimum level of efficiency.

Company Secretary

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

A schedule of meetings and associated deadlines was developed to ensure that reporting and information are submitted timeously. The board and subcommittees subsequently hosted all scheduled meetings required for the year, ensuring compliance with legislation and the relevant terms of references.

Legal

The department serves as the custodian for all legal requests as well as all legal opinions required by the ME in the form of a register updated monthly.

Successful implementation of a centralised contracts register reflecting all agreements the ME undertakes with clients is managed from within this department.

The ME embarked on a process to obtain trademark rights on its slogan

"the place where memories are made."

Legislative compliance

- The department assisted in the annual review of corporate indicators as prescribed and in line with the City's Integrated Development Plan(IDP);
- Achieved a score of 100% for the completion of all declaration of interest submissions;
- The department reported on a quarterly basis on the compliance of targets as set in the SDBIP; and
- A total of 135 legal agreements were entered into with clients.
- The department is the custodian of a legal requests and opinions register in order to keep track of progress and completion.
- Coordinated the successful completion of all performance management templates



SHOWCASE #7
HSBC 7s

9 - 11 December 23
71 457 spectators

Broadcast to over 57 countries

5.4 FINANCE

MANDATE

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

STRATEGIC OBJECTIVES

As a support department to the ME, the department's role includes the day to day financial and SCM assistance to the organisation, as well contributing to the strategic objectives of the ME. The ME is required to function in a competitive market whilst also meeting the compliance requirements of the MFMA. The key strategic objectives are outlined below:

Finance

- achieve 100% asset verification;
- obtain a "clean audit" and implementing all systems and controls that enable this;
- provide day to day financial support to all departments;
- compliant financial reporting in terms of National Treasury financial reports and the MFMA; and
- support new areas of business including commercial objectives by providing financial reconciliations and reporting.

Supply Chain Management

- oversee the tender process for all new tenders initiated;
- host Bid Adjudication Committee meetings and document proceedings; and
- ensure the awarding of tenders in line with the supply chain management process.

Contract Management

- ensure the ME is compliant in the contract management process;
- ensure documentation is stored electronically and in hard copy for each contract as required by the MFMA; and
- ensure monthly monitoring of contract deliverables is actioned by the organisation and corrective action is taken if required

2022/23 Highlights and successes

Supply Chain Management

The ME has a hybrid supply chain management administrative support structure with most of the functions now being performed by the ME. The ME has appointed its own Supply Chain Management Practitioner in September 2022 to focus on ensuring that the ME's 23 contracts which terminated on 30 June 2023 were awarded timeously. The role the Supply Chain Management Practitioner also includes the setting up of the supply chain unit as well as to assist with the long term set up of systems and processes resulting this supply chain management function being all performed internally.

There were 23 tenders which all terminated on 30 June 2023. These contracts are split between operational contracts which are for the maintenance and operations of the asset and the commercial contracts which enable the generation of commercial income. During the year the ME went out on a full tender process for 23 contracts and all operational tenders were successfully awarded.

Financial

CTS aims to achieve a "clean audit" for the 2022/3 financial year. This being the 5th clean audit in a row. The ME has achieved "clean audits" since it was established. CTS also achieved:

- CTS achieved 99.7% asset verification for the 2022/3 financial year
- CTS achieved 88% of revenue its target
- CTS utilised its R33m grant funding however reduced the year on year grant funding by R8million

Budgets and forecasts

The department has financial strategies that ensure the financial department remains aligned to the overall business strategy. It will also compile and manage the ME's) budget, as well as monitoring progress through the year and identifying areas of risk.

Finance policies and standard operating processes

The ME has approved financial policies and standard operating procedures which are reviewed on a regular basis. The objective of the financial policies is to clarify the roles, authority, and responsibilities for essential financial management activities and decisions.

The department will continue to ensure financial compliance with the MFMA. The following policies have been updated or developed during the prior financial year:

- Supply Chain management policy;
- Petty cash policy;
- Credit control and debt collection policy.

The department has developed guidelines and a framework that is aligned to the standard operating procedures of the business. These guidelines will assist the user departments in ensuring sufficient internal controls are in place and will be updated as required by the business.

Contract management

All contracts are monitored on a monthly basis on the ME's own contract monitoring system. On a quarterly basis an update on the contract monitoring system report is provided to the board and sub-committees. The ME has its own supply chain management policy and has its own Bid Adjudication Committee which is made of members that are appointed by the ME.

Financial Accounting Systems

The ME continues to utilise its own stand-alone accounting system for the utilisation and recording of all commercial revenue. The 2022/3 financial was the first full financial year where all accounting transactions for the commercial revenue was recorded in this stand-alone system. The ME continues to enhance and improve on the financial reports in line with the business requirements.

The successful utilisation of this system will be rolled to other areas of the business needs with the intention of utilising this system for recording all event income as the next phase of this project. The long term goal is for the ME to use its own stand-alone system for all financial recording transactions.

6. BROAD BASED BLACK ECONOMIC EMPOWEMENT

ENTERPRISE DEVELOPMENT

2023

Total Spend	73 570 446	
Total Number of Suppliers	29	
Total % BBEEE Spend	99%	
	Total Suppliers	Total Spend
Spend >below R100 000 per supplier	10	205 512
Spend between R100 000-R500 000 per supplier	6	1 424 825
Spend between R500 000-R1 000 000 per supplier	2	1 037 431
Spend between R1 000 000-R2 000 000 per supplier	3	4 145 272
Spend between R2 000 000-R5 000 000 per supplier	6	26 440 082
Spend >more R5 000 000 per supplier	4	42 317 325
	29	73 570 446

ENTERPRISE DEVELOPMENT

2022

Total Spend	67 049 269	
Total Number of Suppliers	44	
Total % BBEEE Spend	90%	
	Total Suppliers	Total Spend
Spend >below R100 000 per supplier	23	404 595
Spend between R100 000-R500 000 per supplier	4	1 098 164
Spend between R500 000-R1 000 000 per supplier	5	3 322 261
Spend between R1 000 000-R2 000 000 per supplier	2	3 152 927
Spend between R2 000 000-R5 000 000 per supplier	7	29 842 648
Spend >more R5 000 000 per supplier	3	29 228 674
	44	67 049 269

MANAGEMENT CONTROL

Categories	Number	%	Race	Gender
Board	2	33.3%	W	M
	1	16.5%	A	M
	2	33.3%	C	F
	1	16.5%	C	M
Executive Directors	1		W	M
Non-Executive Directors	All Members of the Board except for the CEO are Non-Exec Director's			
Senior Management	All Staff at the ME was seconded by the City and they remain City Employees which the City will report on in terms of this requirement			
Middle Management				
Junior Management				

SKILLS DEVELOPMENT

Categories	Number	Race	Gender
2022			
Seconded Employees	11	C	F
	4	C	M
	3	B	F
	6	W	M
	2	W	F
	1	B	M
	1	I	F
Internships, apprenticeship, learner ship	1	B	F
2021			
Seconded Employees	13	C	F
	2	B	F
	1	W	F
	1	I	F
	5	B	M
	4	C	M
	2	W	M
	1	I	M
Internships, apprenticeship, learner ship	1	B	F



**SHOWCASE #8
FORMULA E**

25 February 23
Utilised entire stadium and Green Point precinct
First Formula E race held in Sub Sahara Africa



**SHOWCASE #9
CAPE TOWN CYCLE TOUR**

9 - 12 March 23
Utilised entire stadium and Green Point precinct
31 240 entrants
74 trade show exhibitors



**SHOWCASE #10
SANLAM CAPE TOWN MARATHON**

13 - 16 October 22
Utilised entire stadium and Green Point precinct
40 000 entrants
50 exhibitors

7. ANNUAL FINANCIAL STATEMENTS

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**GENERAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2023**

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

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

The board of directors, in accordance with the provisions of the service delivery agreement, approved the company's commercialisation strategy as well as the commercial implementation plan during the 2018/19 financial year. As part of the plan, a number of commercial opportunities such as pouring rights, hospitality rights, naming rights, liquor distribution rights, and more were identified and contracts for these services were awarded during the 2020/21 financial year. These commercial tenders have the potential to substantially increase the income of the ME.

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

**DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (CONTINUED)
FOR THE END 30 JUNE 2023**

ADMINISTRATION

Registered Office and Postal Address

1 Fritz Sonnenberg Road
Green Point
Cape Town
8051

Auditors

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

Company Secretary

Kilgetty Statutory Services South Africa (Pty) Ltd
Waterford Office Park
Waterford
Sandton

Bankers

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

DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM

DIRECTORS

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

Independent Non-Executive Directors

Peter-John Veldhuizen

Chairperson
Appointed: 1 November 2017

Viola Manuel

Deputy Chairperson
Appointed: 1 November 2017

Samkelo Blom

Appointed: 1 November 2017

Limia Essop

Appointed: 1 November 2017

Martin Van Staden

Appointed: 1 November 2017

Glenn Ho

Appointed : 4 October 2022

Executive Director

Lesley De Reuck

Chief Executive Officer
Appointed as acting CEO: 1 February 2018
Appointed as CEO: 24 April 2018

BOARD COMMITTEES

Audit and Risk Committee

The following is the Audit and Risk Committee (the committee) report in respect of the financial year ended 30 June 2023.

Mandate

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

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

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

Composition of the committee

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

The committee meets at least four times a year. In the 2022/23 financial year, these meetings were attended by executive management as well as internal and external auditors. A quorum exists for all meetings. At least 50% of the committee members are required to be in attendance in order for the meeting to proceed.

The committee welcomed Mr. Glen Ho, who is an independent board member and serves as a member of the audit and risk committee.

Composition of the committee (continued)

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

**BOARD COMMITTEES
AUDIT AND RISK COMMITTEE**

KEY RESPONSIBILITIES OF THE COMMITTEE

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

The committee is required to:

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

Internal controls

During the year under review, the committee:

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

BOARD COMMITTEES

Audit and Risk Committee

Risk management

During the year under review, the committee:

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

Internal audit

During the year under review, the committee:

- ensured that the ME's internal audit function was independent and that it had the necessary resources to discharge its duties;
- reviewed and approved the internal audit plan in terms of its scope and coverage, and monitored progress with the execution thereof;
- monitored the effectiveness of the internal audit function;
- exercised oversight of the cooperation between the internal and external auditors and served as a link between these functions.
- The following assurance engagements were completed in the 2021/22 internal audit plan:
- percentage approved commercialisation programmes implemented as per approved plan
- annual financial statements review
- AGSA follow-up
- high-level review of financial information
- contract monitoring system
- Five internal audits, included in the 2022/23 internal audit plan, were completed and the areas for improvement were agreed to by management.

External audit

In the year under review, the committee:

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

Annual financial statements

- The committee has reviewed the year-end financial statements and integrated annual report, and is satisfied with their integrity. As such, the committee recommended the approval thereof to the board.
- The financial statements are prepared in accordance with the basis of accounting determined by National Treasury, as set out in the accounting policy note 1 and in the manner required by the MFMA.
- The committee is confident that, with the continued support of the board, the shareholder, and other key stakeholders, the work it does will continue to be effective and accurate.



VC Manuel
Chairperson: Audit and Risk Committee

HUMAN RESOURCE (HR), SOCIAL AND ETHICS COMMITTEE

Mandate of the Committee:

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

Composition of the Committee:

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

COMMITTEE MEMBERS QUALIFICATIONS

SM Blom (Chairperson)	BA, Dip. HR, Cert: Coaching
L Essop	MAP, BSc, Sci, LLB
G Ho	B Com, B Compt (Hons), CA(SA), CIA, CISA, CRMA
VC Manuel	BA, Dip, Education, MBA

Attendance of meetings

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

Responsibilities of the committee

The committee is responsible for:

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

Highlights:

The HR Social and Ethics committee played a crucial oversight on people, skills, talent, employment equity and Broad based black empowerment issues. As a subcommittee of the board this committee received and reviews a number of reports and people centric issues that so as to align to the overall goals of the stadium. There has been a steady improvement on skills development and expenditure and a labour focused on employment equity across all roles in the stadium. The committee is pleased with the performance of the stadium with reference to occupational safety and license and reduction of major incidents at the stadium.

All vacant roles continue to be filled with an EE lenses to ensure that the stadium staff are representative of the communities it serves. The committee continues to discuss and deliberate over all stadium events in ensuring all sporting codes have "memorable experiences" at the stadium where applicable fees and costs are reduced to provide access for those organizations that can't afford.

In conclusion the executive management of the stadium plays a critical role in driving performance and inclusive leadership across the stadium. Employee experience remains the main focus of the HR department and the HR& Social committee provides support where needed.



S Blom
Chairman of the HR, Social & Ethics Subcommittee

**DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (CONTINUED)
FOR THE END 30 JUNE 2023**

EVENTS, MARKETING AND COMMUNICATIONS COMMITTEE

The Events, Marketing & Commercial Sub-Committee (the committee) submits its report in respect of the financial year ended 30 June 2023 as required by section 94 of the Companies Act, No. 71 of 2008 (Companies Act).

Mandate of the committee

The committee is governed by formal terms of reference, which have been approved by the Board and are reviewed annually. It fulfils its responsibilities in terms of the Companies Act, No. 71 of 2008 (Companies Act), the Municipal Finance Management Act, No. 56 of 2003 (MFMA), and its terms of reference. The committee has an independent role with accountability to both the board and the shareholders. It does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of management of the DHL Stadium. The committee acts in an advisory and oversight capacity; it does not relieve the board of its responsibilities but makes objective and independent recommendations. The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its terms of reference and that it has complied with all its legal, regulatory and other responsibilities.

Composition of the committee

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

COMMITTEE MEMBERS	QUALIFICATIONS
MJ van Staden (Chairperson)	BCom Sports
PJ Veldhuizen	LLM, MBA
S Blom	BA, Dip. HR, Cert: Coaching
L Essop	MAP, BSoc Sci, LLB

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 commercial matters related to DHL Stadium ("CTS"). The Committee provides for communication, consultation and cooperation amongst the leadership regarding policies and procedures which includes:

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

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

Highlights

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

The 2022/2023 financial year saw several significant milestones for DHL stadium. Highlights from the year under review:

- The anchor tenant agreement was finalised with Western Province Rugby and stadium officially became the new home for rugby in the province.
- The new naming rights partner program was successfully implemented and saw the stadium name changed to DHL Stadium and the stadium went through a significant rebranding.
- The new commercial model was implemented which saw new income streams to the ME

**DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (CONTINUED)
FOR THE END 30 JUNE 2023**

EVENTS, MARKETING AND COMMUNICATIONS COMMITTEES (CONTINUED)

- The stadium saw a significant increase in spectator attendance at events to pre-COVID levels. This was driven largely due to the on-field success of the anchor tenant (DHL Stormers).

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



M van Staden
Chairman of the Events,
Marketing & Commercial Sub-Committee

**DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (CONTINUED)
FOR THE END 30 JUNE 2023**

FINANCE COMMITTEE

This report is presented by the Finance Subcommittee (the committee) and describes how it has discharged its duties in respect of the financial year ended 30 June 2023. This is a new committee and has held its inaugural meeting on 21 February 2023.

Mandate of the committee

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

Composition of the committee

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

COMMITTEE MEMBERS	QUALIFICATIONS
G Ho (Chairperson)	B Com, B Compt (Hons), CA(SA), CIA, CISA, CRMA
VC Manuel	BA, Dip. Education, MBA
MJ Van Staden	BCom Sports

Attendance of meetings

The committee meets every quarter in an annual cycle from July to June to discuss all quarterly feedback reports and statistics on the subjects related to the purpose of the committee. During the period under review, the committee only met twice as it was established during the second half of the financial year.

Key responsibilities of the committee

The committee fulfils the following main responsibilities:

- Review annual and quarterly performance reports.
- Review quarterly financial reports.
- Review the business plan.
- Review the budget including capital expenditure.
- Review adjustment budget including capital expenditure.

Finance Committee

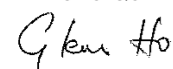
Key responsibilities of the committee

- Review the pricing framework and strategy.
- Review supply chain management reports.
- Review significant deviations.
- Review the banking arrangement, when required.
- Review regular status reports on tax matters, as required.
- Review policies relating to the committee, when enquired.
- Review risks related to the committee.

Highlights

In the year under review, the committee:

- Considered and recommended the CTS Finance Committee Terms of Reference for board approval.
- Approved the committee's annual work plan.
- Considered and recommended the quarterly performance reports, significant deviations related to Q2 and Q3 FY2023 & the risk register for board approval.



G Ho

Chairperson of the Finance Subcommittee

**DIRECTORATE AND ADMINISTRATION OF THE CAPE TOWN STADIUM (CONTINUED)
FOR THE END 30 JUNE 2023**

Meeting type	Board meeting	Audit & risk committee	HR, social & ethics committee	Events, marketing & communications committee	Finance subcommittee	Events, marketing, communication and commercial subcommittee	Commercial subcommittee
MEETINGS HELD	5	5	4	2	2	2	2
PJ Veldhuizen	5		2			2	2
L Essop	5		4	2		2	
G Ho	4	4	2		2		
V Manuel	5	5	4	2	2		2
M van Staden	5			2	2	2	2
S Blom	5		4			2	

Details of Director's meeting attendance 01 July 2022 - 30 June 2023

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

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

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

**DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS
APPROVAL OF THE FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

The financial statements, which appear on pages 65 to 86, are compiled for the financial period from 1 July 2022 to 30 June 2023 and were approved by the board of directors and signed by the Chief Executive Officer (CEO) on behalf of the Cape Town Stadium (RF) SOC Ltd.



L DE REUCK
Chief Executive Officer
31 August 2023

**COMPANY SECRETARY CERTIFICATE
FOR THE YEAR END 30 JUNE 2023**

In terms of Section 88(2)(e) of the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (the Act), I certify that the ME 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 2023, and that all such returns and notices are true, correct and up to date.



Kilgetty Statutory Services South Africa (Pty) Ltd
Company Secretary
31 August 2023

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Cape Town Stadium (RF) SOC Limited set out on pages 65 to 86, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cape Town Stadium (RF) SOC Limited as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Companies Act, 2008 (Act No. 71 of 2008) (the Companies Act).

Basis for opinion

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

Responsibilities of the accounting officer for the financial statements

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

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

7. In preparing the financial statements, the accounting officer is responsible for assessing the ME'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 ME or to cease operations, or has no realistic alternative but to do so.

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

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

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

Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected strategic focus areas presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
11. I selected the following strategic focus areas related to Economic growth presented in the annual performance report for the year ended 30 June 2023. I selected those indicators that measure the ME's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Number of events hosted
 - Number of spectator attendance at the DHL Stadium
12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the ME's planning and delivery on its mandate and objectives.
13. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the ME's mandate and the achievement of its planned objectives
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported.
14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
15. I did not identify any material findings on the reported performance information for the selected indicators.

Report on compliance with legislation

16. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the ME's compliance with legislation.
17. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
18. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the ME, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
19. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

20. The accounting officer is responsible for the other information included in the annual report, which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in strategic focus areas presented in the annual performance report that have been specifically reported on in this auditor's report.

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

21. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
22. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in strategic focus areas presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
23. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

Auditor-General

Cape Town
30 November 2023



ANNEXURE TO THE AUDITOR'S REPORT

1. The annexure includes the following:
 - The auditor-general's responsibility for the audit
 - The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

2. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the ME's compliance with selected requirements in key legislation.

Financial statements

3. 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 ME's internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
 - conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the ME's 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 ME 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

4. 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.
5. I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

6. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 1 - Paragraph (a), (b) & (d) of the definition: irregular expenditure, Sections 87(5)(b), 87(5)(d), 87(5)(d)(i), 87(5)(d)(iii), 87(6)(c), Sections 87(8), 88(1)(a), 95(d), Sections 99(2)(a), Sections 99(2)(c), 102(1), 102(2)(a), 112(1)(j), Sections 116(2)(b), 116(2)(c)(ii), 122(1), 126(2)(b), 133(1)(a), Sections 133(1)(c)(i), 133(1)(c)(ii), 170, 172(3)(a), 172(3)(b)
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulations 73(1), 73(2), 75(1), 75(2)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations 5(4), 6(8)(b), 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations 5, 12(1)(c), 12(3), 13(b), 13(c), 13(c)(i), 16(a), Regulations 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), Regulations 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 28(1)(a)(ii), Regulations 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, Regulations 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), Regulations 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, Regulations 46(2)(e), 46(2)(f)
Municipal Systems Act 32 of 2000	Sections 93B(a), 93C(a)(iv)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17, 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Sections 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8) Regulations 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5) 9(1), 10(1), 10(2) Regulations 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Companies Act 71 of 2008	Sections 46(1)(a), 46(1)(b), 46(1)(c)

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

Rand (R)	Note	2023	2022
ASSETS			
Current Assets		23 821 169	26 869 004
Cash and cash equivalents	8	7 414 009	5 520 411
Service-in-kind benefit	10	2 647 200	2 434 800
Value-added tax	13	187 436	-
Receivables from non-exchange transactions	11	4 640 719	7 805 063
Receivables from exchange transactions	11	8 931 805	11 108 730
Total Assets		23 821 169	26 869 004

NET ASSETS AND LIABILITIES

Net Assets		(1 057 326)	2 434 800
Share capital	9	-	-
Accumulated Surplus/(Deficit)		(1 057 326)	2 434 800
Current Liabilities		24 878 495	24 434 204
Payables from exchange transactions	12	12 983 200	8 277 889
Other payables	12	11 895 295	15 413 734
Value-added tax	13	-	742 581
Total Net Assets and Liabilities		23 821 169	26 869 004

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2023

Rand (R)	Note	2023	2022
REVENUE			
Exchange revenue	2	50 727 775	38 142 426
Rental of facility		22 510 388	15 715 269
Other income		28 217 387	22 427 157
Non-exchange revenue	3	41 698 820	50 022 178
Contributions		33 196 048	41 914 680
Services in-kind received		8 502 772	8 107 498
Total Revenue		92 426 595	88 164 604

EXPENDITURE

Board members' remuneration		348 421	334 708
Contracted services	4	52 314 336	50 894 236
Employee costs	5	1 537 136	1 432 594
Security services		6 690 706	6 331 420
Cleaning costs		6 060 594	5 992 828
Consultants		668 132	1 040 544
General expenses	6	28 299 396	21 713 474
Total Expenditure		95 918 721	87 739 804

(Deficit)/surplus before taxation		(3 492 126)	424 800
Taxation		-	-
(DEFICIT)/SURPLUS FOR THE PERIOD		(3 492 126)	424 800

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2023

Rand (R)	Note	Share Capital	Accumulated Surplus/(Deficit)	Total
Balance at 1 July 2021		-	2 010 000	2 010 000
Surplus/(deficit) for the year		-	424 800	424 800
Share issues	9	-	-	-
Balance at 30 June 2022		-	2 434 800	2 434 800
(Deficit)/surplus for the year		-	(3 492 126)	(3 492 126)
Balance at 30 June 2023		-	(1 057 326)	(1 057 326)

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 2023**

Rand (R)	Note	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from contributors and others		87 693 099	65 595 537
Cash payments to suppliers		(87 184 058)	(60 140 430)
Cash generated/ (utilised) by operations	7	509 041	5 455 107
Finance income received		1 384 557	62 304
Net cash flow from operating activities		1 893 598	5 517 411
Net increase/ (decrease) in cash and cash equivalents		1 893 598	5 517 411
Cash and cash equivalents at beginning of the year		5 520 411	3 000
Cash and cash equivalents at the end of the year	8	7 414 009	5 520 411

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2023**

FINANCIAL PERFORMANCE	APPROVED BUDGET R	FINAL BUDGET R	ACTUAL R	FAVOURABLE/ (UNFAVOURABLE) VARIANCE R	VARIANCE %
Board members remuneration	478 893	478 893	348 421	130 472	27.24
Employee costs	1 808 213	1 568 213	1 537 136	31 077	1.98
Contracted services	53 696 542	53 496 543	52 314 336	1 182 207	2.21
Security services	6 453 818	6 693 818	6 690 706	3 112	0.05
Cleaning costs	8 792 325	6 092 325	6 060 594	31 731	0.52
Consultants	1 635 546	1 205 546	668 132	537 414	44.58
Services in-kind utilized	7 003 153	7 003 153	8 290 372	(1 287 219)	(18.38)
General expenses	17 953 964	21 283 963	20 009 024	1 274 939	5.99
Total expenditure	97 822 454	97 822 454	95 918 721	1 903 733	1.95
Rental of facility	38 743 893	38 743 893	28 571 956	(10 171 937)	(26.25)
Other Income	18 879 360	18 879 360	22 155 819	3 276 459	17.35
Services in-kind received	7 003 153	7 003 153	8 502 772	1 499 619	21.41
Contributions	33 196 048	33 196 048	33 196 048	-	-
Total revenue	97 822 454	97 822 454	92 426 595	(5 395 859)	(5.52)
Surplus/(deficit) for the year	-	-	(3 492 126)	(3 492 126)	-

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

1. SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

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

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

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

GOING-CONCERN ASSUMPTION

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

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

Going concern

- Management considers key financial metrics and approved medium-term budgets, the impact of the COVID-19 pandemic, the associated conditions of a general economic downturn, together with the ME's dependency on a grant from the City of Cape Town, to conclude that the going concern assumption used in compiling its annual financial statements, is appropriate.

Budget information

Variances between budget and actual amounts are regarded as material when there is a variance of:

- 10% or greater in the statement of financial performance
- All material differences are explained in note 16 to these annual financial statements.

Impairment of trade receivables from exchange transactions

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective and adopted in the current year

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

Standards and interpretations early adopted

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

Standards and interpretations issued, but not yet effective

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

Annual periods commencing on or after 1 April 2023:

- Amendments to GRAP 1 on the presentation of Financial Statements
- Improvements to Standards of GRAP (2021)
- IGRAP 21 on The Effect of Past Decisions on Materiality

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

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

Annual periods commencing on or after 1 April 2025

GRAP 104 on Financial Instruments

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

GRAP 25 on Employee Benefits

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

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

CASH AND CASH EQUIVALENTS

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

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

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

VALUE-ADDED TAX

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

INCOME TAX

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

REVENUE RECOGNITION

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

REVENUE FROM EXCHANGE TRANSACTIONS

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

REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

LEASES

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

TRADE PAYABLES

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

RECEIVABLES

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

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

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

BUDGET INFORMATION

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

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

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

BUDGET INFORMATION (CONTINUED)

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

SERVICES IN-KIND

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

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

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

COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements 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 ME with the ability to control the ME either individually or jointly, or the ability to exercise significant influence over the company, or vice versa. The City of Cape Town controls 100% of the shareholding of the company and is therefore regarded as a related party. Management is regarded as a related party and comprises of the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the board of directors.

OFFSETTING

Assets and liabilities as well as revenue and expenses are offset and the net amount is reported in the annual financial statements when there is a legally enforceable right to offset the recognised amount, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2. EXCHANGE REVENUE

Rand (R)	2023	2022
Rental of facility	22 510 388	15 715 269
Bowl events	18 088 008	10 589 145
Non-bowl events	4 000 565	4 416 800
Film shoots	421 815	709 324
Other income	28 217 387	22 427 157
Stadium tours	9 304	1 761
Interest income	1 607 339	82 944
Advertising income	10 413 500	12 800 750
Rental income	1 995 995	1 848 144
Rebates income	10 125 675	3 105 578
Rights fees	4 065 574	4 587 980
Total exchange revenue	50 727 775	38 142 426

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

3. NON-EXCHANGE REVENUE

Contributions	2023	2022
City of Cape Town	33 196 048	41 914 680
Analysis of government grants and subsidies		
Operating	33 196 048	41 914 680
Service in kind		
Services in-kind received	8 502 772	8 107 498
Total revenue	8 502 772	8 107 498

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

4. CONTRACTED SERVICES

Rand (R)	2023	2022
Building Contracting Services	6 723 769	7 008 721
Electrical Services	6 487 692	7 068 746
Information Technology Services	9 231 900	8 601 870
Grading of Sport Fields	3 995 649	3 408 594
Servicing of Equipment	773 416	534 326
Event Cost	-	674 860
Company Secretarial Service	395 175	389 600
Administrative and Support Cost	24 254 395	23 159 879
Other	452 340	47 640
Total revenue	52 314 336	50 894 236

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

5. EMPLOYEE COSTS

Rand (R)	2023	2022
Employee costs	1 537 136	1 432 594
Total revenue	1 537 136	1 432 594

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

6. GENERAL EXPENSES

Rand (R)	2023	2022
Municipal services	10 291 094	9 353 667
Auditors' remuneration	463 587	509 046
Printing and stationery	183 958	199 663
Licenses	273 411	368 161
Legal	453 227	643 540
Fuel	5 884 572	904 902
Commission	1 380 162	1 370 125
Services in kind utilized	8 290 372	7 682 698
Other expenditure	1 079 013	681 672
Total revenue	28 299 396	21 713 474

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

7. CASH GENERATED/ (UTILISED) FROM OPERATIONS

Rand (R)	2023	2022
(Deficit)/surplus before tax	(3 492 126)	424 800
Adjustment for:		
Finance income	(1 384 557)	(62 304)
Services in-kind received	(8 502 772)	(8 107 498)
Services in-kind expenses	8 290 372	7 682 698
Movements in working capital		
Decrease/(increase) in receivables	5 341 269	(14 399 265)
(Decrease)/ increase in payables	1 186 872	19 711 532
(Decrease)/increase in net VAT	(930 017)	205 144
Cash generated/(utilised) from operations	509 041	5 455 107

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand and cash held with the bank.
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Rand (R)	2023	2022
Current account		-*
Cash on hand	1 605	2 555
The following bank accounts were held by the ME		
Nedbank - Current Account	7 412 404	5 517 856
Cash and Cash Equivalents	7 414 009	5 520 411

The bank account balance is in relation to the bank account created for the purposes of the new commercial model. The main bank account continues to be swept daily to the City of Cape Town's bank account as the City administers all payments on behalf of the ME 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
FOR THE YEAR END 30 JUNE 2023**

9. SHARE CAPITAL

The authorised share capital of the Cape Town Stadium (RF) SOC Ltd is 1000 ordinary shares of a single class with no par value. The ME 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)	2023	2022
Authorised ordinary shares	1000	1000
Issued ordinary shares at no par value	100	100

10. SERVICE IN-KIND BENEFIT

Rand (R)	2023	2022
The service-in-kind balance is made up as follows:		
Short-term portion	2 647 200	2 434 800
Long-term portion	-	-
Value of Service-in-kind benefit at 30 June 2023	2 647 200	2 434 800

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

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

11. RECEIVABLES FROM NON-EXCHANGE AND EXCHANGE TRANSACTIONS

Rand (R)	2023	2022
Receivables from non-exchange transactions	4 640 719	7 805 063
Receivables from exchange transactions	8 931 805	11 108 730
Total	13 572 524	18 913 793

Receivables age analysis

Current (0 - 30 days)	11 167 465	11 413 234
31-60 days	-	276 743
61-90 days	22 454	34 004
91-120 days	-	32 506
+120 days	2 382 605	7 157 306
Total	13 572 524	18 913 793

Receivables from non-exchange transactions relates to the grant payment due from the City of Cape Town as denoted in the Service Delivery Agreement (SDA) between the City of Cape Town and the Cape Town Stadium (RF) SOC Limited. The carrying value of these receivables is denominated in South African Rand. The maximum exposure to credit risk at the reporting date is the carrying value of each class receivables mentioned above. The ME does not hold any collateral as security. The receivables from non-exchange transactions are included in the current (0-30 days) balance.

12. PAYABLES FROM EXCHANGE TRANSACTIONS AND OTHER PAYABLES

Rand (R)	2023	2022
Payables from exchange transactions	12 983 200	8 277 889
Other payables	11 895 295	15 413 734
Total	24 878 495	23 691 623

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

13. VALUE-ADDED TAX

Rand (R)	2023	2022
VAT payable	-	742 581
VAT receivable	187 436	-

14. OPERATING LEASE COMMITMENTS

Rand (R)	2023	2022
Cape Town Stadium		
Payable within one year	100	100
Payable within two to five years	400	400
Payable after five years	4 137	4 237
Total	4 637	4 737

Future minimum lease payments for the operating leases relates to the lease from the City of Cape Town for a period of 50 years for use of Cape Town Stadium, remaining term is 46 years 4.5 months. Minimum lease payments recognised as an expense during the period amounts to R100.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

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 ME 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)	2023	2022
Revenue:		
Services in-Kind Received	8 502 772	8 107 498
Grants and Subsidies Received	33 196 048	41 914 680
Expenditure:		
Contracted Services	24 254 395	23 159 879
Municipal Services	10 291 094	9 353 667
Services in-Kind Utilised	8 290 372	7 682 698
Lease rental	100	100

RELATED PARTY BALANCES

Rand (R)	2023	2022
Amounts owing to City of Cape Town	11 895 295	15 413 734
Amounts due by City of Cape Town	4 640 719	7 805 063

EXECUTIVE MANAGEMENT

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

15. RELATED PARTY (CONTINUED)

**DIRECTORS' REMUNERATION
Non-Executive Directors' Remuneration**

Rand (R)	2023	2022
Peter-John Veldhuizen (Chairperson)	61 481	70 073
Viola Manuel	93 390	98 968
Samkelo Blom	54 644	51 168
Martin Van Staden	68 487	66 410
Limia Essop	56 649	55 082
Johan Dique	-	39 204
Glenn Ho	60 669	-
TOTAL	395 320	380 905

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

**15. RELATED PARTY (CONTINUED)
Executive Director's Remuneration**

Rand (R)	Annual Salary	Bonus	Allowances	Social Contribution	Total
2023					
Chief Executive Officer					
Lesley De Reuck	1 751 362	54 588	281 783	307 853	2 395 586
Chief Financial Officer					
Fairoza Parker CA(SA)	1 537 136	-	-	17 628	1 554 764
	3 288 498	54 588	281 783	325 481	3 950 350
2022					
Chief Executive Officer					
Lesley De Reuck	1 818 193*	-	160 993	284 974	2 264 160
Chief Financial Officer					
Fairoza Parker CA(SA)	1 432 594	-	-	16 576	1 449 170
	3 250 787	-	160 993	301 550	3 713 330

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

*The prior year annual salary includes a long service award.

Other related party

The Cape Town International Convention Centre Company SOC Limited (RF) is also a ME 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

- Board member's remuneration
The annual increase has been realized during the current financial year, and only the scheduled board meetings took place. This has therefore realized savings.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

15. RELATED PARTY (CONTINUED)

- Consultants
The savings on the consultant's costs are mainly due to cost management.
- Services in kind utilised and received
The variances are mainly because of the increase in the utilization of the office equipment (depreciation), as well as the increase in the valuation of the asset, which resulted in the increase in the market related rental.
- Rental of facility
The unfavourable variance is due to a temporary sliding scale model implemented with Western Province Rugby (WPR).
- Other Income
The favourable variance is due to the additional income earned from the naming rights agreement. Additional rebates income was earned from the operations and commercial service providers as well as interest received due to the favourable bank balance.

17. SUPPLY CHAIN MANAGEMENT REGULATIONS

17.1 DEVIATIONS

In terms of section 36(1) of the Municipal Supply Chain Management Regulation and section 37 of the Cape Town Stadium's Supply Chain Management Policy, the CEO may dispense with the official procurement processes established by the policy and to procure any required goods or services through any convenient process in exceptional circumstances. The following deviations were awarded during 2022/23 financial year.

Supplier	Nature of goods/ services	Reason for deviation	Period of Contract	Value of Award
SuperSport International (PTY) Ltd	The provision of 305 access points for DSTV connections at the Cape Town Stadium.	Single provider - where such goods or services are produced or available from only one single provider.	1 July 2023 - 30 June 2026	Annual fee of R25 000 (Excl. VAT)
RAFT Consulting (Pty) Ltd	Appointment of a suitably qualified and experienced service provider to assist CTS's VAT objection, in relation to penalties and interest to be imposed by SARS.	Exceptional Circumstances - Where it is impractical or impossible to follow the official procurement processes.	Once-off	R50 000 (Excl.VAT)

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

The table below outlines the total spend on the contracts awarded during the 2022/23 financial year:

Rand (R)	2023	2022
Total deviations for the year	1 588 698	1 791 853
Incident		
Exceptional circumstance	1 588 698	1 791 853

17.2 AWARDS TO CLOSE FAMILY MEMBERS

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

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 30 JUNE 2023**

18. EVENTS AFTER REPORTING DATE

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

19. FINANCIAL RISK MANAGEMENT

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

GLOSSARY OF ABBREVIATIONS

ASB	Accounting Standards Board
GRAP	Generally Recognised Accounting Practice
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
MFMA	Local Government: Municipal Finance Management Act, Act 56 of 2003
SDA	Service Delivery Agreement
CTS	Cape Town Stadium (RF) SOC Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer

8. PERFORMANCE ASSESSMENT REPORT 2022/23

Annexure B

Well above ✓	Above ■	On target ▲	Below ●	Well below ✗	2022/2023 (current Q4)		Reason for variance	Remedial action
					Target	Actual		
					Status			
Priority: Economic Growth								
Objective 1: Increased jobs and investment in the Cape Town economy		Indicator: Spectator attendance at the DHL Stadium (number)	650 000	983 627	✓	The anchor tenant WIP Rugby secured additional rugby fixtures semi-finals of the URJ. The Stadium hosted the Standard HSBC Cape Town Sevens as well as the Rugby World Cup Sevens in the 2022/2023 financial year. Additional non-bowl events (inclusive of film shoots was secured which has a shorter lead time with higher spectator ratio)	Ongoing attraction and retention of events with a higher spectator yield.	
Objective 1: Increased jobs and investment in the Cape Town economy		Indicator: Events hosted (number)	110	135	✓	Stadium Operations ensured the acquisition of additional events which resulted in targets being exceeded.	Ongoing industry engagement	
Priority: Public Space, Environment and Amenities								
Objective 11: Quality and safe parks and recreation facilities supported by community partnerships		Indicator: Compliance with approved Repairs and Maintenance Programme (%)	100%	100%	▲		Maintain the momentum	
Objective 11: Quality and safe parks and recreation facilities supported by community partnerships		Indicator: Compliance with the Occupational Health and Safety Act (Act 85 of 1993) and regulations (%)	100%	100%	▲		Maintain the momentum	
Priority: A Capable and Collaborative City Government								
Objective 16: A capable and collaborative city government		Indicator: Achievement of own projected revenue (%)	90%	88.03%	●	The unfavourable variance is due to a temporary sliding scale model implemented with Western Province Rugby (WPR).	Maintain the momentum	
Objective 16: A capable and collaborative city government		Indicator: Opinion of the Auditor-General	Clean Audit	Clean Audit	✓	On Target	Maintain the momentum	
Objective 16: A capable and collaborative city government		Indicator: Budget spent on implementation of the WSP (%)	90%	141%	✓	The entity exceeded its training targets substantially. This is due to additional training for new staff members appointed which was not factored in to the original projections as well as an increase in the appetite for training by employees.	The new financial year will see an increase in the training budget to ensure better alignment with the training interventions and budgeted amount.	
Objective 16: A capable and collaborative city government		Indicator: Employees from the EE designated groups in the three highest levels of management (%)	80%	40%	●	Of the top three levels of management three out of the five positions was seconded positions dating back to 2011. The other two are EE Appointed positions, hence the percentage being below the target.	The intention is to appoint EE based employees in the top structure as and when these positions become available as vacancies in order to reach the intended target of 80%.	

Signed by the Chairman of the Board: PJ Veldhuizen

PJ Veldhuizen

Signed by the CEO of the DHL Stadium: Lesley de Reuck

Lesley de Reuck



CAPE TOWN STADIUM

THANK YOU

