



SA RUGBY
ANNUAL REPORT

2017

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Malcolm Marx was named SA Rugby's Player of the Year for 2017.



PRESIDENT'S REPORT

Resilience is a characteristic shared by South Africans of all races and in 2017 the organisation was required to display those attributes in face of a series of disappointments. Our sport suffered a singular disappointment during the year but there were also moments of great achievement to lighten the mood.

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HE disappointment arrived in November and the outcome of the bidding process to host the 2023 Rugby World Cup. SA

Rugby was identified as the preferred host nation after an exhaustive, comprehensive and expensive bidding and assessment process.

Our bid was identified as offering the world game the best available Rugby World Cup, in comparison to the offerings of our competitors, Ireland and France. However, the World Rugby Council was left to make the final decision and, in their wisdom, preferred what France had to offer.

We invested in the bid in the belief that the newly designed process – with a rigorous interrogation followed by the publication of the report – would remove the lobbying element of the selection. We were mistaken in that belief. We have advised World Rugby of our concerns about the process.

We believe our 'triple-win' bid – for players, public and World Rugby – was clearly the best option for the game. More importantly, we believe it would have given an enormous boost to rugby in South Africa as well as to the country.

Our government shared that belief and I would like to record our very deep appreciation and gratitude for the support we received from the serving sports minister, Mr Thulas Nxesi, and from cabinet and the president, who deployed the deputy president, Mr Cyril Ramaphosa, lead our bid team on two visits to London. The loss was extremely painful for all concerned.

By contrast the singular highlight of the year was the success of the Springbok Sevens team. They became the first national team to win a global title in five years – since the Under-20 team won the Junior World Championship in 2012.

The squad played in eight of the ten finals on the HSBC World Rugby Sevens Series circuit – winning five of them – and won the title by the considerable margin of 28 points. It was the team's first title since 2008/09 and was a reward for the preparation and coaching of Neil Powell and his management and for



ABOVE: SA Rugby president, Mr Mark Alexander, congratulates Malcolm Marx, who was named the SA Rugby Player of the Year for 2017.

the hard work and esprit de corps among the players. Rosko Specman was shortlisted for World Sevens Player of the Year but lost out to the USA's Perry Baker.

That global title earned the Blitzboks national honours as well as they were named the South African Sports Team of the Year in the SA Sport Awards, organised by the Department of Sports and Recreation to honour, recognize and reward individuals and national teams that excel on the world stage.

Springbok results improved in 2017 and the year began promisingly with a 3-0 series win over the visiting French. A number of interventions to support the coaching team had been made but ultimately the results over the course of the year were underwhelming.

An eventual winning ratio of 54% – as well as two draws against Australia – was an improvement on the 33% of 2016, but still not good enough. That impression was compounded by the Springboks' heaviest defeat in history (57-0 by New Zealand) and a record defeat by Ireland (38-3).

The selection of overseas-based players for the squad continued to be a subject of debate

with the Executive Council deciding at the start of the year that only players with 30 or more caps would be eligible for national selection. That policy remains a subject of on-going internal and external debate.

On a less contentious note, South Africa fielded a representative women's team at 15-a-side level for the first time since 2014. A 28-member SA Select Women's squad toured England in Oc-

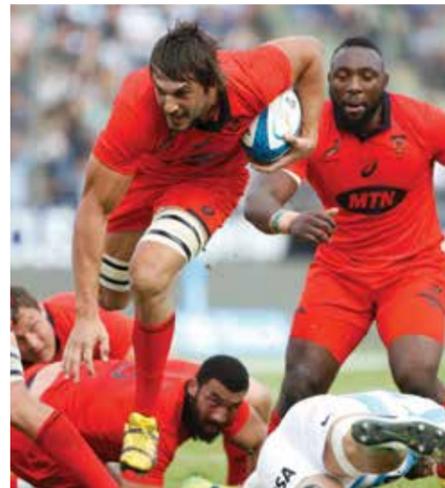
The selection of overseas-based players for the squad continued to be a subject of debate with the Executive Council deciding at the start of the year that only players with 30 or more caps would be eligible for national selection. That policy remains a subject of on-going internal and external debate.



ABOVE: Justin Geduld, Rosko Specman and Branco du Preez at a Springbok Sevens signing session.

ABOVE RIGHT: Eben Etzebeth and Tendai Mtawarira on the charge for the Springboks against Argentina in Salta, where the Boks played in red for the first time ever.

OPPOSITE PAGE: Former SARU captain Salie Fredericks was one of four national captains who passed away during 2017.



tober – the first national tour since the Women’s Rugby World Cup three years before.

Women’s sport is a national focus in South Africa and an imperative for World Rugby. Our international governing body is significantly increasing the representation of women within its councils – by statute – while members are being encouraged to develop their own national 15-a-side women’s programmes with the reward of additional votes at Council level. It therefore remains an important subject area for SA Rugby.

Also of importance in 2017 was the 25th anniversary of rugby unity. In 1992 the disparate bodies that made up the divided landscape of South African rugby came together to form the South African Rugby Football Union (SARFU), whose name was changed to SARU in 2003.

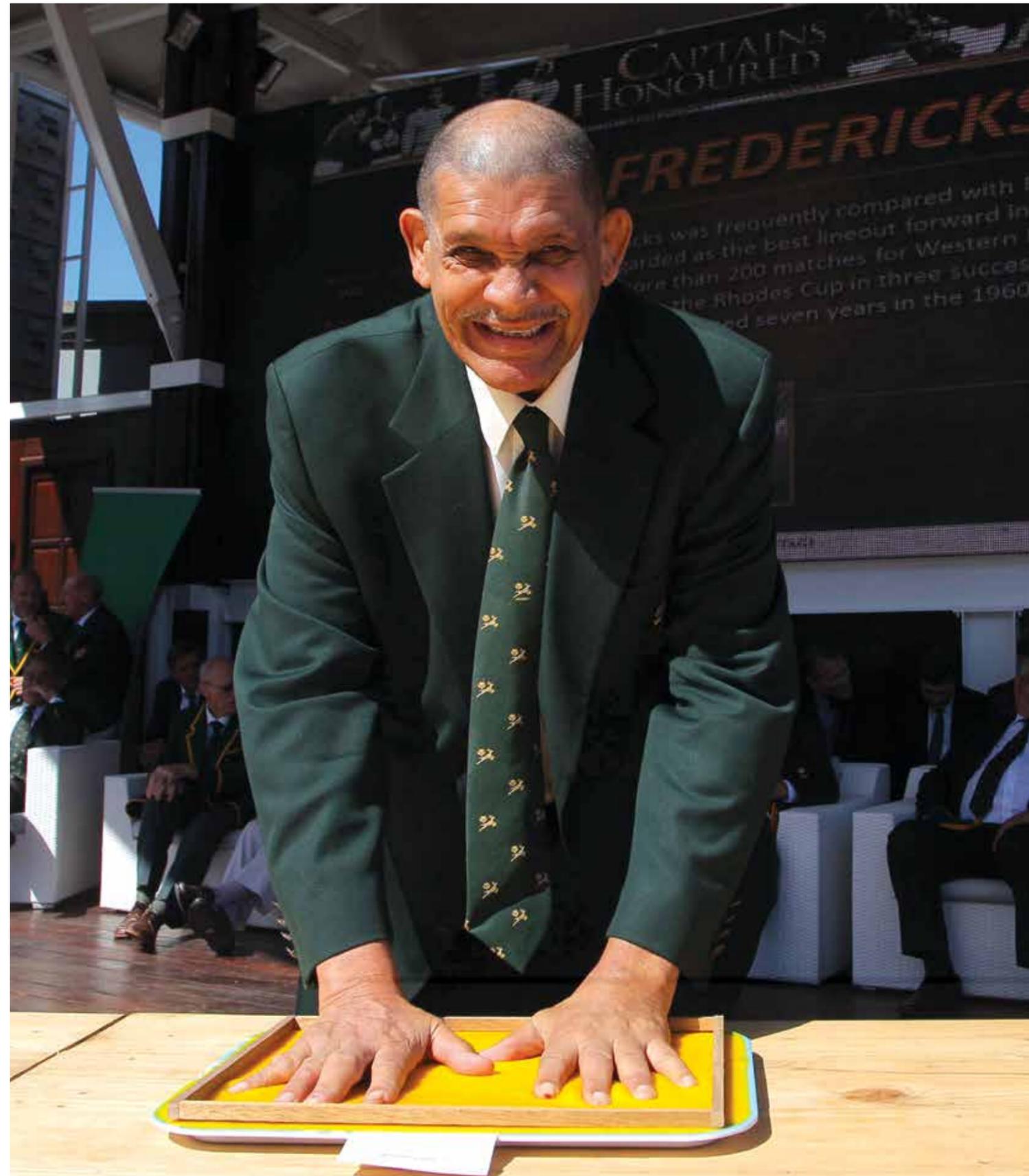
It was a watershed moment for rugby in South Africa, foreshadowing the arrival of democracy two years’ later and the many other watershed moments over which we could cross in our civic life. We marked the moment in the most dramatic way possible by chang-

ing the team’s jersey to red for the Castle Lager Rugby Championship match against Argentina in Salta. The completed a “jigsaw puzzle” of playing and training apparel that was prepared for use in 2017. The colours of the flag – green, yellow, blue and red, as well as black and white – all featured in training or playing apparel during the year.

If that was a celebration there was also sadness too. Four national captains passed away during the year in African Springbok captains Mpenduli “Liston” Ntshongwana and Welile James “Bomza” Nkohla, former SARU captain Salie Fredericks, and Joost van der Westhuizen, captain of the team at the 1999 Rugby World Cup. We also mourned the passing of Dr Cecil Moss, a former Springbok player and coach, the oldest living Springbok at the time of his death, among too many others.

On a more upbeat note, congratulations are in order to the Emirates Lions for hosting the Vodacom Super Rugby final – even if their 14-man effort was not quite enough to overcome the Crusaders; to Currie Cup and SuperSport Rugby Challenge champions, DHL Western Province; the Down Touch Griffons (and their U20 team) for successfully defending the First Division (and age group) titles; to Under-21 and Under-19 champions, DHL WP and the Xerox Golden Lions respectively; to the Western Province women for ending Border’s four-year dominance to take the Section A title in the Women’s Interprovincial competition, and to Section B champions, SWD.

Mark Alexander
President
South African Rugby Union



Four national captains passed away during the year in African Springbok captains Mpenduli “Liston” Ntshongwana and Welile James “Bomza” Nkohla, former SARU captain Salie Fredericks, and Joost van der Westhuizen.

CEO'S REPORT

The landscape of rugby in South Africa underwent a seismic shift in 2017. Twenty-one years after the creation of intercontinental competitions with the establishment of SANZAAR, a second, bolder move was made by the introduction of inter-hemispherical rugby. The Toyota Cheetahs and Southern Kings kicked off a new adventure for South African rugby by becoming members of a new-look Guinness PRO14 competition, playing in a northern hemisphere competition with teams from Ireland, Scotland, Wales and Italy.

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HEIR entry broke new ground with a number of global firsts: the first cross-hemisphere domestic club competition; summer rugby in South Africa and

the first experiment in aligning a season in the south with that of the north. We went into it with our eyes wide open. There were and will be challenges but the bigger picture for South African rugby, was new horizons and new opportunities.

The invitation from the existing Guinness PRO12 opened the door for South African rugby to fulfil a long held desire to “go north”. It positions South African rugby in new broadcast and sponsorship markets and provides our teams and rugby with opportunities be-

yond the geographically challenging southern hemisphere construct. We have always been attracted to Europe by the alignment of time zones and therefore broadcast markets; we are now in the process of finding out if that appeal is real.

It certainly was for our members. The prospect of fielding two further teams in northern hemisphere competitions necessitated a competitive tender among the eight, non-franchise Unions to be identified as the next entities to be entered into international competition. The Mpumalanga and Griqualand West Rugby Unions won through as from candidates in a process assessed and determined by independent consultants. The unsuccessful bidders were combinations of the Leopards, Valke and Griffons Rugby Unions and of the Boland, Border and SWD unions. Discussions have taken place with various entities about potentially fielding teams in other international competi-



The invitation from the existing Guinness PRO12 opened the door for South African rugby to fulfil a long held desire to “go north”.

ABOVE: SA Rugby CEO Jurie Roux (far right), with Martin Anayi (CEO, left) and Gerald Davies (Chairman, middle) of the Guinness PRO14 at the Cape Town launch of this exciting new venture into the Northern Hemisphere for South African rugby.

tions. Those conversations remain on-going.

The impetus and opportunity to go north had been provided by the hard but necessary decision to re-examine the structure of Vodacom Super Rugby. The decision to expand the competition taken earlier in the decade had proved overly optimistic. The ‘confusing’ new format of multiple conferences and uneven playing schedules did not find resonance with the rugby audience. Those issues were compounded by changing lifestyles and disruption in the broadcast market to produce a decline in both live attendance and broadcast audiences. It simply was not working.

The SANZAAR partners agreed to radically restructure the competition for 2018 with a three conference, 15-team format: five teams from New Zealand, four from Australia, four from South Africa, one from Japan; and one from Argentina. The decision was made following a comprehensive assessment of the eco-

nomical and sporting environment under, which highlighted a need to adjust and strengthen Vodacom Super Rugby in the short-term to ensure a robust and sustainable tournament.

South Africa agreed to reduce our commitment from six to four teams (while Australia reduced by one to four) which left us with the challenge of identifying the four teams to continue into 2018. A competitive tender process was initiated but the prospect of northern hemisphere rugby encouraged the Toyota Cheetahs and Southern Kings to withdraw their interest in Vodacom Super Rugby. As a result a potentially fraught and litigious process saw the Vodacom Bulls, Emirates Lions, DHL Stormers and Cell C Sharks confirmed as South Africa’s four Vodacom Super Rugby competitors.

There were also changes in the domestic playing landscape – if not quite so seismic, certainly of notable significance. Sunday rugby, triple-headers, regional championships and a

new competition name on the rugby calendar were all part of a major makeover for the opening provincial competition of the South African season. The SuperSport Rugby Challenge kicked off after the conclusion of the FNB Varsity Cup in April and featured all 14 members and Namibia's Windhoek Draught Welwitschias.

The schedule featured a number of festival days with a provincial double header following a match between local clubs. These matches took place at venues that were new to professional rugby, deep in communities creating a new atmosphere for professional rugby. The final at Florida Park in Cape Town (rather than DHL Newlands) was packed to the rafters as DHL Western Province overcame Tafel Lager Griquas.

The Vodacom Super Rugby model of "reducing to quality" had already been previewed in the Currie Cup, supported by Nashua and Direct Axis, the competition was reduced from nine to seven teams over a double round and both match and average TV audience improved as a result.

There was one significant personnel change in the year as well. Former Springbok player and captain, Rassie Erasmus, returned from an 18-month 'sabbatical' in Ireland with Munster, to fill the newly created role of Director of Rugby. He will take responsibility for all national teams as well as coaching and player development pathways and will guide thinking around competition structures.

Finances again over-shadowed all our thinking and activities. We began to put behind us the flight of sponsors in 2016 but we remained extremely constrained and had to take the unprecedented step of reducing expenditure across all facets of our business. The finance committee remained in almost permanent session throughout the year to oversee a challenging environment.

Unusual items such as the unexpected and unbudgeted investment in Guinness PRO14 and expenditure in support of the Rugby World Cup 2023 bid placed pressure on our reserves. However, there was good news as a succession of new sponsors joined the SA Rugby family during the year.

We were delighted to welcome MTN as the headline Springbok sponsor with FNB, Land Rover and the Southern Palace Group all coming on board as associate Springbok sponsors. In addition FlySafair became the official domestic airline carrier of the organisation and RAM Hand-to-Hand Couriers became a new supplier. The commitment of existing and

RIGHT: DHL Western Province won the final of the inaugural SuperSport Rugby Challenge in front of a packed house at Florida Park in Cape Town.

The final at Florida Park in Cape Town (rather than DHL Newlands) was packed to the rafters as DHL Western Province overcame Tafel Lager Griquas.

long-standing partners such as SA Breweries / ABInBev, who extended their portfolio to include the HSBC Cape Town Sevens was also a win-win.

The majority of our new partners joined in a flood shortly before the Castle Lager Incoming Series against France in June, causing a flurry of announcements. The delayed acquisition meant that the full value of annual sponsorships could not be realised and the nett outcome was a R33m loss (before taxation), principally impelled by the unusual items.

The show must go on – and it certainly did at the HSBC Cape Town Sevens. The 2016 tournament was named as the Best Live Sports event in South Africa at the Discovery Sports Awards and we believe the 2017 event topped even that. Tickets sold out in a matter of hours and the addition of an extra 6,000 seats was quickly snapped up on the eve of the event. We introduced a giant screen which proved an enormous hit with spectators and raised the bar once again.

It was a year of seismic events and the ground did shift under our feet from time to time, but the organisation proved as resilient as ever and emerged at year end with broadened horizons.

Jurie Roux
Chief Executive Officer
South African Rugby Union



INTEGRATED REPORT

PREAMBLE:

SARU is an incorporated association of persons with perpetual succession and juristic personality and the national controlling body and custodian of rugby in South Africa. SARU's governance structure is set out in its Constitution.

GOVERNANCE

The relevant provisions set out in Section 8 of the SARU Constitution provide as follows:

- 8.1 SARU's business and activities are overseen by the general meeting, which has the ultimate authority in respect of, and responsibility for, its affairs.
- 8.3 Subject to the constitution, all of SARU's affairs shall be governed by the Executive Council, which may exercise all such powers and perform all such functions which are not required by the constitution to be performed by the general meeting. The general meeting retains the authority to exercise such powers and perform such functions if the Executive Council is, for whatever reason, unwilling or unable to do so.
- 8.4 The Executive Council shall determine a policy frame work for, and oversee SARU's governance and exercise the powers and perform the functions necessary to achieve and promote SARU's main and ancillary objects.
- 8.7 The provisions in the Act and the rules of the common law which govern the powers and functions of members of the board of directors of a public company, the relationship between such directors and such company, whether fiduciary or otherwise, as well as the personal liability, criminal or delictual, of such members flowing from fraudulent or negligent acts or omissions in relation to such members' aforesaid powers and functions, apply *mutatis mutandis*, and to the extent that it is consistent with SARU's status, to the members of the Executive Council as if SARU were a public company.
- 8.8 The principles and the best practice recommendations set out in the Code of Governance Principles for South Africa - 2009 King III, as augmented and amended from time to time, shall apply as a guideline to the governance of SARU.



The Springboks' Raymond Rhule (right) and Franco Mostert combine to stop All Black flyhalf Beauden Barrett.



GOVERNANCE STRUCTURES



The Executive Council of SA Rugby is (back left to right): Vivian Lottering, Pat Kuhn, Louis von Zeuner, Abubakar Saban (CFO), Boet Fick, Monde Tabata. Front: Vanessa Doble (Company Secretary), Jurie Roux (CEO), Mark Alexander (President), Francois Davids, James Stoffberg, Ilhaam Groenewald. Absent: Tobie Titus.

1. MEMBERS OF THE EXECUTIVE COUNCIL

NAME	POSITION	DATE OF APPOINTMENT
NON-EXECUTIVE MEMBERS		
Mark Alexander	President	Elected 27 October 2016
Francois Davids	Deputy President	Elected 27 October 2016
James Stoffberg	Vice President	Elected March 2014
Nicholaas Fick	Union representative	Elected March 2014
Pat Kuhn	Union representative	Elected March 2016
Vivian Lottering	Union representative	Elected 27 October 2016
Tobie Titus	Union representative	Elected March 2016
Ilhaam Groenewald	Independent Member	Elected 26 May 2016
Monde Tabata	Independent Member	Elected 26 May 2016
Louis von Zeuner	SARPA representative	Resigned October 2017
EXECUTIVE MEMBERS		
Jurie Roux	CEO	Appointed 1 October 2010
Abubakar Saban	CFO	Appointed - 1 August 2016
Vanessa Doble	Company Secretary	Appointed - 1 August 2016
REVIEW		
Louis von Zeuner	Independent Member	Elected October 2017
Ilhaam Groenewald	Independent Member	Reappointed 2017
Monde Tabata	Independent Member	Reappointed 2017

2. SARU SUB-COMMITTEES

AUDIT & RISK COMMITTEE		POSITION
Pat Kuhn		Chairman
Louis von Zeuner		Exco Member
Professor Edna van Harte		Independent
Sinoxolo Jodwana		Independent
Raymond Fenner		Independent
INVITED MEMBERS		
Jurie Roux		CEO
Abubakar Saban		CFO
Sesi naMrhali Skhosana		Senior Finance Manager
Vanessa Doble		Company Secretary
Brendan Deegan		External Auditor - PWC
Asanda Majola		External Auditor - PWC
Glenn Ho		Internal Auditor - KPMG
Gareth Farrell		Internal Auditor - KPMG
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HUMAN RESOURCES & REMUNERATION COMMITTEE		POSITION
Monde Tabata		Chairman
Victor Christian		Independent
Jonathan Goldberg		Independent
Nadia Mason		Independent
INVITED MEMBERS		
Jurie Roux		CEO
Abubakar Saban		CFO
Ingrid Mangcu		GM: HR
Vanessa Doble		Company Secretary
<hr/>		
FINANCE COMMITTEE		POSITION
Nicholaas Fick		Chairman
Mark Alexander		Exco Member
Monde Tabata		Exco Member
Louis von Zeuner		Exco Member
INVITED MEMBERS		
Jurie Roux		CEO
Abubakar Saban		CFO
Vanessa Doble		Company Secretary
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NATIONAL JUDICIAL COMMITTEE		POSITION
Judge Lex Mpati		Chairman
Adv Jannie Lubbe		Independent
Peter Ingwersen		Independent
INVITED MEMBERS		
Christo Ferreira		Secretary
Vanessa Doble		Company Secretary
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FRANCHISE COMMITTEE		POSITION
Mark Alexander		President
Francois Davids		Deputy President
James Stoffberg		Vice President
Louis von Zeuner		SARPA Representative
INVITED MEMBERS		
All 8 Franchise Representatives		CEOs
<hr/>		
NON-FRANCHISE COMMITTEE		POSITION
Mark Alexander		President
Francois Davids		Deputy President
James Stoffberg		Vice President
Vivian Lottering		Exco Representative
Nicholas Fick		Exco Representative
Tobie Titus		Exco Representative
All 14 Union Representatives		CEOs
INVITED MEMBERS		
Jurie Roux		CEO
Vanessa Doble		Company Secretary



ABOVE: The Southern Kings, in action against Edinburgh in Port Elizabeth, joined the Guinness Pro14 in 2017.

TRANSFORMATION COMMITTEE

	POSITION
Ilhaam Groenewald	Chair
Tobie Titus	Exco Member
All 14 Union Presidents	Presidents
Jurie Roux	CEO
Ian Schwartz	Acting GM: Strategy and Transformation
Vanessa Doble	Company Secretary
Samantha McDonald	(Manager: Footprint and Development Systems)
Morne Nortier	(Project Manager: Strategic Performance Management)
Khaya Mayedwa	(Senior Manager: Government and Stakeholder Relations)

3. SARU AD HOC COMMITTEES

CONSTITUTIONAL COMMITTEE

	POSITION
Mark Alexander	Chairman
Francois Davids	Exco Member
James Stoffberg	Exco Member
Hein Mentz	Pumas President
Hennie Baartman	SWD President
Ilhaam Groenewald	Exco Member

INVITED MEMBERS

Jurie Roux	CEO
Vanessa Doble	Company Secretary

COMPANY SECRETARY & CFO

Ms. Vanessa Doble and Mr. Abubakar Saban continued to occupy their respective positions in 2017.

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as company secretary I hereby confirm that for the year ended 31 December 2017, all governance structures operated as required by the union's constitution, and that the minutes of all General Meetings, Executive Council and sub-committee meetings have been kept for record purposes.

OUR VISION

SARU's vision is:
To be the leading rugby nation by providing:
 » Well governed, world class, innovative sporting entertainment; and
 » Sustainability through high performing people, processes and systems

SARU comprises nine (9) provincial members made up of 14 constituent unions' members with Limpopo participating as a non-voting member (because of the current absence of an affiliated union). Members designate two persons from their constituent unions to represent them at general meetings. The Franchise and Non-Franchise committees created in 2016 to focus on key issues of collective sustainability and development within the professional and semi-professional unions respectively, held six (6) meetings in 2017. These committees provided renewed focus on developing professional and semi-professional rugby. While the Franchise committee focused significant effort on developing a new contracting model, understanding the future landscape and licensing framework for professional rugby, the Non-Franchise committee focused its efforts on strengthening and supporting developmental areas of the game.

Through an independently verified tender process, two additional unions qualified to become Franchise members. The composition of the unions in the Franchise committee increased from six (6) to eight (8).

SARU also strengthened the oversight of independent members on the Executive Council by increasing the number of independent members from two to four.

While Mr Von Zeuner resigned as the SARPA representative on the Executive Council and was appointed as an independent member, the Executive Council appointed Sam Ngumeni as the fourth independent member. Their role as independent members of the Executive Council, is to provide additional expert advice and guidance to

the Executive Council. They are required to provide objective judgement independent of management on issues facing the organization. Going forward, the intention is that independents will chair all key subcommittees of the Executive Council including the Audit and Risk Committee, HR and Remuneration Committee and Social and Ethics Committee.

SARU increased the participation of private equity in the commercial arms of unions to a maximum of 74% to ensure continued financial sustainability in the unions. Only one conditional consent application

was granted for a private equity transaction, however, the transaction was not concluded in the financial year.

Human capital development remains a key focus area of SARU with performance management and succession planning for certain categories of staff implemented as part of the ongoing review and improvement focus initiatives in line with the adapting external and internal environment of sports.

SARU increased the participation of private equity in the commercial arms of unions to a maximum of 74% to ensure continued financial sustainability in the unions.

SARU VALUES

The Executive Council is fully committed to accountability, fairness and business integrity in all its activities. The core values that underpin SARU's behavior and everything we do as an organization are summarized as follows: excellence, inclusivity, innovation, ethics and collaboration.

As part of the business re-engineering process, a compliance department was created to provide dedicated focus on legal compliance and governance issues. The compliance framework for the organization was recommended for approval by the Audit and Risk committee. It aims to serve as a reference to management to operate within a compliance function. The Social and Ethics Committee was integrated into the HR and Remunerations Committee given the overlap in certain oversight areas applicable to the organization. The code of ethics, which aims to raise ethical awareness in conducting business, will be approved and adopted by the relevant committee in the new financial year.

The Executive Council members have certified that they did not have any material interest in any transaction of any significance with the union. A register detailing the members' interests is available for inspection at the union's registered office.

SUSTAINABILITY FOCUS

Although addressed below, our integrated report does not deal extensively with our impact on the environment. This is because our activities do not fundamentally affect the environment nor do they threaten the sustainability of our unions or the external environment.

Under our sustainability focus, SARU develops projects that make a difference in communities we serve (both internal and external) with greater focus being placed on disadvantaged communities. As a fast-paced organisation, SARU needed its people to handle an array of functions in 2017 due to the moratorium that was placed on recruitment following our financial stretch. SARU had to engage and utilise its employees to take on more responsibilities in their current roles. In such circumstances employee sustainability through promoting health and wellbeing of our employees became critical as we would like to minimise potential long-term illnesses. Our approach in 2017 was focussed on reducing stress and preventing musculoskeletal conditions such as joints, aches and pains which are a major cause of absenteeism and loss of productivity in the workplace.

To ensure sustainability of competent and skilled workforce at SARU, our employee study assistance programme attracted more employees who furthered their tertiary education in 2017. This is critical in building our talent pool and leadership development for succession planning agenda.

We also opened our doors to a second Trade Union (Sports Employees Unite), to build and strengthen long term sustainable employee relations with support staff within the organisation.

EXCO SUB-COMMITTEES

To enable the Exco to discharge its responsibilities and duties as set out in the Constitution, the Exco has established sub-committees, which have been delegated various powers. The committees' activities are set out in their respective terms of reference. All committees are accountable to the executive committee.



TERMS OF REFERENCE FOR AUDIT AND RISK COMMITTEE

INTRODUCTION

The Audit and Risk Committee ("the Committee") is constituted as a committee of the South African Rugby Union ("SARU") and is appointed by the Executive Council.

The duties and responsibilities of the members of the Committee as set out in this document.

PURPOSE OF THE TERMS OF REFERENCE

The purpose of these terms of reference is to set out the Committee's composition, role, responsibilities, authority, meetings and procedures.

COMPOSITION OF THE COMMITTEE

The Committee will comprise of no fewer than four (4) and no more than six (members), as per the SARU constitution.

The Committee shall have a majority of independent members who shall serve for a period of two years.

An "independent member", in the context of the Committee is any member of a subcommittee of SARU who is not a current member of the Executive Council or any of the governing structures of a province of SARU.

The chairman shall be an independent non-executive director as per King III guidelines and shall be appointed by the Executive Council.

The President of SARU is not eligible for appointment as a member of this Committee but may attend meetings by invitation.

The members of the Committee must collectively have sufficient qualifications and experience to fulfil their duties, including an understanding of the following: financial and sustainability reporting; internal financial controls; external audit process; internal audit process; corporate law; risk management; sustainability issues; information technology governance as it relates to integrated reporting; and governance processes within SARU.

The Committee members must keep up-to-date with developments affecting the required skill-set.

ROLE

The Committee has an independent role with accountability to both the Executive Council and the general meeting. The Committee does not assume the functions of management, which remain the responsibility of the chief executive officer and other members of senior management.

RESPONSIBILITIES

The Committee has the following specific responsibilities:

1. Integrated reporting

The Committee oversees integrated reporting, and in particular must:

- » Consider the factors and risks that may impact on the integrity of the integrated report;
- » Review the annual financial statements;
- » Comments in the annual financial statements on the financial statements in the integrated report, the accounting practices and the effectiveness of the internal financial controls;
- » Recommend the integrated report for approval by the Executive Council;

2. Combined assurance

The Committee will ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular should:

- » Ensure that the combined assurance received is appropriate to address all the significant risks facing SARU; and
- » Monitor the relationship between the external assurance providers and SARU.

3. Internal audit

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

- » For the appointment and performance assessment of the Internal audit service provider;
- » For recommending the approval the internal audit plan; and
- » For ensuring that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate.

4. Risk management

The Committee is an integral component of the risk management process and specifically must oversee:

- » Financial reporting risks;
- » Internal financial controls;
- » Fraud risks as they relate to financial reporting;
- » IT risks as they relate to financial reporting.

5. External audit

The Committee is responsible for recommending the appointment of the external auditor and to oversee the external audit process, and in this regard must:

OPPOSITE PAGE: The South African 'A' team won both their matches against the touring French Barbarians in June.

MEETINGS AND PROCEDURES

- » Nominate the external auditor for appointment by the general meeting;
- » Recommend the approval of the terms of engagement and remuneration for the external auditor;
- » Monitor and report on the independence of the external auditor.
- » Review the quality and effectiveness of the external audit process;
- » Consider whether the audit firm and, where appropriate, the individual partner that will be responsible for performing the functions of auditor, are independent.

6. Ethics and Organisational Integrity

6.1 The committee shall:

(a) consider and if deemed necessary shall be entitled to make recommendations to the Executive Council regarding initiatives to maintain and enhance organisational integrity and this could include:

- » *the review of any statements on ethical standards or requirements for SARU and assisting in developing such standards and requirements,*

(b) without limiting the generality of the foregoing, consider and if necessary make recommendations regarding channels for whistleblowing, a process for identifying and reporting irregularities, structures to which such reports are made and processes to act upon any matters reported.

7. Conflicts of Interests

7.1 The Committee shall:

(a) review the process for declarations of interests by directors and any office bearers and make recommendations regarding additional mechanisms, policies or directives to improve the practices and processes in this regard.

AUTHORITY

The Committee has no decision-making authority in regard to its duties and is accountable in this respect to both the Executive Council and the general meeting.

On all responsibilities delegated to it by the Executive Council, the Committee makes recommendations for approval by the Executive Council.

The Committee acts in accordance with its duties and the delegated authority of the Executive Council as recorded in this terms of reference. It has the power to investigate any activity within the scope of its terms of reference.

The Committee, in the fulfilment of its duties, may call upon the chairman of the other Executive Council committees, any of the Executive Council members, management, and company secretary or assurance providers to provide it with information, subject to an Executive Council approved process being followed.

The Committee has reasonable access to SARU's records, facilities, employees and any other resources necessary to discharge its duties and responsibilities subject to an Executive Council approved process being followed.

The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at SARU's cost, subject to an Executive Council approved process being followed.



FREQUENCY

The Committee chairman should, in consultation with the company secretary, decide the frequency and timing of its meetings. The Committee should meet as frequently as is necessary to perform its functions, but should meet at least twice a year. Reasonable time should be allocated for all audit committee meetings.

Meetings in addition to those scheduled may, with approval of the chairman, be held at the request of the external auditor, the internal auditor, the chief executive officer, chief financial officer, or at the instance of the Executive Council.

The Committee should meet at least once a year with the external and internal auditors without management being present. These may be separate meetings or meetings held before or after a scheduled audit committee meeting.

The chairman of the Committee should be present at SARU's Annual General Meeting to answer questions relating to the Committee's activities within the scope of its responsibilities.

The Committee's chairman should give at least an oral summary of the Committees' deliberations at the Executive Council meeting following each Committee meeting. The minutes of the Committee meeting's proceedings should be included in the pack for the Executive Council's information as soon as they have been approved.

ATTENDANCE

The chief executive officer, chief financial officer, representatives from the external auditors, representatives from the internal audit service provider, other assurance providers, professional advisors and other members of the Executive Council who are not members of this Committee, may be in attendance at Committee meetings, but by invitation only, without the right to vote.

The Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the chairman or company secretary.

The company secretary is the secretary to the Committee. If the incumbent chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as chairman.

AGENDA AND MINUTES

The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for that year.

The annual plan must ensure proper coverage of the matters laid out in the Committee plan: the more critical matters will need to be attended to each year while other matters may be dealt with on a rotation basis over a three-year period.

The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual plan.

A detailed agenda, together with supporting documentation, must be circulated, at least one week prior to each meeting to the members of the Committee and other invitees.



Committee members must be fully prepared for Committee meetings, to provide appropriate and constructive input on matters discussed.

The minutes of Committee meetings must be completed as soon as possible after each meeting and circulated to the chairman and members of the Committee for review thereof. The minutes must be formally approved by the Committee at its next scheduled meeting.

Committee members shall declare their interest whether of a general nature, or related to specific agenda issues, at meetings of the Committee.

QUORUM

A quorum for Committee meetings is a majority of members being present.

Invitees in attendance at Committee meetings may participate in discussions but do not form part of the quorum for Committee meetings.

EVALUATION

The Executive Council must perform an evaluation of the effectiveness of the Committee every year.

REMUNERATION

» All independent members of the Audit & Risk Committee are eligible to receive such remuneration in respect of their time and contributions to the business of the Audit & Risk Committee as may be determined by formal resolution of the Remuneration Committee of SARU from time to time. Members excluded from being remunerated include Executive Council members and members of SARU's staff who serve on this committee.

ABOVE: The Junior Springboks beat their French counterparts in the bronze medal match of the World Rugby Under-20 championship in Georgia.

» The members and attendees may also be reimbursed all travelling, hotel and other expenses properly incurred by them in or about the performance of their activities as members or attendees, including those of travelling to and from meetings of the Audit & Risk Committee, on such basis as the Remuneration Committee of SARU may determine from time to time.

CONFIDENTIALITY AND GOVERNANCE

» All members of the Audit & Risk Committee, whether or not they are employees of SARU, automatically undertake to be bound in full by the Code of Corporate Practices and Conduct of SARU, its Values and its Code of Ethics ("Unified Code of Ethics").

» All members of the Audit & Risk Committee automatically undertake to observe full confidentiality regarding the content of all information which may come to their attention from time to time. No such information may be revealed to persons outside of SARU without the prior authorisation of the CEO of SARU

» Unless specifically authorised by the CEO of SARU, no member of the Audit & Risk Committee may make statements to the media.

APPROVAL OF THESE TERMS OF REFERENCE

» These terms of reference were approved by the Executive Council and the Chairman of the Committee on 12 August 2013.

TERMS OF REFERENCE OF THE HUMAN RESOURCES & REMUNERATION COMMITTEE ("THE COMMITTEE")

1. ROLE AND COMPOSITION OF THE COMMITTEE

The role of the Committee will be to assist the Executive Council:

- 1.1 To evaluate and make recommendations on remuneration and conditions of service of executive, non-executive persons and elected members of the Executive Council and make such recommendations to a General Meeting where applicable.
- 1.2 Consider and make recommendations to the Executive Council on specific remuneration packages for other members of management put to the Committee.
- 1.3 Consider and make recommendations on specific policies including and relating to Recruitment and Remuneration, Performance Management, Employment Equity and Transformation, Training and Development, Succession Planning, Strategic Transformation Plan, Broad Based Black Economic Empowerment and make recommendations on these issues to the Executive Council after consulting the appropriate executives and management.

COMPOSITION

- 1.4 The Committee will comprise of no fewer than four (4) and no more than six (members) as per SARU constitution.
- 1.5 The Committee should preferably comprise of members of the Executive Council and should have a majority of non-executive directors. The majority of the non-executive directors serving on this committee should be independent.
- 1.6 The chairman shall be an independent non-executive director as per King III guidelines.
 - » **Commentary:** For transparency and impartiality and given the terms of reference of this committee (as in clause 1.1 above), the non-executive members of the Executive Council have opted not to serve on this committee but have all of these members as independents with no affiliation to any provincial union.
 - » This is in line with King III- "apply or explain"
- a. An "Independent member", in the context of the Committee is any member who is not a current member of the Executive Council or any of the governing structures of a province of SARU

2. FUNCTIONING

- » The Committee shall meet, adjourn or otherwise regulate its meetings as it deems fit, but it shall meet at least three times per annum.
- » A meeting secretary shall be appointed to keep full and proper minutes of all meetings of the Committee.
- » In order to perform their responsibilities, the Committee will create such structures and hire such advisors and assistance, as they deem appropriate from time to time.

3. CONFIDENTIALITY AND GOVERNANCE

- » All members of the Committee, whether or not they are employees of SARU, automatically undertake to be bound in full by the Code of Corporate Practices and Conduct of SARU, its Values and its Code of Ethics ("Unified Code of Ethics").
- » All members of the Committee automatically undertake to observe full confidentiality re the content of all information which may come to their attention from time to time. No such information may be revealed to persons outside of SARU without the prior authorisation of the Chairman of the Executive Council.
- » Unless specifically authorised by the Chairman of the Executive Council, no member of the Committee may make statements to the media.

4. REMUNERATION

- » All independent members of the Committee who are not independent non-executive directors, as well as such other independent professionals as may be requested to assist or consult to the Committee on occasion, are eligible to receive such remuneration in respect of their time and contributions to the business of the Committee as may be determined by formal resolution of the Executive Council from time to time.
- » The members and attendees may also be reimbursed all travelling, hotel and other expenses properly incurred by them in or about the performance of their activities as members or attendees, including those of travelling to and from meetings of the Committee, on such basis as the Executive Council may determine from time to time.



TERMS OF REFERENCE FOR THE FINANCE COMMITTEE

1. STATUS OF THE COMMITTEE

- 1.1 SARU's constitution provides for the establishment and operation of a Finance Committee, as a sub-committee of the Executive Council, whose members shall be members of the Executive Council.
- 1.2 The committee's chairman should give at least an oral summary of the committees' deliberations at the Executive Council meeting following the committee meeting. The minutes of the committee meeting's proceedings should be included in the board pack for the Executive Council's information as soon as they have been approved.

2. ROLE, COMPOSITION AND TERM OF THE COMMITTEE

The role of the committee is to assist the Executive Council in fulfilling its responsibility for overseeing SARU's financial affairs in terms of clause 16.12.3.4 of its constitution.

The committee shall comprise of no fewer than four (4) members and no more than six (6) members, all of whom shall be members of the Executive Council.

The committee shall serve for a period of two years.

3. ROLE OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer is the executive responsible for SARU's financial affairs on a day-to-day basis, subject always to the directions of the Chief Executive Officer.

4. RESPONSIBILITIES

The Committee has the following specific responsibilities subject to its mandate from the Executive Council:

- 4.1 **Internal monthly financial reporting**
The Committee reviews internal monthly financial reporting, including that of the provincial unions and their commercial arms
- 4.2 **Management of revenue streams (including Commercial Properties, Sponsorships and Broadcasting Rights)**
The Committee has immediate oversight in matters related to major revenue streams (including Commercial Properties, Sponsorships and Broadcasting Rights) and must review and recommend to the Executive Council the signing off of Sponsorships and Broadcasting Rights contracts with a monetary value in excess of R10 million. This amount may be increased as deemed necessary by the Committee.
- 4.3 **Financial Policies**
The Committee has immediate oversight in matters related to financial policies.

4.4 Financial results, budgets, cash flow management and financial planning

The Committee has immediate oversight in matters related to financial results, budgets, both operating and capital expenditure, cash flow management and financial planning.

4.5 Ad-hoc matters which have a financial or commercial impact

The Committee has immediate oversight in matters which have a financial or commercial impact, i.e.:
 » Ensuring the build-up of adequate reserves
 » Liaise with other committees on expenses they oversee, i.e. salary increases, etc.

4.6 Financial Support

The committee will evaluate application from a union for financial support – set criteria will be determined to evaluate such applications. Should financial support be approved SARU and the relevant Union will enter into a formal agreement which will contain the conditions of approval. Punitive measures will be applied where there is a breach to the agreement.

4.7 Delegation of Authority

The Committee will approve the authority.

5. AUTHORITY

The Committee acts in accordance with its delegated authority from the Executive Council as recorded in these terms of reference (as listed in paragraph 5 above). It has the power to investigate any activity within the scope of its terms of reference.

The Committee, in the fulfilment of its duties, may call upon the Chairman of the other Sub Committees, any of the Chief Executive Officer, Company Officers, and Company Secretary or assurance providers to provide it with information subject to Executive Council approved processes.

The Committee must have reasonable access to SARU's records, facilities and any other resources necessary to discharge its duties and responsibilities subject to following Executive Council approved process.

The Committee may form, and delegate authority to, subcommittees and may delegate authority to one or more designated members of the Committee.

The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to an Executive Council approved process being followed.

The Committee has no decision-making authority in regard to its duties and is accountable in this respect to the Executive Council. The Chairman of the Committee must be

present at all annual general meetings.

On all responsibilities delegated to it by the Executive Council, the Committee makes recommendations for approval by the Executive Council.

Where there is a perceived overlap of responsibilities between the Committee and the Audit & Risk Committee, the respective Committee Chairmen shall have the discretion to agree the most appropriate Committee to fulfil any obligation.

6. MEETINGS AND PROCEDURES

6.1 Frequency

The Committee should hold sufficient scheduled meetings to discharge all its duties as set out in these terms of reference but subject to a maximum of three (3) meetings per year. These meetings should be held prior to the Executive Council meetings.

Meetings in addition to those scheduled may be held at the request of the Committee Chairman, Chief Executive Officer, Chief Financial Officer, Company Secretary or at the instance of the Executive Council.

6.2 Attendance

Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters,

unless prior apology, with reasons, has been submitted to the Chairman or Chief Executive. A quorum will comprise any two independent director Committee members.

The Company secretary is the secretary to this Committee.

If the nominated Chairman of the Committee is absent from a meeting, the members present must elect one of the members present to act as Chairman.

7. CONFIDENTIALITY AND GOVERNANCE

- » All members of the Finance Committee, whether or not they are employees of SARU, automatically undertake to be bound in full by the Code of Corporate Practices and Conduct of SARU, its Values and its Code of Ethics ("Unified Code of Ethics").
- » All members of the Finance Committee automatically undertake to observe full confidentiality regarding the content of all information which may come to their attention from time to time. No such information may be revealed to persons outside of SARU without the prior authorisation of the CEO of SARU
- » Unless specifically authorised by the CEO of SARU, no member of the Finance Committee may make statements to the media.

TERMS OF REFERENCE OF THE FRANCHISE COMMITTEE ("THE COMMITTEE")

1. STATUS OF THE COMMITTEE

- 1.1 SARU's Constitution provides for the establishment and operation of a Franchise Committee (the "Committee"), as a sub-Committee of the Executive Committee ("EXCO"), whose members shall comprise CEOs of the Franchise Unions (the Franchise Members).
- 1.2 The Committee has all the formal delegated authority and mandate from the EXCO as necessary to perform its role and responsibilities.

2. ROLE OF THE COMMITTEE

- 2.1 The role of the Committee will be to:
 - 2.1.1 manage the strategic direction of Professional and High Performance Rugby to ensure the best possible rugby experience;
 - 2.1.2 in conjunction with management, determine the competition structures, formats, rules

- 2.1.3 develop the competition schedules in conjunction with the needs of broadcasters, sponsors and World Rugby competitions;
- 2.1.4 determine the player movement regulations;
- 2.1.5 determine player agent regulations;
- 2.1.6 develop and manage player welfare principles and policies;
- 2.1.7 determine the appropriate criteria and parameters to establish a sustainable financial model that provides for secure growth;
- 2.1.8 ensure that the franchise is appropriately aligned to the South African Rugby high performance pathway for the development of players, coaches, referees and other officials;
- 2.1.9 ensure that the franchise provides an



appropriate opportunity for players, coaches, referees and officials to be developed and perform to their full potential at national and international level;

2.1.10 ensure alignment to and support to all strategic imperatives of South African rugby with specific reference to Transformation and Development; and

2.1.11 perform any other activity as may be specifically requested by the EXCO from time to time.

3. COMPOSITION OF THE COMMITTEE

- 3.1 The Committee will comprise of no fewer than four (4) and no more than 10 (ten) (members) as per SARU constitution.
- 3.2 The Committee will comprise of all franchise member CEOs, relevant members of the executive Committee including but not limited to the President, the deputy President and the vice president (as applicable) and the CEO of SARU.
- 3.3 The Chairman shall always be the President of SARU and in his absence, the deputy president or vice president or CEO of SARU, as the case may be.
- 3.4 The franchise members will be entitled to be accompanied by an additional member from their union, however, any associated costs of travel and accommodation for such additional member, will be borne by the franchise member.
- 3.5 Seven members of the Committee will constitute a quorum.

4. FUNCTIONING

- 4.1 The Committee shall meet at least once every quarter.
- 4.2 Meetings may be held in person or electronically, including but not limited to SKYPE or teleconference.
- 4.3 A copy of the agenda of the meeting including the minutes of the previous meeting, shall be sent to the members of the Committee no less than 5 (five) days before the meeting.
- 4.4 Special meetings may be called 50% of the franchise members or when deemed necessary by the SARU President and/or CEO.
- 4.5 In order to perform their responsibilities, the Committee may obtain independent professional advice to assist the Committee from time to time.
- 4.6 On all matters delegated to the Committee by the EXCO, the Committee makes recommendations for approval by the EXCO. The Committee shall have no decision making power in regard to its duties and is accountable to the EXCO.
- 4.7 The Committee will seek at all times to make decisions by consensus, however, should this not be possible, a decision supported by 75% of the Committee members present will stand as the

Committee's decision.

- 4.8 The company secretary shall be the secretary for the meeting.

5. CONFIDENTIALITY AND GOVERNANCE

- 5.1 All members of the Committee, whether or not they are employees of SARU, automatically under take to be bound in full by the SARU's Code of Conduct and its Values.
- 5.2 All members of the Committee acknowledge that they will be discussing confidential and commercially sensitive and strategic information and that disclosure of such information to third parties may cause significant commercial, financial and reputational harm to SARU. Members therefore undertake to exercise full confidentiality in relation to all information which may come to their attention from time to time. No such information may be revealed to any persons outside of SARU without the prior authorisation of the Chairman.
- 5.3 Unless specifically authorised by the Chairman of the Committee, no member of the Committee may make statements to the media.

6. REMUNERATION

- 6.1 Only independent members of the Committee who are not independent non-executive directors, as well as such other independent professionals as may be requested to assist or consult to the Committee on occasion, are eligible to receive such remuneration in respect of their time and contributions to the business of the Committee as may be determined by formal resolution of the Committee from time to time.
- 6.2 The members and attendees may also be reimbursed all travelling, hotel and other expenses properly incurred by them in or about the performance of their activities as members or attendees, including those travelling to and from meetings of the Committee, on such basis as the Committee may determine from time to time.

7. REPORTING TO THE EXCO

- 7.1 The Committee shall submit as work plan of Committee activities for the year to the EXCO after the Committee's first meeting for the year.
- 7.2 The Committee shall review and assess the adequacy of these Terms of Reference annually or more frequently if necessary and recommend changes as needed to EXCO. The Committee shall ensure that the members of the Committee undergo a review annually.

TERMS OF REFERENCE OF THE NON - FRANCHISE COMMITTEE ("THE COMMITTEE")

1. STATUS OF THE COMMITTEE

- 1.1 SARU's Constitution provides for the establishment and operation of a Non-Franchise Committee (the "Committee"), as a sub-Committee of the Executive Council ("EXCO"), whose members shall comprise CEOs of the all the unions as set out SARU Constitution.
- 1.2 The Committee has all the formal delegated authority and mandate from the EXCO as necessary to perform its role and responsibilities.

2. ROLE OF THE COMMITTEE

- 2.1. The role of the Committee will be to:
 - 2.1.1 *manage the strategic direction of schools, universities, amateur, semi - professional and grass roots rugby to ensure the best possible rugby experience;*
 - 2.1.2 *determine the competition structures, formats, rules and regulations for schools, universities, amateur and semi-professional SARU rugby tournaments;*
 - 2.1.3 *determine the player movement regulations;*
 - 2.1.4 *determine player agent regulations;*
 - 2.1.5 *develop and manage player welfare principles and policies;*
 - 2.1.6 *determine the appropriate criteria and parameters to establish a sustainable financial model that provides for secure growth;*
 - 2.1.7 *ensure that the Committee is appropriately aligned to the South African Rugby high performance pathway for the development of players, coaches, referees and other officials;*
 - 2.1.8 *ensure that the Committee provides an appropriate opportunity for players, coaches, referees and officials to be developed and perform to their full potential at national and international level;*
 - 2.1.9 *ensure alignment to and support to all strategic imperatives of South African rugby with specific reference to Transformation and Development; and*
 - 2.1.10 *support training and development in amateur rugby structures; and*
 - 2.1.11 *perform any other activity as may be specifically requested by the EXCO from time to time.*

3. COMPOSITION OF THE COMMITTEE

- 3.1 The Committee will comprise of all the unions as per SARU constitution.
- 3.2 The members of the Committee shall comprise of the unions' CEOs, relevant members of the EXCO including but not limited to the President, the Deputy President, the Vice President (as applicable) and the CEO of SARU.
- 3.3 The Chairman shall always be the President of SARU and in his absence, the Deputy President or Vice President or CEO of SARU, as the case may be.
- 3.4 The union CEOs will be entitled to be accompanied by the Presidents or nominees from their union, however, any associated costs of travel and accommodation for such additional member, will be borne by the respective union.
- 3.5 Seven members of the union and two SARU representatives will constitute a quorum.

4. FUNCTIONING

- 4.1 The Committee shall meet at least once every quarter.
- 4.2 Meetings may be held in person or electronically, including but not limited to SKYPE or teleconference.
- 4.3 A copy of the agenda of the meeting including the minutes of the previous meeting, shall be sent to the members of the Committee no less than 5 (five) days before the meeting.
- 4.4 Special meetings may be called 50% of the members or when deemed necessary by the SARU President and/or CEO.
- 4.5 In order to perform their responsibilities, the Committee may obtain independent professional advice to assist the Committee from time to time.
- 4.6 On all matters delegated to the Committee by the EXCO, the Committee makes recommendations for approval by the EXCO. The Committee shall have no decision making power in regard to its duties and is accountable to the EXCO.
- 4.7 The Committee will seek at all times to make decisions by consensus, however, should this not be possible, a decision supported by 75% of the Committee members present will stand as the Committee's decision.
- 4.8 The company secretary shall be the secretary for the meeting.

5. CONFIDENTIALITY AND GOVERNANCE

- 5.1 All members of the Committee, whether or not they are employees of SARU, automatically under take to be bound in full by the SARU's Code of Conduct and its Values.
- 5.2 All members of the Committee acknowledge that they will be discussing confidential and commercially sensitive and strategic information and that disclosure of such information to third parties may cause significant commercial, financial and reputational harm to SARU. Members therefore undertake to exercise full confidentiality in relation to all information which may come to their attention from time to time. No such information may be revealed to any persons outside of SARU with out the prior authorisation of the Chairman.
- 5.3 Unless specifically authorised by the Chairman of the Committee, no member of the Committee may make statements to the media.

6. REMUNERATION

- 6.1 Only independent members of the Committee who are not independent non-executive directors, as well as such other independent professionals as may be requested to assist or consult to the

Committee on occasion, are eligible to receive such remuneration in respect of their time and contributions to the business of the Committee as may be determined by formal resolution of the Committee from time to time.

- 6.2 The members and attendees may also be reimbursed all travelling, hotel and other expenses properly incurred by them in or about the performance of their activities as members or attendees, including those travelling to and from meetings of the Committee, on such basis as the Committee may determine from time to time.

7. REPORTING TO THE EXCO

- 7.1 The Committee shall submit as work plan of Committee activities for the year to the EXCO after the Committee's first meeting for the year.
- 7.2 The Committee shall review and assess the adequacy of these Terms of Reference annually or more frequently if necessary and recommend changes as needed to EXCO. The Committee shall ensure that the members of the Committee undergo a review annually.



The SWD women's team beat the Golden Lions in the final of the B-Section Women's Interprovincial Competition.

TERMS OF REFERENCE OF THE TRANSFORMATION COMMITTEE

1. INTRODUCTION

- » The Transformation Committee has no decision-making authority, however has the formal delegated authorities as mandated by the Executive Council as are necessary to perform its role and responsibilities, in order to achieve the objectives as set out in the South African Rugby Union Strategic Transformation Plan.
- » The Transformation Committee will have full access to information it needs to fulfill its responsibilities, and all employees of SARU are required to co-operate with requests made by the Transformation Committee via the office of the CEO in the course of its duties. This includes interaction with provincial rugby structures when and if required.
- » The Transformation Committee may obtain such internal or independent external professional advice, as it considers necessary to carry out its duties.

2. PURPOSE OF THE COMMITTEE

The purpose of the Committee is to provide leadership and expertise to achieve the strategic focus areas, as outlined in the SA Rugby Strategic Transformation Plan.

The purpose of the Committee are twofold:

1. To monitor and oversee the transformation of the game in SA Rugby with regard to the access, growth, skills development, demographic representation, social responsibilities, community involvement and participation at all levels over which SA Rugby has jurisdiction.
2. Recommend interventions, where necessary, to accelerate transformation in South African Rugby based on the principle of broad-based empowerment.

3. ROLES AND RESPONSIBILITIES

To continually monitor and assess provincial, national and international developments, trends for general, sport and specifically rugby transformation best practices, to ensure the implementation, monitoring, evaluation and reporting of the Strategic Transformation Plan (STP), the Committee would be required to:

The role of the committee will be to:

- » Propose and recommend a transformation strategy for SA Rugby.
- » Recommend and propose transformation goals that will ensure the long term future of the game.
- » Oversee, monitor, evaluate and report, in consultation with the SA Rugby Office, on the process of transformation throughout the SA Rugby's rugby structures

based on an appropriate performance scorecard.

- » Identify policy, system and practice areas of improvement to ensure ongoing and improved results.
- » Enable the development of appropriate transformation plans and programmes at all levels, and oversee the implementation, monitoring, evaluation and reporting thereof.
- » Assess, evaluate, guide, advice & monitor in particular the Union's transformation progress, and provide them with the necessary support.
- » Develop, constantly review and implement a performance management system for all Unions.
- » Conduct transformation forums at all levels, for the purposes of learning, development and sharing of information and ideas.
- » Ensure the effective utilisation of allocated resources, to achieve the desired results of the STP strategic focus areas.
- » Recommend to the Executive Council measures of action in the event where transformation targets are not being met.

4. COMPOSITION

- » The Committee consist of all Union Presidents and or their designated representative.
- » An independent board member appointed by the Executive Council as outlined by the SA Rugby constitution will chair the Transformation Committee.
- » Various individuals having appropriate expertise and resources, for a specific purpose, will be appointed as approved by the Executive Council.
- » The Transformation Committee coordination will be the responsibility of the GM: Strategic Performance Management, in consultation with the CEO.
- » The various members of the Committee will be allocated specific responsibilities from time to time, according to the changing needs of the STP of SARU and will be communicated to members of the Committee, for their information and action, and against which their performance shall be measured.
- » The preparation and submission of annual report to the Office of the CEO, in consultation with the GM: Strategic Performance Management.
- » Any additional representation required by Unions may be accommodated, on condition that costs are covered by the respective Union(s).

5. MEETINGS

- » The Committee chairperson should, in consultation with the company secretary, decide the frequency and



ABOVE: The SA Schools side found the going tough in their U19 International Series and unfortunately lost all three their matches.

timing of its meetings. The Committee should meet as frequently as is necessary to perform its functions, but should meet at least twice per year. Reasonable time should be allocated for additional committee meetings when required.

- » A quorum for Committee meetings is a majority of members being present. Invitees in attendance at Committee meetings may participate in discussions but do not form part of the quorum for Committee meetings.
- » A meeting secretary shall be appointed to keep full and proper minutes of all meetings of the Committee.
- » The Committee has a responsibility to submit written reports, based all meetings held, for discussion and approval at Executive Council meetings, including

additional reports when required.

6. CONFIDENTIALITY AND GOVERNANCE

- » All members of the Transformation Committee, whether or not they are employees of SARU, automatically undertake to be bound in full by the Code of Corporate Practices and Conduct of SARU, its Values and its Code of Ethics (“Unified Code of Ethics”).
- » All members of the Transformation Committee automatically undertake to observe full confidentiality re the content of all information that may come to their attention from time to time. No such information may be revealed to persons outside of SARU without the prior authorisation of the CEO of SARU
- » Unless specifically authorised by the CEO of SARU, no member of the Transformation Committee may make statements to the media.

7. REMUNERATION

- » All members of the Transformation Committee, as well as such other independent professionals as may be requested to assist or consult to the Transformation Committee on occasion, are eligible to receive such remuneration in respect of their time and contributions to the business of the Transformation Committee as may be determined by formal resolution of the Remuneration Committee of SARU from time to time. Members excluded from being remunerated include Presidents of Unions, Executive Council members and members of SARU’s staff who serve on this committee.
- » The members and attendees may also be reimbursed all travelling, hotel and other expenses properly incurred by them in or about the performance of their activities as members or attendees, including those of travelling to and from meetings of the Transformation Committee, on such basis as the Remuneration Committee of SARU may determine from time to time.
- » An “Independent member”, in the context of the Committee is any member of a subcommittee of SARU who is not a current member of the Executive Council or any of the governing structures of a member of SARU.

6. COMMITTEE EFFECTIVENESS

- » The Committee shall be subject to evaluation, either through self-assessments or external evaluations, to determine its relevance and effectiveness. The outcome of the evaluation shall be presented to the Executive Council for its consideration.

7. REVIEW

- » These Terms of Reference shall be reviewed on a periodic basis to determine their relevance and effectiveness, by being tabled at a meeting(s) of the Executive Council.



Malcolm Marx looks for support in the Vodacom Super Rugby final between the Emirates Lions and the Crusaders in Johannesburg.

TERMS OF REFERENCE OF THE CONSTITUTIONAL COMMITTEE (“THE COMMITTEE”)

2. ROLE AND COMPOSITION OF THE COMMITTEE

The role of the Committee will be to assist the Executive Council:

- 1.1 To evaluate and make recommendations on proposed rescissions or additions to the SARU constitution received from members upon request from the Executive Council.
- 1.2 Consider and make recommendations to the Executive Council on proposed amendments emanating from the Executive Council

COMPOSITION

- 1.4 The Committee will comprise of no fewer than four (4) and no more than six (members) as per SARU constitution.
- 1.5 The Committee should preferably comprise of majority members of the Executive Council.

2. FUNCTIONING

- » The Committee shall meet, when required to so by the Executive Council

- » A meeting secretary shall be appointed to keep full and proper minutes of all meetings of the Committee.

3. CONFIDENTIALITY AND GOVERNANCE

- » All members of the Committee, whether or not they are employees of SARU, automatically undertake to be bound in full by the Code of Corporate Practices and Conduct of SARU, its Values and its Code of Ethics (“Unified Code of Ethics”).
- » All members of the Committee automatically undertake to observe full confidentiality re the content of all information which may come to their attention from time to time. No such information may be revealed to persons outside of SARU without the prior authorisation of the Chairman of the Executive Council.
- » Unless specifically authorised by the Chairman of the Executive Council, no member of the Committee may make statements to the media.



EXECUTIVE COUNCIL REPORT

GENERAL MEETING

In compliance with clause 12.1 of the SARU Constitution the General Meeting assembled for an Annual General Meeting in April, two Ordinary General Meetings in October and December and two Special General Meetings in March and July 2017. As per clause 13.2 of the SARU Constitution, the General Meeting approved SARU's annual budget for 2017 at the meeting held on 8 December 2017.

EXECUTIVE COUNCIL

The Executive Council complied with clause 15.1 of the Constitution by having thirteen meetings of which eight of these were scheduled meetings, six were special meetings and three were held via teleconference. The attendance by members of the Executive Council was as follows for the period 1 January 2017 until 31 December 2017:

EXCO MEMBER	22&23/01	06/02	03/03	20/03	18/05	08/06	05/07	10/08	15/08	01/09	02/10	07/11	8/12
M. Alexander	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
F. Davids	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
J. Stoffberg	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
N. Fick	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓
P. Kuhn	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
V. Lottering	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
T. Titus	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
M. Tabata	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
I. Groenewald	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓
L. v Zeuner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
J. Roux	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓
A. Saban	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
V. Doble	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

SUB COMMITTEES AND AD HOC COMMITTEES

Sub- committees and *ad hoc* Committees were established in terms of the SARU Constitution and taking into consideration as far as possible, the principles and the best practice recommendations set out in the Code of Governance Principles for South Africa- 2009 King III.

The sub- committees are:

» **Audit & Risk Committee** – had three meetings
Attendance at meetings:

MEMBER	3 March	15 June	25 October
P. Kuhn	✓	✓	✓
L. v Zeuner	✓	✓	✓
R. Fenner	✓	✓	✓
S. Jodwana	✓	✓	✓
Prof v. Harte	✓	✓	✓

» **Human Resources and Remuneration Committee** – had two meetings
Attendance at meetings:

MEMBER	28 February	6 November
M. Tabata	✓	✓
V. Christian	✓	✓
J. Goldberg	✓	✓
N. Mason	✓	✓

» **Finance Committee** – had seven meetings
Attendance at meetings:

MEMBER	26/01	15/02	02/03	03/05	27/06	20/09	26/10
N. Fick	✓	✓	✓	✓	✓	✓	✓
M. Alexander	✓	✓	✓	✓	✓	✓	✓
M. Tabata	✓	✓	✓	✓	✓	✓	✓
L. v Zeuner	✓	✓	✓	✓	✓	✓	✓



DirectAxis False Bay celebrate after winning the Gold Cup final in Cape Town.

AUDIT & RISK COMMITTEE

For the year 31 December 2017

The Audit and Risk Committee has pleasure in submitting this Audit and Risk Report for the year under review:

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee has adopted formal terms of reference, delegated to it by the executive council, as its Audit and Risk Committee Charter.

The Audit and Risk Committee has discharged the functions in terms of its charter and ascribed as follows:

- » Reviewed the annual financial statements, culminating in a recommendation to the executive council to recommend to the annual general meeting to adopt them. In the course of its review the committee:
 - » took appropriate steps to ensure that the annual financial statements are prepared in accordance with the applicable accounting framework in SA; and
 - » considered, and where appropriate, made recommendations on the internal financial controls; and
 - » dealt with items raised by the external auditors about the accounting policies, the auditing process or the content of the annual financial statements and internal financial controls.
- » Reviewed the external audit reports on the annual financial statements;
- » Recommended the appointment of the external auditors;
- » Recommended the risk-based internal audit plan;
- » Reviewed the internal audit and risk management reports, and, where relevant, recommendations have being made to the Executive Council;
- » Evaluated the effectiveness of risk management, controls and the information technology governance process;
- » Recommended the audit fees, the engagement terms of the external auditor and the audit plan for approval to the Executive Council; and
- » Recommended to the Executive Council for approval the SARU Compliance Framework

OPPOSITE: DHL Western Province were crowned champions of the Currie Cup, presented by Nashua and DirectAxis, in 2017.





MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

The Audit and Risk Committee consists of non-executive members which have been listed (refer to governance structures) and meets at least three times a year in accordance with the Audit and Risk Committee Charter. During the year under review the following three meetings were held:

DATE OF MEETINGS FOCUS AREA

3 March 2017	Financial Statements
15 June 2017	Internal Audit
25 October 2017	External audit plan and engagement letter for external audit

The Audit and Risk Committee, is a subcommittee of the Executive Council and therefore reports to the Executive Council by submitting the minutes of meetings to the Executive Council.

TERMS OF REFERENCE

The Audit and Risk Committee has adopted a formal terms of reference that has been approved by the Executive Council. The terms of reference have been determined taking into account the statutory responsibilities and the duties assigned to it by the Executive Council. The committee's terms of reference are regularly updated and reviewed.

ATTENDANCE

The internal and external auditors, in their capacity as auditors to the entity, attended and reported at meetings of the Audit and Risk Committee. Executive directors and relevant senior managers attended meetings by invitation.

ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has discharged the functions in terms of its charter and ascribed to it as follows:

- » Reviewed the annual financial statements, culminating in a recommendation to the executive council to recommend to the annual general meeting to adopt them. In the course of its review the committee:
 - » took appropriate steps to ensure that the annual financial statements are prepared in accordance with the applicable accounting framework in SA; and



The Executive Council is ultimately responsible for risk management and the Executive Council has delegated the specific responsibility to the Audit and Risk Committee.

and the external audit fees to the Executive Council for approval.

The Audit and Risk Committee ensured that the nature and extent of non-audit services provided by the external auditors were in terms of the external auditor independence policy.

The Audit and Risk Committee has recommended the re-appointment of PricewaterhouseCoopers Inc. as auditors for the 2018 financial year.

The Audit and Risk Committee discussed and evaluated the audit plan submitted by the external auditors and has recommended the audit plan for approval to the Executive Council.

INFORMATION TECHNOLOGY

In accordance with the terms of reference, the Audit and Risk Committee reviewed the risks relating to the Information Technology (IT). The Audit and Risk Committee is of the view that the Information Technology controls are improving and management is in the process of expanding the reporting process for IT.

RISK MANAGEMENT

The Executive Council is ultimately responsible for risk management and the Executive Council has delegated the specific responsibility to the Audit and Risk Committee.

The Audit and Risk Committee assisted the Executive Council to discharge its responsibilities by monitoring and assessing the role and effectiveness of the internal audit function in the context of the risk management function, ensuring that the work undertaken by the internal auditors is aligned with the risk priorities.

Risk management has been included on the agenda for all Audit and Risk Committee meetings to consider and discuss new and emerging risks as well as legal and compliance matters that may impact on SARU or its operations.

- » considered, and, where appropriate, made recommendations on internal financial controls;
- » dealt with items raised by the external auditors about the accounting policies, the auditing process or the content of the annual financial statements and internal financial controls.
- » Reviewed the external audit reports on the annual financial statements.

INTERNAL AUDIT

The Audit and Risk Committee fulfils an oversight role regarding SARU's financial statements and the reporting process, including the system of internal financial control. It is responsible for ensuring that the SARU's internal audit function is independent and has the necessary resources, standing and authority within the entity to enable it to discharge its duties.

Furthermore, the Audit and Risk Committee oversees co-operation between the internal and external auditors, and serves as a link between the Executive Council and these functions.

The Audit and Risk Committee reviewed the Internal Audit plan and recommended that the plan be approved by the Executive Council. The Audit and Risk Committee reviewed the Combined Assurance plan prepared by the Internal Auditors and recommended the Combined Assurance Plan to the Executive Council for approval.

EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

PricewaterhouseCoopers Inc. (PWC) served as SARU's designated external auditors for the financial year.

The Audit and Risk Committee has reviewed the independence guidelines applied of PWC and the Independent Regulatory Board of Auditors in respect of independence and conflict of interest. The external auditors provided assurance in the external audit plan and the final external report of their independence to the Audit and Risk Committee.

The Audit and Risk Committee recommended the approval of the terms of engagement

ABOVE: The Springboks delivered one of their best performances of the season against the All Blacks at DHL Newlands in Cape Town.



OPERATIONS AND FINANCE

The forthcoming Rugby World Cup in Japan promises to provide SA Rugby with significant commercial opportunities, with the lucrative British & Irish Lions tour scheduled for 2021.

OPERATING RESULTS

Group revenues decreased by 1.8% to R1.19bn (R1.21bn in 2016) with increased broadcasting in Guinness Pro14 offset by a reduction in sponsorships and grants. A R42.9 million loss before taxation will be reported for the group for the year ended 31 December 2017.

The South African Rugby Union's R33.3 million loss before taxation includes a Guinness Pro14 net loss of R37 million incurred in the first year of participation, a further R24.4 million expended on the RWC 2023 bid and further loan impairments of R11.4 million. Although not recognised to date, we are confident that the support shown by national government for the RWC 2023 bid will result in funding being allocated to South African Rugby.

Support for our 14 member unions and player welfare, through the use of player imagery and injury insurance, accounted for around 33.7% of total expenditure.

Although the renewal and replacement of headline sponsors were encouraging, there was a continued focus on expenditure reduction across all activities, including the awarding of zero salary increases and performance bonuses, the cancellation of certain amateur competitions and the downgrading in class of travel of our national teams.

The costs associated with national teams declined 9.6% to R177 million, attributable to the reduced payment of performance related bonuses and reduced travelling costs. The costs for Pro 14 and the RWC 2023 bid are reported against commercial and governance respectively.

Considering the tough economic environment in which we operate, the unusual items of expenditure referred to above and the RWC 2023 funding that could not be recognised during 2017, the underlying business is on track to ensure delivery both on and off the field.

FINANCIAL POSITION

The Group's total equity position reduced by R62.5 million to R3.04 million at year end for reasons referred to above and the partial reversal of the deferred taxation asset as previously reported.

Securing unsold sponsorships, estimated at R100 million, together with the successful financial support of the RWC 2023 bid will address the immediate solvency concerns. The SA Rugby Union has the ability to generate significant profits into the future with the retention and accumulation of reserves key to ensuring a sustainable business.

The cash cycle will remain relatively unchanged due to the nature of broadcasting receipts with operations continued to be funded utilising overdraft facilities. A long established relationship with our banking partner exists with continuous monitoring and engagement required to balance the need to improve liquidity with access to overdraft facilities.

PROSPECTS FOR 2018 AND BEYOND

On the back of a few tough years, 2018 and beyond looks more promising. A sound budget was approved with a significant percentage of forecasted revenue already secured whilst

conservative expenditure principles were adopted. The opportunity for further revenue generation exists with a comprehensive review of the number of professional player and associated costs identified as a key area of focus.

The forthcoming Rugby World Cup in Japan promises to provide SA Rugby with significant commercial opportunities, with the lucrative British & Irish Lions tour scheduled for 2021.

The necessary steps are underway to improve solvency by improving cash flow in the short term and retaining profits over the long term.

STRUCTURE

Operations & Finance consists of Finance and Asset Care as its component departments responsible at a Group level. The responsibility include that of Information Technology and in-house travel, which are presently outsourced, with areas of procurement, taxation and treasury embedded within the overall finance function.



SOUTH AFRICAN RUGBY UNION

VOLUNTARY ASSOCIATION OF PERSONS

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2017

GENERAL INFORMATION

Country of incorporation and domicile: South Africa

Nature of business and principal activities: the promotion, development and support of all levels of rugby in South Africa

EXECUTIVE COUNCIL

M Alexander (President)

F Davids (Deputy President)

J Stoffberg (Vice-President)

J Roux (Chief Executive Officer)

A Saban (Chief Financial Officer)

N Fick

I Groenewald

P Kuhn

V Lottering

M Tabata

T Titus

L von Zeuner

STATUTORY INFORMATION

Business address

SARU House, Tygerberg Park
163 Uys Krige Drive, Platteklouf, 7500

Postal address

Cape Town
PO Box 15929, Panorama, 7506
Cape Town

Bankers

ABSA Bank Ltd
INVESTEC Bank Ltd

Auditors

PricewaterhouseCoopers Inc.
Registered Auditor

Level of assurance

These consolidated financial statements
have been audited.

Preparer

The annual financial statements were independently compiled
under the supervision of:
ID Allen CA (SA)
PricewaterhouseCoopers Inc.

Attorneys

De Klerk & Van Gend Inc.
ENS Africa Inc.
Becker & Associates Inc.
Werksmans Attorneys Inc.

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EXECUTIVE COUNCIL'S RESPONSIBILITIES AND APPROVAL

The Executive Council is required to maintain adequate accounting records and is responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and Union as at the end of the financial year and the results of their operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Executive Council acknowledges that it is ultimately responsible for the system of internal financial control established by the Group and Union and places considerable importance on maintaining a strong control environment. To enable it to meet these responsibilities, the Executive Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Executive Council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Executive Council has reviewed the Group and Union's cash flow forecast for the year to 31 December 2018 and, in light of this review and the current financial position, it is satisfied that the Group and Union has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Group's consolidated financial statements. The consolidated financial statements have been audited by the Group's external auditor and their report is presented on pages 7 to 9.

The consolidated and separate financial statements and additional schedules set out on pages 10 to 45, which have been prepared on the going concern basis, were approved by the Executive Council on _____ and were signed on its behalf by:

M Alexander (President)

J Roux (Chief Executive Officer)

EXECUTIVE COUNCIL'S REPORT



The Executive Council has pleasure in submitting its report on the consolidated financial statements of South African Rugby Union for the year ended 31 December 2017.

1. Review of activities

Main business and operations

The Group is engaged in the promotion, development and support of all levels of rugby in South Africa.

The operating results and state of affairs of the Group are fully set out in the attached consolidated financial statements. The Group financial statements comprise those of the South African Rugby Union, Springbok Supporters Club Proprietary Limited, The South African Rugby Heritage Trust, SA Super Rugby Proprietary Limited, The Rugby Educational Foundation NPC, associate companies: SANZAR Proprietary Limited, SANZAR Europe S.a.r.l. and joint operation: SA Rugby Travel.

Net loss of the Group for the year was R 62,420,776 (2016: R 15,700,400 loss), after taxation expense of R 19,478,352 (2016: R 7,628,595 income).

The loss incurred and the concomitant reduction in retained income was predominantly brought about by the cost incurred to bid for the 2023 Rugby World Cup. Along with a concerted effort by the Department of Sports and Recreation, management continue to pursue the possibility of receiving funding in this regard. Refer to note 29.

2. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Group to continue as a going concern is dependent on a number of factors. The most significant of these are:

- Broadcasting and key sponsorship properties have already been secured for 2018 and beyond ;
- Banking facilities, to meet the required operational needs, have been secured in the medium term with continuous review thereof;
- Management will continue to work towards an efficient and affordable cost base

3. Events after the reporting period

The Executive Council is not aware of any material event which occurred after the reporting date and up to the date of this report that will have a significant influence on the attached financial statements.

4. Membership control

The Group is controlled by nine Provincial members made up of fourteen unions. Limpopo is included as a member but has no voting power because it doesn't have a union. Each Union has the right to designate two persons to represent them at general meetings of members, and each such representative has one vote. The only other person entitled to vote at general meetings of members is the President, who, in the case of an equality of votes, shall be entitled to a second or casting vote, provided that he has used his deliberate vote. The Union's business and activities are overseen by the members in general meeting, which has the ultimate authority in respect of, and responsibility for, its affairs.

EXECUTIVE COUNCIL'S REPORT*(continued)***5. Subsidiaries, associates, joint operations and Trust**

The Union has the following interests:

A 51% shareholding in Springbok Supporters Club Proprietary Limited, which has as its main objective the promotion of the Springbok rugby brand. The remaining shares are held by Treble Entertainment Proprietary Limited.

A 33.3% shareholding in SANZAR Proprietary Limited which manages the Super Rugby and The Rugby Championship competitions played in the Southern Hemisphere. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union. The company is equity accounted for by the Group. All income from the broadcasting rights agreements relating to these competitions, other than the rights sold to European broadcasters, is derived directly by the Unions. The Union's share of accumulated profits of the associate, as reported in its 2017 annual financial statements was R 2,808,007 (2016: R2,541,789).

A 33.3% shareholding in SANZAR Europe S.a.r.l., a Luxembourg based company which owns and manages the sales of broadcasting rights for the Super Rugby and The Rugby Championship competitions to European broadcasters. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union. The company is equity accounted for by the Group. The Union's share of accumulated profits as reported in its 2017 annual financial statements was R 2,192,179 (2016: R884,816).

A 50% interest in SA Rugby Travel, a joint operation which creates, markets and sells official travel packages for Springbok rugby events, Rugby World Cups and other events. The Union's share of accumulated profits to date was R 3,356,931 (2016: R 11,622,094).

Control of The South African Rugby Heritage Trust by way of trustee representation, the aims and objectives of which are to advance, promote and preserve South Africa's rugby heritage.

Control of a Non-profit company called The Rugby Educational Foundation NPC. The purpose of this company is to contribute to the economic and social development of South Africans through the provision of academic and recreational bursaries, rugby specific training and life skills programs for unemployed persons, with the purpose of enabling talented sports men and women to obtain employment.

Control of SA Super Rugby Proprietary Limited, utilised to fulfil the management function for the Southern Kings franchise participating in the 2017 Super Rugby and Pro14 competitions.

Further details relating to these entities are given in notes 6, 7 and 26 of the consolidated and separate financial statements.

6. Executive council

The Executive Council in office at the date of this report are as follows:

Name

M Alexander (President)
F Davids (Deputy President)
J Stoffberg (Vice-President)
J Roux (Chief Executive Officer)
A Saban (Chief Financial Officer)
N Fick
I Groenewald
P Kuhn
V Lottering
M Tabata
T Titus
L von Zeuner



Independent auditor's report

To the Members of the South African Rugby Union

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the South African Rugby Union (the Union) and its subsidiaries (together the Group) as at 31 December 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The South African Rugby Union's consolidated and separate financial statements set out on pages 10 to 45 comprise:

- the consolidated and separate statements of financial position as at 31 December 2017;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Other information

The executive council is responsible for the other information. The other information comprises the information included in the South African Rugby Union Annual Report for the year ended 31

PricewaterhouseCoopers Inc.,
5 Silo Square, V&A Waterfront, Cape Town 8002, P O Box 2799, Cape Town 8000
T: +27 (0) 21 529 2000, F: +27 (0) 21 529 3300, www.pwc.co.za

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

December 2017, which includes the Executive Council's Report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive council for the consolidated and separate financial statements

The executive council is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and for such internal control as the executive council determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the executive council is responsible for assessing the Group and the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive council either intends to liquidate the Group and/or the Union or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 our 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 Group's and the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the executive council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the executive council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.

Director: B Deegan

Registered Auditor

Cape Town

06 April 2018



STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	Group		Union	
		2017 R	2016 R	2017 R	2016 R
Assets					
Non-Current Assets					
Property, plant and equipment	4	26,844,126	33,295,551	9,623,227	12,509,500
Intangible assets	5	1,241,342	1,341,273	1,241,342	1,341,273
Investments in subsidiaries	6	-	-	51	51
Investments in associates	7	5,035,742	3,426,605	-	-
Deferred tax	8	76,657,966	100,446,107	76,617,366	100,422,307
Trade and other receivables	9	21,911,282	19,157,929	21,911,282	19,157,929
		131,690,458	157,667,465	109,393,268	133,431,060
Current Assets					
Inventories	10	13,570,645	12,361,846	13,570,645	12,361,846
Trade and other receivables	9	178,052,250	189,833,846	208,279,556	217,443,919
Cash and cash equivalents	11	6,920,147	6,044,474	320,197	209,810
		198,543,042	208,240,166	222,170,398	230,015,575
Total Assets		330,233,500	365,907,631	331,563,666	363,446,635
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Retained income		3,027,771	65,595,871	15,753,359	68,579,776
		<u>3,027,771</u>	<u>65,595,871</u>	<u>15,753,359</u>	<u>68,579,776</u>
Non-controlling interest		934,585	787,261	-	-
		3,962,356	66,383,132	15,753,359	68,579,776
Liabilities					
Non-Current Liabilities					
Retirement benefit obligation	25	17,868,000	21,924,000	17,868,000	21,924,000
Deferred income	12	22,654,487	33,645,605	22,654,487	33,645,605
		40,522,487	55,569,605	40,522,487	55,569,605

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		Group		Union	
	Notes	2017 R	2016 R	2017 R	2016 R
Current Liabilities					
Loans from group companies		2,318	-	-	-
Current tax payable		46,136	7,285,669	-	7,296,962
Trade and other payables	13	174,878,375	123,054,777	164,640,992	118,385,844
Retirement benefit obligation	25	326,000	-	326,000	-
Deferred income	12	22,704,766	14,737,369	22,529,766	14,737,369
Bank overdraft	11	87,791,062	98,877,079	87,791,062	98,877,079
		285,748,657	243,954,894	275,287,820	239,297,254
Total Liabilities		326,271,144	299,524,499	315,810,307	294,866,859
Total Equity and Liabilities		330,233,500	365,907,631	331,563,666	363,446,635

The accounting policies on pages 15 to 26 and the notes on pages 27 to 45 form an integral part of the consolidated financial statements.

The accounting policies on pages 54 to 65 and the notes on pages 66 to 85 form an integral part of the consolidated financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

		Group		Union	
	Notes	2017 R	2016 R	2017 R	2016 R
Revenue	14	1,217,629,230	1,224,737,266	1,190,036,595	1,212,272,597
Other operating income	15	27,648,751	8,649,274	21,481,005	5,382,963
Other operating losses	17	(1,549,349)	(8,630,097)	(1,537,326)	(8,630,097)
Other operating expenses	16	(1,283,798,021)	(1,252,948,146)	(1,238,544,313)	(1,228,865,842)
Operating loss	16	(40,069,389)	(28,191,703)	(28,564,039)	(19,840,379)
Investment income	18	2,893,231	6,981,944	2,539,717	6,719,544
Finance costs	19	(7,375,402)	(1,557,323)	(7,374,328)	(1,556,423)
Income/ (loss) from equity accounted investments		1,609,136	(561,913)	-	-
Loss before taxation		(42,942,424)	(23,328,995)	(33,398,650)	(14,677,258)
Taxation	20	(19,478,352)	7,628,595	(19,427,767)	7,633,225
Loss for the year		(62,420,776)	(15,700,400)	(52,826,417)	(7,044,033)
(Loss)/ profit attributable to:					
Owners of the parent		(62,568,100)	(15,706,235)	(52,826,417)	(7,044,033)
Non-controlling interest		147,324	5,835	-	-
		(62,420,776)	(15,700,400)	(52,826,417)	(7,044,033)
Total comprehensive (loss)/ income attributable to:					
Owners of the parent		(62,568,100)	(15,706,235)	(52,826,417)	(7,044,033)
Non-controlling interest		147,324	5,835	-	-
		(62,420,776)	(15,700,400)	(52,826,417)	(7,044,033)

The accounting policies on pages 54 to 65 and the notes on pages 66 to 85 form an integral part of the consolidated financial statements.

STATEMENTS OF CHANGES IN EQUITY

	R	Attributable to the Union R	Non-controlling interest R	Total equity R
Group				
Balance at 01 January 2016	81,302,106	81,302,106	781,426	82,083,532
(Loss)/ profit for the year	(15,706,235)	(15,706,235)	5,835	(15,700,400)
Balance at 01 January 2017	65,595,871	65,595,871	787,261	66,383,132
(Loss)/ profit for the year	(62,568,100)	(62,568,100)	147,324	(62,420,776)
Balance at 31 December 2017	3,027,771	3,027,771	934,585	3,962,356
Union				
Balance at 01 January 2016	75,623,809	75,623,809	-	75,623,809
Loss for the year	(7,044,033)	(7,044,033)	-	(7,044,033)
Balance at 01 January 2017	68,579,776	68,579,776	-	68,579,776
Loss for the year	(52,826,417)	(52,826,417)	-	(52,826,417)
Balance at 31 December 2017	15,753,359	15,753,359	-	15,753,359

The accounting policies on pages 54 to 65 and the notes on pages 66 to 85 form an integral part of the consolidated financial statements.



STATEMENTS OF CASH FLOW

	Notes	Group 2017 R	Group 2016 R	Union 2017 R	Union 2016 R
Cash flows from operating activities					
Cash generated from/ (used in) operations	21	20,237,453	(74,656,296)	19,774,543	(72,245,075)
Interest received		2,893,231	6,981,944	2,539,717	6,719,544
Finance costs		(7,375,402)	(1,557,323)	(7,374,328)	(1,556,423)
Tax paid	22	(2,929,744)	(71,784,734)	(2,919,788)	(71,601,614)
Net cash from operating activities		12,825,538	(141,016,409)	12,020,144	(138,683,568)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(925,570)	(6,091,249)	(883,145)	(5,939,149)
Proceeds from the sale of property, plant and equipment	4	59,406	274,211	59,406	265,281
Sale of other intangible assets	5	-	55,144	-	55,144
Loans advanced to group companies		2,318	-	-	-
Net cash from investing activities		(863,846)	(5,761,894)	(823,739)	(5,618,724)
Total cash movement for the year		11,961,692	(146,778,303)	11,196,405	(144,302,292)
Cash and cash equivalents at the beginning of the year		(92,832,605)	53,945,699	(98,667,269)	45,635,023
Total cash and cash equivalents at the end of the year	11	(80,870,913)	(92,832,604)	(87,470,864)	(98,667,269)

The accounting policies on pages 54 to 65 and the notes on pages 66 to 85 form an integral part of the consolidated financial statements.

ACCOUNTING POLICIES



1. Basis of preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards. The consolidated and separate financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate consolidated financial statements are set out below.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Union and all entities, which are controlled by the Union.

Control exists when the Union has the power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date control ceases.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.2 Consolidation (continued)

Investment in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount to share of profit or loss of associates in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint operations

The company recognises the following in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

**ACCOUNTING POLICIES
CONTINUED**



1.3 Significant judgements and sources of estimation uncertainty

In preparing the consolidated and separate financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated and separate financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated and separate financial statements. Significant judgements include:

Taxes

The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the statement of comprehensive income tax provisions in the period in which such determination is made.

Trade receivables and inventories

The Group assesses its trade receivables and loans and receivables and inventories for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future economic benefits from assets.

Estimates of residual values and useful lives of property, plant and equipment and intangible assets

The Group reassesses annually the residual values and remaining useful lives of significant assets. The residual values of these assets have been estimated as the amount that the Group would currently obtain from the disposal of each significant asset, in its location, if the asset was already of the age and in the condition expected at the end of its useful life. The useful life is estimated as the period over which an asset is expected to be available for use by the Group.

1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Group; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Property, plant and equipment is depreciated on the straight line basis over its expected useful lives to the estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as noted below and is consistent with the previous years:

Item	Average useful life
Motor vehicles	3 - 5 years
Office furniture and equipment	3 - 8 years
Computer software and equipment	3 years
Leasehold improvements	Period of lease

1.4 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset is reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.5 Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Trademarks	20 years

1.6 Investment in subsidiaries

Company consolidated financial statements

In the Union's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

**ACCOUNTING POLICIES
CONTINUED**



1.7 Investments in associates

Company consolidated financial statements

An investment in an associate is carried at cost less any accumulated impairment.

1.8 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

1.8 Financial instruments (continued)

Impairment of financial assets

At each reporting date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or Group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

ACCOUNTING POLICIES CONTINUED



1.8 Financial instruments (continued)

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. If collection is expected in one year or less (or in normal operating cycle of business if longer), they are classified as current liabilities. If not, they are presented as non-current liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.9 Income tax

Current income tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.9 Income tax (continued)

Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Consumables are carried at historical cost unless the items are considered to be obsolete.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.12 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

ACCOUNTING POLICIES CONTINUED



1.12 Impairment of non-financial assets (continued)

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Employee benefits

Pension Obligations

The Group's employees are members of The Rugby Pension Fund. The fund is generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The fund has a defined contribution plan and a defined benefit plan.

A defined contribution plan is a pension plan under which the employer and employee pays fixed contributions into the fund. The Group has no legal or constructive obligations to pay further contributions to the fund.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses once they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

A defined benefit plan is a pension plan under which the employer and employees pays fixed contributions into the fund. Defined benefit plans define the amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and level of remuneration prior to retirement.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets, together with adjustments for unrecognised past-service costs.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

1.13 Impairment of non-financial assets (continued)

Short-term employee benefits

The cost of short-term employee benefits, (those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Other post-employment obligations

The Group provides post-retirement healthcare benefits to certain of its retirees employed prior to 1 July 2012. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued regularly by independent qualified actuaries.

1.14 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

ACCOUNTING POLICIES CONTINUED



1.14 Provisions and contingencies (continued)

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Contingent assets and contingent liabilities are not recognised.

1.15 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sponsorship income

Long term sponsorship income is recognised on the basis of either apportionment over time, or apportionment over the number of matches completed if the sponsorship income relates to a specific tournament. Deferred revenue is recognised when the consideration received, is in respect of future periods.

Product sponsorships are also accounted for. Where the product has an economic benefit of some duration, the carrying value is capitalised and amortised over the useful life of the asset. Where the benefit relates only to the current period, the product is expensed (i.e. the net effect on the accounting records is nil).

Sales of broadcasting rights

Proceeds from the sale of broadcasting rights are accounted for on a due and payable basis. Deferred revenue is recognised in respect of broadcasting rights, when the consideration received is in respect of competitions that are to be broadcasted in future financial periods.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

Test hosting fee

Provincial Unions are charged a fee for the right to host Springbok test matches. For away test matches a fee is charged to the host national entity. Revenue is recognised on the day of the event as the fee falls due and payable.

1.15 Revenue (continued)

Grants

Grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received.

Grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

1.16 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Translation of foreign currencies

Functional and presentation currency

Items included in the consolidated and separate financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated consolidated and separate financial statements are presented in Rand which is the Group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after
<ul style="list-style-type: none"> Amendments to IAS 7: Disclosure initiative Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses 	<ul style="list-style-type: none"> 01 January 2017 01 January 2017

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 January 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after
<ul style="list-style-type: none"> Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture IFRS 16 Leases IFRS 9 Financial Instruments IFRS 15 Revenue from Contracts with Customers Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts 	<ul style="list-style-type: none"> 01 January 2019 01 January 2019 01 January 2018

The aggregate impact of the initial application of the statements and interpretations on the Group's consolidated financial statements is expected to be immaterial.

3. Risk management

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Liquidity risk

The Group has a number of short term deposits with banks and also a number of loans granted to the Provincial Unions which result in risk from interest rate changes. The interest rates charged on these assets are linked to the prime overdraft lending rate. A 2% increase/decrease in the prime interest rate would result in a R 509,402 (2016: R 1,011,662) change in the interest.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

At 31 December 2017	Less than 1 year
Trade and other payables	174,878,375
Bank overdraft	87,791,062

At 31 December 2016

Trade and other payables	123,054,777
Bank overdraft	98,877,079

Union

At 31 December 2017	Less than 1 year
Trade and other payables	164,640,992
Bank overdraft	87,791,062

At 31 December 2016

Trade and other payables	118,385,844
Bank overdraft	98,877,079

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions as well as credit exposures to sponsors, including outstanding receivables and committed transactions.

Financial assets exposed to credit risk at year end were as follows:

	Group - 2017 R	Group - 2016 R	Union - 2017 R	Union - 2016 R
Financial instrument				
Trade and other receivables	180,117,171	195,773,423	210,682,168	225,296,621
Cash and cash equivalents	6,654,994	5,886,790	55,044	52,126



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Risk management (continued)

Foreign exchange risk

The Group had no balances in foreign currency at year end.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for IFRS 7 disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Property, plant and equipment

Group	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and equipment	10,263,384	(6,910,602)	3,352,782	9,984,738	(4,940,335)	5,044,403
Motor vehicles	991,144	(830,685)	160,459	991,144	(632,375)	358,769
Computer software and equipment	10,299,476	(8,635,391)	1,664,085	9,803,902	(7,309,210)	2,494,692
Leasehold improvements	39,638,971	(17,972,171)	21,666,800	39,638,971	(14,241,284)	25,397,687
Total	61,192,975	(34,348,849)	26,844,126	60,418,755	(27,123,204)	33,295,551

Union	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and equipment	8,663,829	(6,211,328)	2,452,501	8,251,217	(4,368,876)	3,882,341
Motor vehicles	991,144	(830,685)	160,459	991,144	(632,375)	358,769
Computer software and equipment	9,924,944	(8,373,259)	1,551,685	9,605,761	(7,145,580)	2,460,181
Leasehold improvements	8,646,662	(3,188,080)	5,458,582	8,646,662	(2,838,453)	5,808,209
Total	28,226,579	(18,603,352)	9,623,227	27,494,784	(14,985,284)	12,509,500

Reconciliation of property, plant and equipment - Group - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	5,044,403	435,238	-	(2,126,859)	3,352,782
Motor vehicles	358,769	-	-	(198,310)	160,459
Computer software and equipment	2,494,692	490,332	-	(1,320,939)	1,664,085
Leasehold improvements	25,397,687	-	-	(3,730,887)	21,666,800
	33,295,551	925,570	-	(7,376,995)	26,844,126

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	4,232,341	3,153,496	(143,337)	(2,198,097)	5,044,403
Motor vehicles	562,117	83,419	(71,186)	(215,581)	358,769
Computer software and equipment	3,460,502	1,743,922	(173,613)	(2,536,119)	2,494,692
Leasehold improvements	28,410,083	1,110,412	(19,414)	(4,103,394)	25,397,687
	36,665,043	6,091,249	(407,550)	(9,053,191)	33,295,551

Reconciliation of property, plant and equipment - Union - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	3,882,341	541,069	-	(1,970,909)	2,452,501
Motor vehicles	358,769	-	-	(198,310)	160,459
Computer software and equipment	2,460,181	342,076	-	(1,250,572)	1,551,685
Leasehold improvements	5,808,209	-	-	(349,627)	5,458,582
	12,509,500	883,145	-	(3,769,418)	9,623,227

Reconciliation of property, plant and equipment - Union - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	3,038,908	3,001,396	(143,338)	(2,014,625)	3,882,341
Motor vehicles	562,117	83,419	(71,186)	(215,581)	358,769
Computer software and equipment	3,396,738	1,743,922	(164,684)	(2,515,795)	2,460,181
Leasehold improvements	5,312,040	1,110,412	(19,412)	(594,831)	5,808,209
	12,309,803	5,939,149	(398,620)	(5,340,832)	12,509,500

5. Intangible assets

Group	2017			2016		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Trademark	2,000,000	(758,658)	1,241,342	2,000,000	(658,727)	1,341,273

Union	2017			2016		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Trademark	2,000,000	(758,658)	1,241,342	2,000,000	(658,727)	1,341,273

Reconciliation of intangible assets - Group - 2017

	Opening balance	Amortisation	Closing balance
Trademarks	1,341,273	(99,931)	1,241,342



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2016

	Opening balance	Disposals	Amortisation	Closing balance
Trademarks	1,456,667	(55,144)	(60,250)	1,341,273

Reconciliation of intangible assets - Union - 2017

	Opening balance	Amortisation	Closing balance
Trademark	1,341,273	(99,931)	1,241,342

Reconciliation of intangible assets - Union - 2016

	Opening balance	Disposals	Amortisation	Closing balance
Trademark	1,456,667	(55,144)	(60,250)	1,341,273

6. Investment in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Name of entity	% holding 2017	% holding 2016	Carrying amount 2017	Carrying amount 2016
Springbok Supporters Club Proprietary Limited	51.00 %	51.00 %	51	51
The Rugby Educational Foundation NPC	100.00 %	100.00 %	-	-
SA Super Rugby Proprietary Limited	100.00 %	100.00 %	-	-
South African Rugby Heritage Trust	100.00 %	100.00 %	-	-
			<u>51</u>	<u>51</u>

The carrying amount of the subsidiary is shown net of impairment losses, where necessary.

7. Investments in associates

	Group		Union	
	2017 R	2016 R	2017 R	2016 R
SANZAR Proprietary Limited	2,808,007	2,541,789	-	-
SANZAR Europe S.a.r.l	2,227,735	884,816	-	-
	<u>5,035,742</u>	<u>3,426,605</u>	<u>-</u>	<u>-</u>

The carrying amounts of associates are shown net of impairment losses, where necessary.

Included in the statement of comprehensive income is South African Rugby Union's share of income made by the investments, described as income from equity accounted investments of R 1,609,136 (2016: R 561,913 loss).

7. Investments in associates (continued)

The gross results, of the Union's unlisted principal associates and of their assets and liabilities are as follows:

	Assets	Liabilities	Revenue	Profit	Accumulated profit
SANZAR Proprietary Limited (33.3%)	25,175,799	(17,212,609)	42,116,753	2,093,612	7,963,074
SANZAR Europe S.a.r.l (33.3%)	1,439,853,946	(1,404,732,611)	440,265,167	832,474	6,576,543
SA Rugby Travel	9,971,414	(3,257,552)	26,079,101	1,296,105	6,713,862
	<u>1,475,001,159</u>	<u>(1,425,202,772)</u>	<u>508,461,021</u>	<u>4,222,191</u>	<u>21,253,479</u>

The results and year-end position of SA Rugby Travel are proportionally consolidated into the Group figures of South African Rugby Union as this is a joint operation.

8. Deferred tax

Deferred tax asset

	Group		Union	
	2017 R	2016 R	2017 R	2016 R
Accounts receivable	1,641,990	3,021,828	1,641,990	3,021,828
Fixed assets	(23,951)	(12,094)	(23,951)	(12,094)
Provisions	8,038,262	9,203,172	7,997,662	9,179,372
Deferred revenue	67,001,665	88,233,201	67,001,665	88,233,201
Total deferred tax liability	<u>76,657,966</u>	<u>100,446,107</u>	<u>76,617,366</u>	<u>100,422,307</u>

Reconciliation of deferred tax asset / (liability)

At beginning of year	100,446,107	14,070,371	100,422,307	14,047,971
Income statement charge	(23,788,141)	86,375,736	(23,804,941)	86,374,336
	<u>76,657,966</u>	<u>100,446,107</u>	<u>76,617,366</u>	<u>100,422,307</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)



	Group		Union	
	2017 R	2016 R	2017 R	2016 R
9. Trade and other receivables				
Trade receivables	56,716,493	155,323,865	42,068,487	154,130,123
Impairment on trade receivables	(7,819,469)	(14,389,657)	(7,819,469)	(14,389,657)
	<u>48,897,024</u>	<u>140,934,208</u>	<u>34,249,018</u>	<u>139,740,466</u>
Trade receivables from Provincial Unions	16,433,024	9,943,742	16,433,024	9,943,742
Loan receivables from Provincial Unions	28,720,168	26,734,681	28,720,168	26,734,681
Prepayments	10,111,863	13,218,352	10,111,863	11,305,227
VAT	9,734,498	-	9,396,807	-
The South African Rugby Heritage Trust	-	-	17,988,110	22,397,355
SA Rugby Travel	-	-	-	22,430
SA Super Rugby (Pty) Ltd	-	-	32,555,125	8,297,155
Impairment provision raised on SA Super Rugby (Pty) Ltd loan	-	-	(5,432,000)	-
The Rugby Education Foundation NPC	-	15,175	102,002	15,175
SANZAR Travel	-	1,101,552	-	1,101,552
Accrued sponsorship income	86,045,008	17,039,508	86,044,774	17,039,508
Other receivables	21,947	4,557	21,947	4,557
	<u>199,963,532</u>	<u>208,991,775</u>	<u>230,190,838</u>	<u>236,601,848</u>
Total trade and other receivables	199,963,532	208,991,775	230,190,838	236,601,848
Less: non current portion of loans to provincial Unions	(21,911,282)	(19,157,929)	(21,911,282)	(19,157,929)
	<u>178,052,250</u>	<u>189,833,846</u>	<u>208,279,556</u>	<u>217,443,919</u>

All non-current receivables relate to loan receivables from Unions which are due within two to five years. These loan receivables are unsecured, due within maximum 60 months and interest is charged based on the prime interest rate less 2%. Regarding all other receivables, there are no repayment terms and no interest is charged.

Included in trade and other receivables is a loan to The South African Rugby Heritage Trust. The loan is shown net of impairment. The impairment write off during 2017 was R 6,000,000 (2016: R7,800,000), and it relates specifically to the operating deficit of the Trust.

9. Trade and other receivables (continued)

Trade receivables not impaired

The ageing of amounts not impaired is as follows:

	Group		Union	
	2017 R	2016 R	2017 R	2016 R
Up to 3 months	45,943,931	123,746,760	31,295,925	122,553,017
more than 3 months	2,953,093	17,187,448	2,953,093	17,187,448
	<u>48,897,024</u>	<u>140,934,208</u>	<u>34,249,018</u>	<u>139,740,465</u>

Currencies

The carrying amounts of trade and other receivables denominated in foreign currencies are as follows:

	Group	Union
US Dollar	-	4,351,759
British Pound	-	12,675,900
	<u>-</u>	<u>17,027,659</u>

Reconciliation of provision for impairment of trade and other receivables

	Group	Union
Opening balance	14,389,657	90,406
Provision for impairment	513,967	14,389,657
Amounts written off	(7,084,155)	-
Unused amounts reversed	-	(90,406)
	<u>7,819,469</u>	<u>14,389,657</u>

Amounts charged to the provision account are generally written off when there is no expectation of recovery.

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

10. Inventories

	Group	Union
Consumables: Apparel	<u>13,570,645</u>	<u>12,361,846</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Group		Union	
	2017	2016	2017	2016
	R	R	R	R
11. Cash and cash equivalents				
For the purpose of the statement of cash flows, cash, cash equivalents and bank overdrafts include total cash assets less bank overdrafts:				
Cash	265,153	157,684	265,153	157,684
Bank and short term bank deposits	6,654,994	5,886,790	55,044	52,126
Bank overdraft	(87,791,062)	(98,877,079)	(87,791,062)	(98,877,079)
	(80,870,915)	(92,832,605)	(87,470,865)	(98,667,269)
Current assets	6,920,147	6,044,474	320,197	209,810
Current liabilities	(87,791,062)	(98,877,079)	(87,791,062)	(98,877,079)
	(80,870,915)	(92,832,605)	(87,470,865)	(98,667,269)
Credit quality of cash at bank and short term deposits, excluding cash on hand				
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired, can be assessed by reference to external credit ratings or historical information about counterparty default rates:				
Credit rating				
ABSA (A-1)	6,654,994	5,886,970	55,044	52,126
12. Deferred income				
Deferred income comprises the following:				
Sponsorships	7,658,545	-	7,483,545	-
Broadcasting rights	33,645,605	44,860,807	33,645,605	44,860,807
Grants	4,055,103	3,522,167	4,055,103	3,522,167
	45,359,253	48,382,974	45,184,253	48,382,974
Non-current liabilities	22,654,487	33,645,605	22,654,487	33,645,605
Current liabilities	22,704,766	14,737,369	22,529,766	14,737,369
	45,359,253	48,382,974	45,184,253	48,382,974
13. Trade and other payables				
Trade payables	64,998,738	71,595,462	63,511,528	69,770,115
Amounts payable to related parties	107,063	51,792	-	-
VAT	-	3,940,255	-	5,288,165
SA Rugby Travel	1,628,776	1,713,675	-	-
Accrued expenses	101,497,275	43,035,774	94,482,566	40,858,201
Other payables	6,646,523	2,717,819	6,646,898	2,469,363
	174,878,375	123,054,777	164,640,992	118,385,844

	Group		Union	
	2017	2016	2017	2016
	R	R	R	R
14. Revenue				
Springbok Supporters Club	1,346,500	1,600,000	-	-
Broadcasting rights	669,759,641	641,819,295	669,759,641	641,819,295
World Rugby Sevens Series event	68,529,462	50,102,216	68,529,462	50,102,216
Sponsorships	314,268,493	339,939,017	307,621,944	339,939,017
Grants from World Rugby	42,754,324	83,910,265	42,754,324	83,910,265
South African Heritage Trust	1,296,878	1,279,691	-	-
Away tests	18,070,100	14,254,631	18,070,100	14,254,631
Home tests	59,152,943	48,836,021	59,152,943	48,836,021
Merchandising royalties	8,216,247	6,452,926	8,216,247	6,452,926
Government grants	8,195,092	9,472,176	2,931,934	4,209,018
Lottery grants	-	749,208	-	749,208
Grants - other	13,000,000	22,000,000	13,000,000	22,000,000
SA Rugby Travel	13,039,550	4,321,820	-	-
	1,217,629,230	1,224,737,266	1,190,036,595	1,212,272,597
15. Other operating income				
British and Irish Lions tour fee	12,913,272	-	12,913,272	-
Other income	14,735,479	8,649,274	8,567,733	5,382,963
	27,648,751	8,649,274	21,481,005	5,382,963
16. Operating loss				
Operating loss for the year is stated after charging the following, amongst others:				
Auditor's remuneration - external				
Audit fees	1,575,028	1,550,367	1,444,458	1,425,367
Other services	311,893	406,630	303,369	398,230
	1,886,921	1,956,997	1,747,827	1,823,597
Auditor's remuneration - internal	674,810	447,582	674,810	447,582
Employee costs				
Salaries	99,481,573	102,299,962	74,187,527	75,119,085



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Group		Union	
	2017 R	2016 R	2017 R	2016 R
16. Operating loss (continued)				
Leases				
Operating lease charges				
Premises	8,116,290	6,464,426	6,863,771	6,464,426
Equipment	411,219	639	-	639
	8,527,509	6,465,065	6,863,771	6,465,065
Depreciation and amortisation				
Depreciation of property, plant and equipment	7,476,927	9,113,441	3,869,350	5,401,082
Other				
Legal expenses	3,785,044	5,116,784	3,813,487	5,205,034
Consulting fees	605,433	1,743,286	393,524	1,461,147
Operating expenses				
Broadcasting rights and other allocations to provinces	305,666,166	312,999,937	328,311,652	336,499,937
Commercial	404,505,061	346,652,651	349,575,246	301,957,980
Communication	25,595,126	38,921,123	25,595,126	38,921,125
Strategic Performance Management	25,179,375	32,476,965	25,179,375	32,476,965
Governance	37,806,119	17,881,503	37,806,119	17,881,503
Rugby	241,302,850	269,856,704	241,302,850	269,856,704
Human Resources	2,474,866	10,848,096	2,474,866	10,848,096
Office of the CEO	17,069,338	17,296,368	17,069,338	17,296,368
Operations and finance	61,078,787	58,237,288	60,772,611	59,618,724
Referees	24,308,548	28,377,389	24,308,548	28,380,552
World Rugby Sevens Series event	35,861,120	27,781,681	35,861,120	27,781,681
SA Rugby Travel	12,663,205	4,272,234	-	-
Image rights and player insurance	90,287,461	87,346,207	90,287,462	87,346,207
	1,283,798,022	1,252,948,146	1,238,544,313	1,228,865,842
17. Other operating losses				
Gains (losses) on disposals, scrapings and settlements				
Property, plant and equipment	59,406	(133,339)	59,406	(133,339)
Foreign exchange losses				
Foreign exchange losses	(1,608,755)	(8,496,758)	(1,596,732)	(8,496,758)
Total other operating losses	(1,549,349)	(8,630,097)	(1,537,326)	(8,630,097)

	Group		Union	
	2017 R	2016 R	2017 R	2016 R
18. Investment income				
Interest income				
From investments in financial assets:				
Bank and other cash	408,595	4,396,480	55,081	4,134,080
Provincial Unions	2,484,636	2,585,464	2,484,636	2,585,464
Total interest income	2,893,231	6,981,944	2,539,717	6,719,544
19. Finance costs				
Bank overdraft	7,375,402	1,557,323	7,374,328	1,556,423
20. Income tax expense				
Major components of the Income tax expense (income)				
Current				
Local income tax - current period	67,385	76,676,854	-	76,670,824
Local income tax - prior periods	(4,377,174)	2,070,287	(4,377,174)	2,070,287
	(4,309,789)	78,747,141	(4,377,174)	78,741,111
Deferred				
Local income tax - current period	23,788,141	(86,375,736)	23,804,941	(86,374,336)
	19,478,352	(7,628,595)	19,427,767	(7,633,225)
Reconciliation of the Income tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting loss	(42,942,424)	(23,328,995)	(33,398,650)	(14,677,258)
Tax at the applicable tax rate of 28% (2016: 28%)	(12,023,879)	(6,532,119)	(9,351,622)	(4,109,632)
Tax effect of adjustments on taxable income				
Non-taxable income	(39,534)	(3,292,936)	(16,634)	(3,292,936)
Non-deductible expenses	310,706	746,494	4,155,945	2,837,244
Prior year (over)/ under provision for current tax	(4,377,174)	2,070,287	(4,377,174)	2,070,287
Prior year under provision for deferred tax	-	(5,138,875)	-	(5,138,188)
Deferred tax asset not recognised	35,608,233	4,675,889	29,017,252	-
Tax on loss from equity accounted investments	-	(157,335)	-	-
	19,478,352	(7,628,595)	19,427,767	(7,633,225)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Group		Union	
	2017 R	2016 R	2017 R	2016 R
21. Cash generated from/ (used in) operations				
(Loss) profit before taxation	(42,942,424)	(23,328,995)	(33,398,650)	(14,677,258)
Adjustments for:				
Depreciation and amortisation	7,476,927	9,113,441	3,869,350	5,401,082
Loss on sale of assets	(59,406)	133,339	(59,406)	133,339
(Income)/ loss from equity accounted investments	(1,609,136)	561,913	-	-
Investment revenue	(2,893,231)	(6,981,944)	(2,539,717)	(6,719,544)
Finance costs	7,375,402	1,557,323	7,374,328	1,556,423
Movements in retirement benefit assets and liabilities	(3,730,000)	2,825,000	(3,730,000)	2,825,000
Other non-cash items	-	181,833	-	-
Changes in working capital:				
Inventories	(1,208,799)	4,843,634	(1,208,799)	4,843,634
Trade and other receivables	9,028,243	(66,997,193)	6,411,010	(71,269,395)
Trade and other payables	51,823,598	21,559,057	46,255,148	23,785,348
Deferred income	(3,023,721)	(18,123,704)	(3,198,721)	(18,123,704)
	20,237,453	(74,656,296)	19,774,543	(72,245,075)
22. Tax paid				
Balance at beginning of the year	(7,285,669)	(323,262)	(7,296,962)	(157,465)
Current tax for the year recognised in profit or loss	4,309,789	(78,747,141)	4,377,174	(78,741,111)
Balance at end of the year	46,136	7,285,669	-	7,296,962
	(2,929,744)	(71,784,734)	(2,919,788)	(71,601,614)
23. Commitments				
Operating leases – as lessee (expense)				
Minimum lease payments due				
- within one year	8,103,687	7,501,584	8,103,687	7,501,584
- in second to fifth year inclusive	30,689,977	34,314,544	30,689,977	34,314,544
- later than five years	-	3,479,120	-	3,479,120
	38,793,664	45,295,248	38,793,664	45,295,248

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

24. Retirement benefits - Rugby Pension Fund

The Union continues to contribute to The Rugby Pension Fund which operates defined benefit and defined contribution pension schemes covering all eligible employees of the Union. The assets in the schemes are held in administered trust funds. The schemes' assets primarily comprise listed shares, property trust units and fixed income securities. South African pension funds are governed by the Pension Funds Act 1956.

The last actuarial valuation of the defined benefit fund was performed on 31 December 2017, using the projected unit method.

	Group		Union	
	2017 R	2016 R	2017 R	2016 R
24. Retirement benefits - Rugby Pension Fund (continued)				
Principal actuarial assumptions at the reporting date:				
Discount rate			11.60%	10.80%
Inflation rate			8.50%	8.20%
Salary increase rate			9.50%	9.20%
Expected return on scheme's assets			11.60%	10.80%
Pension increase allowance			6.80%	6.56%
Mortality pre-retirement: SA85-90 (Light) table.				
Mortality: post-retirement: PA(90) ultimate table rated down 2 years plus 1% improvement p.a.				
The expected return has been set equal to the discount rate as required under the revised IAS19 (AC116).				
The movement in the defined benefit obligation over the year is as follows:				
Beginning of the year	720,000	661,000	720,000	661,000
Current service cost	27,000	27,000	27,000	27,000
Member contributions	10,000	10,000	10,000	10,000
Interest cost	81,000	80,000	81,000	80,000
Expenses	(2,000)	(2,000)	(2,000)	(2,000)
Risk premiums	(2,000)	(3,000)	(2,000)	(3,000)
Actuarial (gain)/loss	(111,000)	(53,000)	(111,000)	(53,000)
At the end of the year	723,000	720,000	723,000	720,000
The movement in the fair value of the scheme's assets over the year is as follows:				
Beginning of the year	1,150,000	894,000	1,150,000	894,000
Expected return on the scheme's assets	126,000	104,000	126,000	104,000
Actuarial (gain)/loss	(97,000)	127,000	(97,000)	127,000
Expenses	(2,000)	(2,000)	(2,000)	(2,000)
Member contributions	10,000	10,000	10,000	10,000
Employer contributions	20,000	20,000	20,000	20,000
Risk premiums	(2,000)	(3,000)	(2,000)	(3,000)
At the end of the year	1,205,000	1,150,000	1,205,000	1,150,000
Contributions as follows:				
Member contributions	10,000	10,000	10,000	10,000
Employer contributions	20,000	20,000	20,000	20,000
Risk premiums	(2,000)	(3,000)	(2,000)	(3,000)
Expenses	(2,000)	(2,000)	(2,000)	(2,000)
	26,000	25,000	26,000	25,000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Group		Union	
	2017 R	2016 R	2017 R	2016 R

24. Retirement benefits - Rugby Pension Fund (continued)

The assets of The Rugby Pension Fund were invested as follows:

Cash	16.90%	3.29%	16.90%	3.29%
Equity	29.40%	43.21%	29.40%	43.21%
Bonds	22.80%	21.65%	22.80%	21.65%
Property	6.90%	9.28%	6.90%	9.28%
International	24.00%	22.29%	24.00%	22.29%
	100.00%	100.00%	100.00%	100.00%

The amounts recognised in the statement of comprehensive income are as follows:

Current service cost	27,000	27,000	27,000	27,000
Net interest on defined benefit	(23,000)	(12,000)	(23,000)	(12,000)
	4,000	15,000	4,000	15,000

A surplus cannot, in terms of the surplus apportionment exercise which was performed, be apportioned to the Employer Surplus account. The employer is not entitled to receive an economic benefit in the form of refunds from the fund or reductions in future contributions to the fund in terms of paragraph 59 of IAS 19 "Employee benefits".

Funded status

Defined benefit obligation	(723,000)	(720,000)	(723,000)	(720,000)
Asset at fair value	1,205,000	1,150,000	1,205,000	1,150,000
Asset recognised on the statement of financial position	482,000	430,000	482,000	430,000

25. Post employment healthcare benefits

Statement of Financial Position obligations for:

Post employment healthcare benefits - Current portion	326,000	-	326,000	-
Post employment healthcare benefits - Non current portion	17,868,000	21,924,000	17,868,000	21,924,000
	18,194,000	21,924,000	18,194,000	21,924,000

25. Post employment healthcare benefits (continued)

Post-employment healthcare benefits

The Union participates in the Discovery Health Medical Scheme and the Sizwe Medical Fund. In terms of employment contracts, post retirement healthcare benefits are provided to certain employees who joined the Union before 1 July 2012 through continued subsidisation of a portion of the medical aid contribution of those employees, once they have retired.

A full actuarial valuation was performed for the Union as at 31 December 2017, using the projected unit credit method.

The risks faced by the Union as a result of the post-employment healthcare obligation are inflation related, due to CPI fluctuations, longevity of pensioners, future changes in legislation, future changes in the tax environment and enforcement of eligibility criteria and rules.

	Group		Union	
	2017 R	2016 R	2017 R	2016 R
Opening net liability	21,924,000	19,099,000	21,924,000	19,099,000
Expenses	3,158,000	2,825,000	3,158,000	2,825,000
Net actuarial gains	(6,888,000)	-	(6,888,000)	-
	18,194,000	21,924,000	18,194,000	21,924,000

Movements for the year

The movement in the defined benefit obligation over the year is as follows:

Current service cost	1,543,000	1,413,000	1,543,000	1,413,000
Interest cost	1,998,000	1,741,000	1,998,000	1,741,000
Benefits paid	(383,000)	(329,000)	(383,000)	(329,000)
Remeasurements due to experience adjustments	(2,762,000)	-	(2,762,000)	-
Remeasurements due to changes in financial assumptions	(4,126,000)	-	(4,126,000)	-
	(3,730,000)	2,825,000	(3,730,000)	2,825,000

The effect of a 1% movement in the assumed medical cost trend rate is as follows:

	Decrease	Increase	Decrease	Increase
Effect on the aggregate of the current service cost and interest cost due to a 1% change in healthcare cost inflation	731,000	560,000	731,000	560,000
Effect on defined benefit obligation due to healthcare cost inflation	2,816,000	3,574,000	2,816,000	3,574,000
Effect on defined benefit obligation due to a change in the discount rate	3,662,000	2,833,000	3,662,000	2,833,000
Effect on defined benefit obligation due to a 1 year change in the expected retirement age	1,209,000	1,117,000	1,209,000	1,117,000



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Group		Union	
	2017 R	2016 R	2017 R	2016 R
25. Post employment healthcare benefits (continued)				
Key assumptions used				
Health care inflation	12.00 %	8.90 %	12.00 %	8.90 %
Discount rate	11.00 %	9.20 %	11.00 %	9.20 %
26. Related parties				
Relationships				
Subsidiaries		Refer to note 6		
Associates		Refer to note 7		
Executive Council		Refer to Executive Council's Report		
Related party balances				
Amounts receivable from provincial Unions				
Included in trade and other receivables	16,433,024	9,943,742	16,433,024	9,943,742
Amount recoverable from SA Rugby Travel				
Included in trade and other receivables	-	-	-	22,430
Loans receivable from provincial Unions				
Included in trade and other receivables	28,720,168	26,734,681	28,720,168	26,734,681
Loan receivable from The South African Rugby Heritage Trust				
Included in trade and other receivables	-	-	17,988,110	22,397,355
Amount receivable from SANZAR Travel				
Included in trade and other receivables	-	1,101,552	-	1,101,552
Amount recoverable from The Rugby Educational Foundation NPC				
Included in trade and other receivables	-	15,175	102,002	15,175
Amount recoverable from SA Super Rugby Proprietary Limited				
Included in trade and other receivables	-	-	32,555,125	8,272,155
Impairment provision raised	-	-	(5,432,000)	-
	-	-	27,123,125	8,272,155

26. Related parties (continued)

Related party transactions

Transactions with The South African Rugby Heritage Trust

	Group		Union	
	2017 R	2016 R	2017 R	2016 R
Payroll costs recharged	-	-	1,768,418	2,375,517
Rental costs recharged	-	-	1,721,230	1,795,689
Other costs recharged	-	-	639,960	733,639
	-	-	4,129,608	4,904,845

Transactions with associates

Distribution of profits/ (losses)	1,573,580	(561,913)	-	-
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Distribution to Unions

Distribution of broadcasting rights to provinces	318,313,890	326,499,937	318,313,990	326,499,937
Distribution of home test income	9,997,761	10,000,000	9,997,761	10,000,000
	328,311,651	336,499,937	328,311,751	336,499,937

Receipts from Unions

Home Test hosting fees	47,460,000	48,047,717	47,460,000	48,047,717
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27. Executive Council Members Remuneration

Non executive

Fees	5,685,213	5,300,787	5,685,213	5,300,787
Allowances	152,737	215,806	152,737	215,806
	5,837,950	5,516,593	5,837,950	5,516,593

Executive

Salaries	5,245,857	5,237,957	5,245,857	5,237,957
Medical aid contributions	47,514	80,532	47,514	80,532
Pension fund contributions	736,289	766,378	736,289	766,378
	6,029,660	6,084,867	6,029,660	6,084,867

28. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

29. Rugby World Cup 2023 bid

Costs of R25 million were incurred during the year for the Rugby World Cup 2023 bidding process in addition to expenditure incurred in the prior year. The Group is confident that, through the support of national government, an award in excess of R30 million will be granted towards this expenditure. Such income has not been included in the 2017 financial statements.

**NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS (CONTINUED)**

30. Events after the reporting period

The Executive Council is not aware of any matter or circumstance arising since the end of the financial year that will have a significant influence on the financial statements.





RUGBY DEPARTMENT

The year 2017 was characterised by some noticeable key strategic appointments in the Rugby Department, the continued success of the Springbok Sevens and the Sevens Academy teams, advance preparations for the 2019 Rugby World Cup and improved performances by the Springboks following several noticeable interventions.

T

HE Junior Springboks claimed bronze at the World Rugby Under-20 Championship in Georgia and powerful No 8 Juarno August was crowned as the Player of the Tournament.

On the female front, the Springbok Sevens continue with their development by qualifying for the 2018 Rugby World Cup showpiece, and the SA Women's Select fifteen had a good tour as they start to build for the future. The SA Schools found the going tough in their Under-19 International Series.

The Springboks appeared in a red playing jersey for the first time ever to commemorate the celebration of 25 years of rugby unity, while the team had two new captains and a long-serving member of team management notched up a significant personal milestone.

MAJOR DEVELOPMENTS IN RUGBY DEPARTMENT AIMED AT SPRINGBOK IMPROVEMENT

Rassie Erasmus rejoined the Rugby Department in a new capacity of Director of Rugby following a successful stint in a similar role, which include head coach duties, of Irish provincial side Munster. As Director of Rugby, his primary role is to oversee the management of the full spectrum of national rugby teams, including the Springboks.

Erasmus returned to SA Rugby in November 2017. During his stay in Ireland, he was awarded the Guinness Pro12 Coach of the Year accolade after he also assumed the head coaching role of Munster following the sudden passing away of Anthony Foley in October 2016.

Jacques Nienaber also rejoined the Rugby Department in the capacity of Assistant Coach: National Teams, while Charles Wessels moved into the interim General Manager position.

World Rugby announced the Rugby World Cup 2019 draw at the beginning of November, which sees South Africa, World Cup champions in 1995 and 2007, facing three-time winners New Zealand in the first of four matches during the pool stages of the tournament. The blockbuster opening game against is set for Saturday September 21 in the International Stadium in Yokohama.

The Springboks' 2019 Rugby World Cup Pool B match schedule (with local and SA times):

- » Saturday, 21 September:
South Africa v New Zealand - International Stadium, Yokohama (18h45/11h45)
- » Saturday, 28 September:
South Africa v Africa 1 - City of Toyota Stadium, Aichi (18h45/11h45)
- » Friday, 4 October:
South Africa v Italy - Shizuoka Stadium Ecopa, Shizuoka (18h45/11h45)
- » Tuesday, 8 October:
South Africa v Repechage winner - Kobe Misaki Stadium, Kobe (19h15/12h15)

Apart from the draw, there were several other important 2019 RWC developments that took place during the course of the year. One such activity was the gathering of all the team managers in Monaco, which was attended by Charles Wessels.

The department also put in place arrangements for a recce visit to 2019 RWC venues (in the first quarter of 2018) in order to get a closer look at stadiums, training venues, transportation systems and accommodation settings in the various Japanese host cities.

Looking back at the 2017, it was certainly an improvement on the Springboks' disappointing 2016 season, with the team registering seven wins, two draws and four losses. Popular Emirates Lions No 8 Warren Whiteley was handed the captaincy following the retirement of Adriaan Strauss.

Having led the team to an unassailable 2-0 lead in the three-match Castle Lager Incoming Series against France, Whiteley had to withdraw from the final encounter because of a groin injury, which eventually forced him out of action for the remainder of the international season, with Eben Etzebeth entrusted with the



LEFT: Rassie Erasmus (on the far left) was appointed as SA Rugby's new Director of Rugby in November. Here he is with players who are part of the SA Rugby Academy programme.

BELOW: Inspirational Emirates Lions No 8 Warren Whiteley (left), here with Tendai Mtawarira (middle) and Malcolm Marx (right), was appointed as the Springboks' new captain in 2018.

captaincy role in his absence.

The Boks started their busy international schedule on an impressive winning note by clinching the Castle Lager Incoming Series 3-0 against France.

The Springboks opened their Castle Lager Rugby Championship campaign by beating Argentina home and away, with the away fixture in Salta characterised by the wearing of a red outfit to commemorate 25 years of rugby unity in South Africa.

A 23-23 draw against Australia in Perth and a big defeat against New Zealand in Albany followed on tour, before the Boks drew again with the Wallabies, this time in Bloemfontein.

Allister Coetzee's team managed to win some pride back in the return match against the All Blacks at DHL Newlands, a Test that will forever be remembered for an astonishing first half which went on for ten minutes after the halftime siren.

Both sides refused to kick the ball into touch and the match was afterwards lauded as one of the best in the century old rivalry between South Africa and New Zealand. The All Blacks eventually edged the Boks 25-24 in an epic Test match.

In November the Bok embarked on the annual Castle Lager Outgoing Tour, which included matches in Ireland, France, Italy and Wales.

Ireland proved too good in Dublin and won 38-3, but the team bounced back the next week to beat France 18-17 in a battling display in Paris. Italy was the next stop and the South



Africans achieved a solid 35-6 win over the Azzuri in driving rain, despite losing the services of assistant coaches Brendan Venter and Johann van Graan (who joined Munster) in the week before the Test.

The European tour concluded in Cardiff and the Welsh prevailed 24-22 under the roof at the Principality Stadium. Because the match fell outside the Test window, it meant South Africa could not call on the services of European-based players Duane Vermeulen and Francois Louw.

SA 'A' CLINCH SERIES WIN OVER FRENCH BARBARIANS

An important part of the pathway to the Springboks is the continued action of the SA 'A' side, that won both their matches against the touring French Barbarians. Johan Ackermann was the head coach and he was assisted by Chumani Booie and Abe Davids.

The SA 'A' side defeated their French opponents 36-28 on Youth Day, 16 June, at the imposing Moses Mabhida Stadium in Durban.

They were also successful in the second and final encounter staged at the Orlando Stadium in Soweto, winning 48-28 and thereby clinching the series in an even better performance.

Several Springboks, such as Lwazi Mvovo, Juan de Jongh, Ruan Combrinck, Uzair Cassiem and Trevor Nyakane provided the team with a solid spine, while a number of promising players, such as Wilco Louw, Thomas du Toit, Warrick Gelant and Seabelo Senatla also gained valuable international experience.

SPRINGBOK SEVENS CLAIM WORLD CROWN

The 2016/17 season saw the Springbok Sevens winning the overall HSBC World Rugby Sevens Series for only the second time. The Blitzboks dominated the series, playing in eight of the ten finals and winning five tournaments.

A very strong start to the season helped the team to jump into a strong lead, something that proved vital in the second half of the season, when they started losing stalwarts to Vodacom Super Rugby and injuries started to take their toll.

The side won four of the first five tournaments. They won the opener in Dubai, before a second placed finish in Cape Town. The next three tournaments, in Wellington, Sydney and Las Vegas proved decisive as Philip Snyman's troops brushed aside all opponents to claim a hat-trick of titles.

They made it six finals in a row the next weekend in Vancouver, but were beaten by England, the only team that managed a positive strike rate against the Blitzboks.

A crucial match in the context of the series was the fifth place final in Singapore, where the team scored a win over Fiji and edged ahead with enough points in the bag.

They responded like true champions though in the penultimate tournament, in Paris, by winning the Cup final and clinching the World Series title.



Six new players were capped, with two of them, Stedman Gans and Zain Davids, also representing the Junior Springboks. A number of Sevens stars, such as Werner Kok, Seabelo Senatla and Ruhan Nel, also played for the DHL Western Province team that won the Currie Cup.

It was also a profitable year for the SA Rugby Sevens Academy side. They won the Howard Hinton tournament in France in June before a third-placed finish at the Octoberfest in Munich in September.

The team were victorious in the Assupol 7s, played in Stellenbosch, beating Scotland and Namibia along the way and then were beaten finalists in the International Invitational tournament of the Dubai 7s in December.

SPRINGBOK WOMEN'S SEVENS CLINCH WORLD CUP SPOT

The 2017 season marked a significant year for women's rugby in South Africa as the Springbok Women's Sevens team qualified for the

The Women Blitzboks qualified for the World Cup by winning the Rugby Africa Sevens in Tunisia, where held their nerve in a closely contested final against Kenya to emerge 17-12 winners.

2018 Rugby World Cup Sevens, while the 15-a-side team was relaunched after three years of focusing on development.

The Women Blitzboks qualified for the World Cup by winning the Rugby Africa Sevens in Tunisia, where held their nerve in a closely contested final against Kenya to emerge 17-12 winners. The win saw them defend the title they won from 2013 to 2016.

Unfortunately, the team's hopes of playing their way back into the HSBC Women's Sevens Series were crushed when they suffered a disappointing 22-10 defeat to Japan in the final of the World Series Qualifying tournament in Hong Kong in April.

REJUVENATED SA WOMEN XV IMPRESS

The SA Select Women's fifteen team, meanwhile, participated in their first tour since the 2014 Women's Rugby World Cup in France in October, with three matches in England – against the British Army and the England Academy (twice).

They kicked off the tournament with an encouraging 27-5 victory against the British Army, but went down 47-12 in their first match against the England Academy. The team bounced back strongly in their final match, with a penalty goal in the dying seconds by England Academy seeing the South Africans suffer a disappointing 15-12 defeat.

AUGUSTUS STARS FOR JUNIOR SPRINGBOKS IN GEORGIA

The Junior Springboks, under the guidance of a new coach in Chean Roux, delivered an encouraging showing in the World Rugby Under-20 Championship in Tbilisi, Georgia where they clinched the bronze medal.

Powerful No 8 Juarno Augustus was named Player of the Tournament for a number of superb performances and he was the tourna-

LEFT: Seabelo Senatla in action for the Springbok Sevens team during their successful 2016/17 HSBC World Rugby Sevens Series season.

OPPOSITE TOP: Juan de Jongh (left) and Francois Venter led the South Africa 'A' team to a 2-0 series victory over the French Barbarians in June.

ment's top try-scorer with seven tries, scoring in every game.

The Junior Boks opened their campaign with a 23-23 draw against France at the Avchala Stadium and bounced back strongly in their second pool match to beat hosts Georgia 38-14 for a bonus-point victory. They built on this by booking their semi-final berth after scoring eleven tries in the runaway 72-14 win over Argentina in their final pool match.

Unfortunately the team's hopes of advancing to the final was dashed when they suffered a heart-breaking 24-22 loss to England in the semi-finals, with the English scoring the winning try in the dying minutes of the match. They then beat France 37-15 for the bronze medal.

DISAPPOINTMENT FOR SA SCHOOLS IN INTERNATIONAL SERIES

It was a disappointing season for the SA Schools team as they suffered defeats in all three matches in the Under-19 International Series in Cape Town. The side suffered a narrow 28-30 defeat in their opening match against Wales, and then went down 13-8 against France in another closely fought encounter.

They entered their final match against England with high hopes of finishing the Series on a high note, but they were out-played 52-22 by a determined English side.

REFEREES SHINE AGAIN ON THE INTERNATIONAL STAGE

During 2017, eight of our best referees featured in 18 Test matches, which is a very noticeable achievement and a testimony of competency of South African match officials.

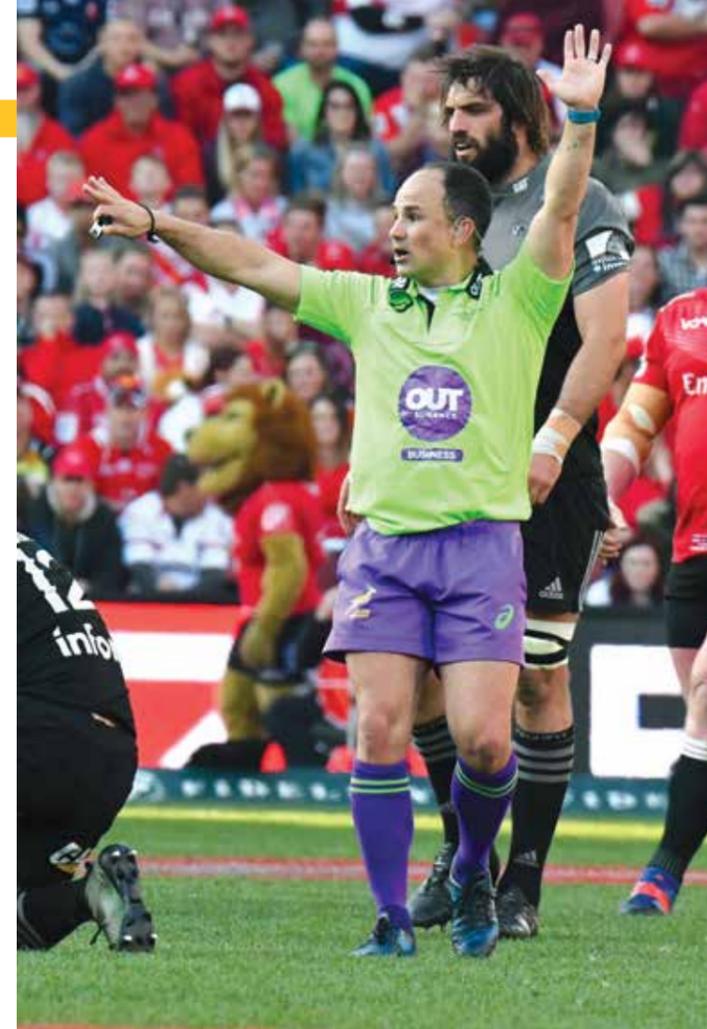
Jaco Peyper continued to shine on the world stage and he was deservedly awarded the SA Rugby Referee of the Year Award after a stellar year's performance with the whistle.

Apart from superbly handling the 2017 Vodacom Super Rugby final between the Emirates Lions and winners Crusaders in Johannesburg, he also refereed the opening Test between New Zealand and the British & Ireland Lions, as well as in the Castle Lager Rugby Championship, the Six Nations and the traditional end of year Tests in November. By the end of 2017, Peyper has refereed in 39 Test matches.

Two of our most promising referees also made their breakthrough in the Test arena.

OPPOSITE PAGE: Jaco Peyper, South Africa's foremost referee, in action in the Vodacom Super Rugby final between the Emirates Lions and the Crusaders in Johannesburg.

BELOW: Junior Springbok No 8 Juarno Augustus was named the World Rugby U20 Championship Player of the Tournament, held in Georgia.



Quinton Immelman made his Test debut in the Namibia / Zimbabwe international, while Egon Seconds took charge of his first international when Namibia faced Senegal.

Immelman and Stuart Berry refereed in the Guinness Pro14, following the admission of the Toyota Cheetahs and the Southern Kings to the European-based competition.

Several of our officials also represented our country at the World Rugby Under-20 Championship, namely Jaco van Heerden (referee), Johan Greeff (TMO) and Mark Lawrence (reviewer). The promising Msibi Vusumuzi performed duty at the SANIX World Rugby Youth Tournament in Japan.

History was also made with the appointment of our leading female referee, Aimee Barrett-Theron, for the SA Rugby Under-20 Championship Final at the HT Pelatona Projects Stadium in Welkom. She became the first-ever women's referee to take charge of the final of a SA Rugby competition.

Barrett-Theron had a very busy schedule in 2017. She also officiated at the Women's Rugby World Cup tournament as well as the Sevens World Series for Women.

Rasta Rasivhenge, Ben Crouse and Jaco

Kotze appeared on the HSBC Sevens World Series.

Various of our local match officials also attended a Sanzaar pre-season training camp held at the Stellenbosch Academy of Sport (SAS) in December.

BOKSMART HITTING THE AWARENESS TARGET

A total of 30,596 coaches and referees were certified on the programme during the fourth cycle of BokSmart training, while a further 4,204 have already attended the latest follow-up cycle.

As the programme, which is supported by SuperSport, intensify its drive to increase public awareness, a generic 40 second BokSmart advert was produced and regularly showed on SuperSport. An added bonus was the display of the video on the big screen at the HSBC Cape Town Sevens, where it had a potential reach of more than 115,000 people who attended the two-day event in December 2017.

Visual impact is very important in these days of instant access to mobile and online videos, and to make sure the programme taps into this vast resource, three brief endorsement videos featuring national players were filmed to carry the safety message across.

Springbok flanker Oupa Mohoje spoke about safe and effective ball carries, flyhalf Pat Lambie discussed concussion prevention and management while Springbok Sevens speedster Seabelo Senatla talked about safe and effective tackling technique.

The punchy video clips were distributed on the various SA Rugby social media and online platforms such as YouTube, Springbok Magazine, SA Rugby website and our Twitter, Facebook and Instagram accounts to coincide with the Springboks' Castle Lager Outgoing Tour to Europe. A repeat is planned for SuperSport in 2018.

In a new initiative, a *Superhero* cartoon styled series of posters and match programme inserts were launched which uses our select "cartoon" caricatured Springbok Heroes to spread the key safety and performance principles in an easy readable and fun format. The first "Tackle like a Bok" insert was distributed at the 2017 Coca-Cola Youth Weeks.

Furthermore, the programme continues to play a leading international role, with Gail Baerecke from the Players' Fund, Clint Readhead and Dr Wayne Viljoen all involved in the second international *Rugby Nations Work-*

**30,596
COACHES
AND REFEREES
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ON THE PROGRAMME
DURING THE
FOURTH CYCLE OF
BokSmart
TRAINING**

shop on Post Injury Player Welfare and Injury Prevention summit hosted in March 2017 in Cape Town. The next international workshop is planned for Argentina in 2019.

Readhead and Viljoen also attended the 5th IOC Conference of Injury and illness in Sport in Monaco in March 2017.

In a very productive year, the new-styled BokSmart Cycle 5 DVD course, available in three languages, was completed and distributed with very positive feedback. BokSmart Trainer courses were completed in middle September, delivering 169 new trained people of which 91% (153) passed their competency assessments.

A new innovation was the introduction of the Blue Card Concussion System at all the Coca-Cola Youth Weeks, to reinforce the roles around player safety relating to suspected or confirmed concussion.

Our medical department also chaired various sessions at the prestigious Biennial SA Sports Medicine Association (SASMA) conference in October in Cape Town. Other highlights of the year include a successful second Facebook Live session on concussion, which attracted a combined 22,000 viewers, plus the publication of several scientific papers.

Unfortunately, a total of 13 serious and catastrophic injury events were reported. Nine events were at club level and four happened at school level.

The Blue Card Concussion System was trialled at the Coca-Cola Under-18 Craven Week. The aim of the system is to increase public, spectator, player and referee awareness regarding concussion identification and the required management process.



TRAINED, COMPETENT MATCH DOCTORS KEY FOCUS

One of the key focus areas of the Medical Department in 2017 was to educate and improve the skills sets of our team and match day doctors to ensure they are competent in the management of injured rugby players.

In order to achieve this SA Rugby rolled out the *World Rugby Level 2 Immediate Care in Rugby Course* to all union and national teams' medical staff members.

Three courses were presented in 2017 with two more in the pipeline for the following year, and the eventual aim is to have over 100 medical staff certified after completing the World Rugby course. The long-term plan is to roll out the course to the Varsity Cup in 2019.

Meanwhile, our *Injury and Illness Surveillance and Prevention Project* for the Currie Cup Premier Division continued in 2017 with the assistance of a masters student.

In December 2017, SA Rugby and an expert panel consisting of Mark Sonderup, Wendy Spearman, Graeme Meintjes, Mark Blockman and Leigh Gordon collaborated to produce the *SA Rugby Infectious diseases Policy / Guideline*, with SARPA also giving input.

The past year also saw the introduction of the injury prevention strategies that the Vodacom Super Rugby teams' medical staff agreed to in the 2016 SANZAAR Vodacom Super Rugby Injury Surveillance Review workshop. The ongoing study is a three year project.

The 2017 Coca-Cola Youth Weeks were once more very successful from a medical

ABOVE: Springbok assistant coaches Johann van Graan (left) and Franco Smith (right) during a coaches seminar in Port Elizabeth.

perspective. The implementation of first class medical infrastructure is to ensure the health, safety and wellbeing of all participants.

There was also ongoing capturing of all injury data at the respective Coca-Cola Youth Weeks, with the information resulting in the publication of a number of peer review research papers. It enables the department to drive coach and referee education regarding player safety, and to implement safety initiatives and strategies at the Youth Weeks.

The Blue Card Concussion System was trialled at the Coca-Cola Under-18 Craven Week. The aim of the system is to increase public, spectator, player and referee awareness regarding concussion identification and the required management process.

The overall feedback from the referees were that this was a worthwhile project which has upskilled them in their identification of a player with a suspected or a confirmed concussion, and they felt it also increased their confidence when it comes to decision making.

Furthermore, the department was also integral to the planning and hosting of the Annual World Rugby Medical Commission conference hosted in London in November 2017. SA Rugby held the position of chair of the World Rugby Medical Commission conference organising committee.

And the medical department plays a key role through its representation on the following groups at World Rugby: the Medical, Scientific and Research Group and the Developing Nations Group. As in previous years, the

department was once more instrumental in providing world-class medical infrastructure at all local Test Matches as well as the HSBC World Rugby Sevens Series.

EDUCATION AND TRAINING ACHIEVE MAJOR MILESTONES

The SA Rugby Coaching Indaba and the three Springbok coaching seminars were the undoubted highlights of a busy year for the Coaching and Education Department.

At the National Coaching Indaba was held in February and attended by the country's elite coaching community.

A total number of 2,234 coaches were trained during the 12 months, while 40 coaches participated in the World Rugby Level 3 course, with the attendees including coaches from Namibia, Uganda and Zimbabwe.

Local coaches across several regions were given an opportunity to attend Springbok coaching seminars, that were hosted in Port Elizabeth and Bloemfontein.

The Nelson Mandela Bay Stadium in Port Elizabeth hosted the first seminar on 18 August, with coaches and players from 60 schools, clubs and the province gathering to receive expert instructions from the Springbok coaching staff.

This was followed by a second seminar at Grey College in Bloemfontein, with a bumper turnout of 185 coaches in attendance, resulting in widespread media and social media interest.

Five new World Rugby trainers, including one female, also graduated after completing the course in Johannesburg.

A total number of 2,234 coaches were trained during the 12 months, while 40 coaches participated in the World Rugby Level 3 course, with the attendees including coaches from Namibia, Uganda and Zimbabwe.

In a very important development, the International Council has adopted the SA Rugby Educator Development Model for Coaching Excellence as blue print for educator development. The department also coordinated two Educator Development Training Courses in the Eastern and Northern Regions.



ACADEMY PROGRAMME LAUNCHED TO ACCELERATE PLAYER DEVELOPMENT

January saw the launch of the keenly awaited SA Rugby Academy programme, which is funded by Remgro Sports Investment through the Transforming Rugby NPC.

The Academy programme consists of two components – the first part took place from January until May with an intake of 54 players plus 14 staff members on a full time basis at the Rugby Performance Centre (RPC) at Riebeeck West. The players were all aged between 18 and 20 years.

The second component was staged from June until October, when players, coaches and trainers all returned to their respective provincial unions to compete in provincial competitions.

Rugby skills development, education by means of a holistic approach and a pivotal role in the transformation process – by delivering

more black professional players, coaches and trainers – are some of the main objectives of the Academy.

The programme consisted of two eight-week blocks. The first block was to develop the players' fundamental skills while the second block was used to develop the players' game appreciation in relation to their positional and unit skills.

In terms of playing, the Academy players took part in eight friendly matches. Six players also had the fantastic opportunity to train with the Springboks in April in Stellenbosch. The exercise gave the players chance to rub shoulders with their heroes and gave them a good indication of what is required to play top-level rugby.

Importantly, various players showed the form and potential to play senior professional rugby in the near future. The group underwent career assessments and this exercise helped the players to decide which academic course

ABOVE: Springboks Siya Kolisi (second from left) and Eben Etzebeth (second from right) Mickyle Snyders (left), David Coetzer (middle) and Sazi Sandi (right).

to follow, while self-study time as included in the overall programme to prepare for examinations and assignments. Players were also grouped in six mentor groups, with each Academy coach as mentor of a specific group.

The programme proved that significant progress could be achieved within a few months of intensive training, while all the players left the Academy not only as better player players but better individuals thanks to the holistic approach.

EARLY DEVELOPMENT OF PLAYERS DELIVER HUGE BENEFITS

The Early Player Development Programme (EPD) continues to bear fruit, with huge benefits for the involved players, their provinces and South African rugby in general.

At EPD1 level, the talent identification programme is geared to ensure that the best 150 players aged 15 and 16 years old are identified. Eighty were invited to the Under 16

assessment camp and the top 45 players were retained for the EPD2 programme.

In terms of the EPD2 activities, the Under 17 camp was held in October at the Hugenote High School in Wellington, and during this camp the SA Under-20 coaching staff were all in attendance.

The purpose of the EPD3 programme is to further identify the best U19 and U20 players with a view of selection for the Junior Springbok preparations.

TECHNOLOGICAL STRIDES TO AID IMPROVED PERFORMANCES

The Technical Support Department made useful strides in its effort to be at the forefront of team performance analysis.

Its objectives are an integrated and robust approach to innovation and research as well as creating technology programmes that drives continuously improved performances for our various national teams and all our match officials.

The innovative Stratus system is playing a major part in the collection, storage and analysis of match related data and player information. Stratus is the official analysis system of SA Rugby.

Ultimately, the main objective is to build, implement and maintain a leading ecosystem for team sports, providing all role players with the information required to perform and function at their optimal best.

We continue to maximise the use of the coding centre and its competent staff in support of enhancing the performance of the Springboks and various other national teams, by supplying them with game plan specific reports as well as trend analysis information.

The past year the department used GPS and Velocity-Based training (VBT) tools at both national and development levels to test and monitor player standards. The year also saw the forming of a beneficial partnership with Technogym.

The teams also continue to reap the benefits of our long-term agreement with Kitmans Lab, and athlete optimization system.

Kitmans provides coaches, conditioning and medical staff with objective measurable insights to reduce injury risks and increase player availability to compete.

Currently plans are underway to develop an App to bring the Stratus analysis into device form, so that it increase the accessibility even further.

STRATEGIC PERFORMANCE MANAGEMENT

The Strategic Performance Management Department oversees and assists all internal departments and external stakeholders - including provincial unions, associations and outsourced programmes - in accordance with the objectives as determined by the Strategic Management Plan.

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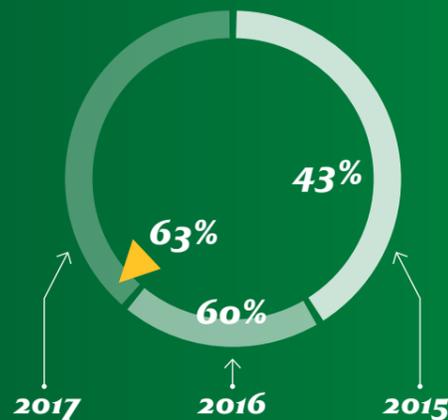
HE Department achieved a number of positives in 2017, although some work lies ahead to improve the organisation's BEE rating and to achieve the Strategic Transformation Plan objectives which have been set out until 2019.

The main achievements in 2017 included the establishment of a new transformation committee, featuring the 14 provincial union presidents and a new chairperson, SA Rugby Executive Committee member Mrs Ilhaam Groenewald, while the generic transformation targets set out for the SA Rugby Executive Members and permanent staff respectively were achieved.

The other significant developments were a 17% improvement in the organisation's EPG (Eminent Persons Group) scorecard, which paved the way for SA Rugby to bid to host the 2023 Rugby World Cup. The organisation's

EPG scorecard for 2017 reflects another 3% increase for 2017. The successful implementation of the Footprint operational management system and E-Filing administration management system.

EPG BAROMETER OUTCOME 2015-2017



OPPOSITE PAGE:
A very successful Get
Into Rugby Festival was
held in Mmabatho in
North West province.

Since the establishment of Footprint in 2015, 18,782 players, 500 coaches, 1,551 referees and 156 medical personnel have been registered on the system, which tracked and fully managed 47 SA Rugby tournaments. It also successfully launched an SA Rugby accreditation system for players and officials at Test matches and a number of SA Rugby tournaments producing over 4,500 photo accreditations.

Footprint also plays a vital role in managing SA Rugby's development programmes, including Get Into Rugby (GIR), Vuka Rugby, Coca-Cola Schools of Excellence and the Elite Player Development (EPD) programme.

The E-Filing system, meanwhile, proved to be an effective portal through which the provincial unions apply for SA Rugby funding and report on their spending.

While transformation is on track in South African rugby, a continued effort is required to achieve the objectives set out in the STP – a five-year plan launched in 2015, which includes annual performance targets to guide rugby to achieve compliance with the National Sports Plan (NSP) and the broader needs of the game.

These performance targets are demographic representation, access to the game, skills and capacity development, performance, community and corporate governance.

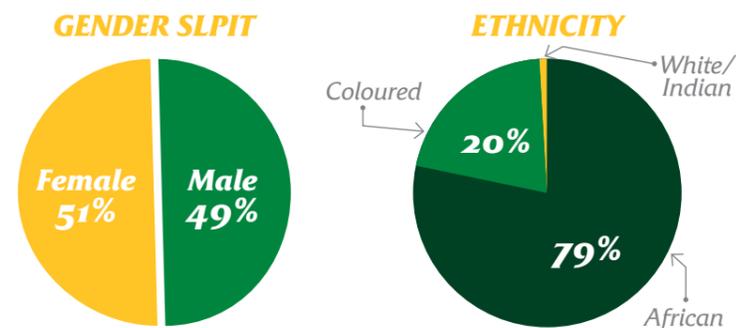
Significant strides were once again made in Access to the Game, largely due to the Get Into Rugby and Vuka Rugby programmes, which are targeted at primary and high schools, as they played a vital role in spreading the game to rural areas and townships. Both were nominated in the category for Development Programme of the Year in the prestigious Discovery Sport Awards.

Participation through the GIR Programme saw 170,921 players participate in the sport, and 243 teachers, 327 coaches and seven referees being trained.

Another significant achievement was that 79% of the participants were black African and



BELOW: Gender and
Ethnicity Split: Get
Into Rugby





20% coloured, which shows a 7% increase in African participation from 2016, while 8,770 of the players were female.

The Vuka Programme – hosted in conjunction with the South African Rugby Legends Association (SARLA) and which is operational countrywide barring the Boland, Border and Mpumalanga rugby unions – continues to make significant strides in growing the game at grassroots level.

Such has been the success of the programme, it was activated in 463 schools countrywide with 4,967 players participating in the programmes, while 327 coaches were trained. The focus area for 2018 will be to ensure that the Vuka programme is rolled out in the Boland, Border and Mpumalanga regions.

As part of SA Rugby's Social Development efforts, the organisation took six disabled African students under its wing by paying for their education for the year and offering them skills development opportunities to groom them for their futures.

SA Rugby also continues to run the ClubWise programme, which is an approved Cathsseta (the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority) NQF Level 5 approved course – the first of its kind in rugby club administration. The course is aimed at up-skilling rugby club administrators in order to sustain and grow the game at grassroots level.

In 2017, SA Rugby in conjunction with the Sports Science Institute of South Africa, conducted two ClubWise courses successfully at Eastern Province and the Leopards. Skills development is an important ingredient of the strategic transformation plan in order to create pathways and improve productivity and performance levels.

The governance of SA Rugby's Associations remain within the ambit of the Department, which continues to provide ongoing support to affiliates to ensure that they comply with the due diligence processes.

On the field, SA Rugby achieved their generic black demographic targets at international level, as the National Senior teams, Springbok Sevens, Junior Springboks and SA Schools teams met their respective requirements.

The black African targets in women's senior international matches and senior Sevens internationals were well above the desired targets, while generic black representation in senior internationals reached the 96% mark. While the Sevens internationals generic black



ABOVE: A representative Springbok Sevens team were crowned HSBC World Rugby Sevens Series champions and won five tournaments on the circuit, including Sydney.

representation remains positive on 74%, it fell 2% short of the projected 76%.

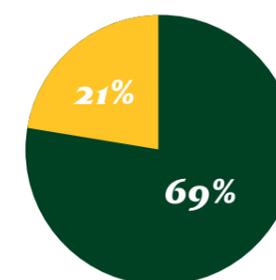
The generic black targets set out for the Currie Cup First Division and SA Rugby U20 Championship were achieved once again, and the SA Rugby U21 Championship also delivered in this regard in 2017. Progress continues to be made in Vodacom Super Rugby, the Currie Cup Premier Division and SA Rugby U19 Championship teams to achieve their desired goals.

The black African representation targets were met in the Currie Cup First Division at provincial level, while commitment and hard work continues to be put in to achieve this in other competitions.

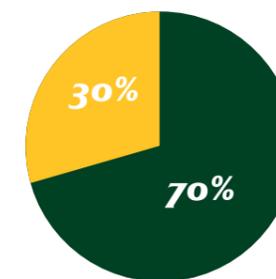
Off the field, generic black representation among SA Rugby Executive members, and permanent staff were achieved, with the 69% generic black and 15% black African representation at Board and Executive level, and 70% generic black and 30% black African permanent staff being employed.

The ultimate goal of the Strategic Performance Management department is to balance the interests of SA Rugby and its external stakeholders, including sponsors, executive management, customers, suppliers, financiers, government and the community.

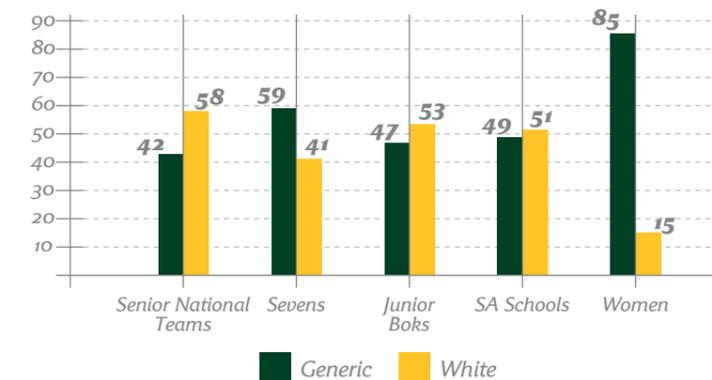
EXECUTIVE MEMBERS



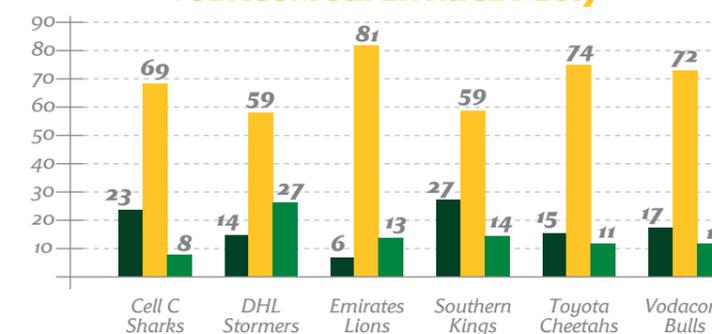
PERMANENT STAFF



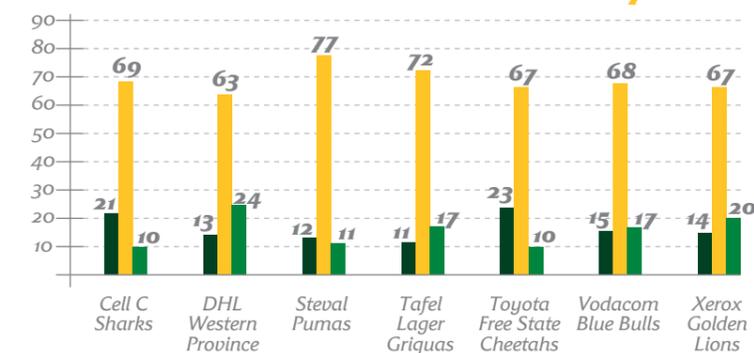
NATIONAL TEAMS



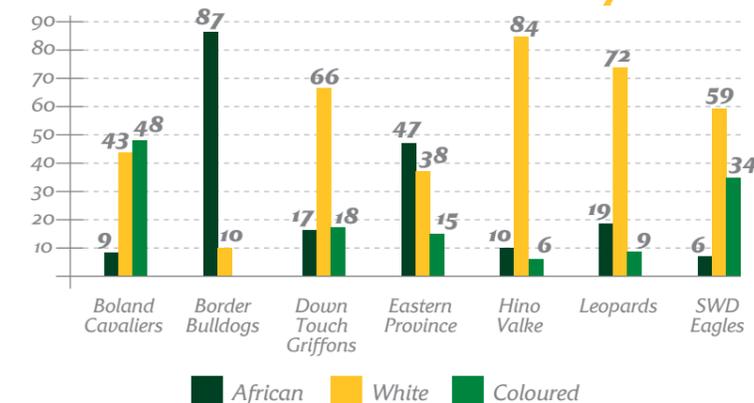
VODACOM SUPER RUGBY 2017



CURRIE CUP PREMIER DIVISION 2017



CURRIE CUP FIRST DIVISION 2017



Looking forward to 2018, the department's key strategic objectives, which are in line with SA Rugby's strategic objectives, are as follows:

- » To achieve an improved BEE Level by 2019 and beyond.
- » To implement, manage and evolve monitoring tools that ensure improved tracking of transformation and BEE.
- » To achieve Strategic Transformation Performance targets for 2018
- » To initiate discussions with government around Strategic Transformation Performance targets for 2020 and beyond
- » Compliance with good governance to eliminate risks and to ensure adherence to

COMMERCIAL

It was a year of significant progress as no fewer than six new partners - including a new headline sponsor for the Springboks - were unveiled in 2017, while two exciting new competitions were added to the SA Rugby landscape. However, the constraints brought about by tight finances were also felt, while a major backer of sevens rugby also withdrew from the South African rugby scene.



ABOVE: SA Rugby president, Mr Mark Alexander (second from right), at the launch of the Springboks' MTN sponsorship in Pretoria. With him on the picture are Godfrey Motsa (left), Enzo Scarcella (second from left) and Rob Shuter (right) from MTN.

ALTHOUGH commercial revenues did not meet the budgeted target for the year, it was not an unsuccessful campaign as SA Rugby yet again delivered a number of world-class events which generated a marked improvement in attendances and viewership, especially in the Castle Lager Rugby Championship and the HSBC Cape Town Sevens.

We managed to deliver good value for our family of sponsors and maintained solid relations with our partners, while at the same time forging strong bonds with new faces on the sponsorship landscape, the biggest of which was the addition of MTN, whose famous logo will appear on the front of the Springboks' jerseys for three years as headline sponsor.

The streamlined Commercial Department, again ensured that we provided capable and effective account management of our part-

ners' portfolios, which in turn fostered good relationships to deliver return on investment. Operationally we also continued to deliver world-class services and events.

SPONSORSHIPS:

Six major new sponsors were unveiled in 2017, with the biggest announcement coming on the eve of the first Test against France in Pretoria when multinational mobile telecommunications company, MTN, was revealed as the Springboks' new headline sponsor, with the South African-based African giant agreeing to a three-year deal to back the national team.

Jurie Roux, SA Rugby CEO, said that the agreement represented a pivotal moment for SA Rugby and that welcoming a company of MTN's size and reach was a significant moment for the sport: "We're delighted to welcome MTN as our new headline Springbok sponsor. They proudly carry millions of calls across the continent every day and we're proud to carry their name on our jerseys."





MTN, FNB, the Southern Palace Group, Land Rover and Flysafir were all welcomed to the Springbok sponsor family in 2017.

“From the very first conversation we had with them they saw the power and potential of a partnership with the Springboks and SA Rugby way beyond placing a logo on a sportsman’s playing kit. They understand where we are as a sport and they want to partner with us in that journey of inspiring the nation.”

Apart from MTN, FNB, the Southern Palace Group, Land Rover and Flysafir were all welcomed to the Springbok sponsor family in 2017.

On 29 March it was announced that local airline FlySafir had been appointed as the official domestic carrier for the Springboks and SA Rugby.

This announcement was followed a few months later when, on 5 June, RAM Hand-to-Hand Couriers came on board as the official courier services supplier to SA Rugby and the Springboks, for three years.

Four days later MTN’s sponsorship was spectacularly unveiled in Pretoria and one the same day, 9 June, SA Rugby also announced that the Southern Palace Group of Companies

had signed on as an Associate Sponsor of the Springboks.

In terms of the agreement, the SPG Group – a wholly black owned and South African managed diversified industrial holding company, established in 2002 with interests in numerous well-established businesses – are entitled to have their company logo on the left panel of the Springboks’ match day and training shorts.

Before the start of the Castle Lager Rugby Championship, on 7 August, SA Rugby announced that banking giant, FNB, had agreed a three-year partnership, which saw the bank’s logo appear on the back of the Springbok jersey above the playing number.

Finally, on 1 September, Land Rover, a global sponsor of Rugby World Cup, was unveiled as the latest blue-chip company to back the Springboks when it signed a three-year agreement as an associate sponsor and official vehicle partner of SA Rugby.

The flow of good news was interrupted in December, shortly after the HSBC Cape Town Sevens, with the withdrawal of Steinhoff International as sponsor of the Springbok Sevens, Springbok Women’s Sevens and SA Rugby Sevens Academy teams.

The search for a new sponsor started immediately and frankly was an easy sell.



ABOVE: The logo of the Southern Palace Group, a new Springbok associate sponsor, is displayed on the field during a Test between the Springboks and France.



ABOVE: SA Rugby’s GM: Commercial, Tsholo Kubheka (left), with Richard Gouverneur, Managing Director: Jaguar Land Rover - South Africa and Sub-Saharan Africa, at the sponsorship announcement in Johannesburg.

LEFT: Springboks Uzair Cassiem, Elton Jantjies, Siya Kolisi, Damian De Allende and Ruan Combrinck with some FlySafir cabin staff and SA Rugby president, Mr Mark Alexander, and Elmar Conradie, FlySafir CEO, at the announcement of the airline’s sponsorship at OR Tambo International Airport.

ABOVE: Jesse Kriel, Lizo Gqoboka and Raymond Rhule at the launch of FNB as new Springbok associate sponsor.



SA Rugby managed to build on their relationship with other sponsors, especially Outsurance (referees), Emirates Airline (HSBC Cape Town Sevens partner), Bidvest car rental (supplier), Nashua and DirectAxis (Currie Cup), all of whom were in the second year of their various sponsorships.

And our partnerships with Castle Lager, Tsogo Sun, Coca-Cola, Vodacom, Springbok Atlas, Energade, Virgin Active, Rhino, Gilbert and Cedarberg Aqua went from strength to strength.

OPERATIONS AND COMPETITIONS:

SA Rugby again hosted six world-class Tests an U19 international series and the highly successful HSBC Cape Town Sevens as well as numerous competitions and tournaments, organised in conjunction with various franchises, provincial unions and sponsors.

But there were also two new competitions introduced to local rugby – the SuperSport Rugby Challenge, which ensured provincial rugby were taken to communities where big games are seldom seen, and the tough Guinness PRO14, in which two of our franchises were placed.

Domestically, the Currie Cup showed a marked improvement as the competition continued to operate at five different levels, the Coca-Cola Youth Weeks were yet again a massive success and the Gold Cup celebrated its fifth birthday.

Vodacom Super Rugby finished in August when the Emirates Lions hosted the final in South Africa for the first time since 2010. It was the last time the competition featured 18 teams as a decision was taken by SANZAAR to reduce the competition to 15 teams. South Africa agreed to shed two teams and Australia one with the Toyota Cheetahs, Southern Kings and Western Force falling out of the competition from 2018 onwards.

However, SA Rugby managed to “find a home” for the Toyota Cheetahs and the Southern Kings elsewhere though and on 11 August, six days after the Vodacom Super Rugby final, it was announced that the franchises from Bloemfontein and Port Elizabeth would join the newly-expanded Guinness PRO14, featuring the strongest clubs in Wales, Ireland, Scotland and Italy.

The change to a trimmed down Vodacom

BELOW: CJ Velleman of the Southern Kings (left) and Niell Jordaan of the Toyota Cheetahs at the launch of the new Guinness PRO14 in Dublin.



Super Rugby competition came about after SANZAAR realised the need to revitalise the competition that had been criticised as bloated and predictable. The changes – fewer teams, a simplified format and more competitive action – were designed to improve standards, competitiveness and interest.

On the domestic front, there was good news for the Currie Cup Premier Division, with match attendance up by 12.5%, while television viewership reversed international sporting trends by jumping 20% year-on-year in terms of total unique viewers, and the average audience by 55%. Print and broadcast news coverage generated a PR value of just under R1billion, which excludes online and social media coverage.

The Boks kicked off their international season with the Castle Lager Incoming Series against France, played at Loftus Versfeld in Pretoria (attendance of 29,303), Kings Park in Durban (27,712) and Emirates Airline Park in Johannesburg (55,820) for a combined total attendance of 112,835 (or 68.6% of total available capacity)

Also in June, South Africa hosted the French Barbarians in two matches against

the SA ‘A’ team, on the Fridays preceding the second and third Tests in Durban and Soweto. Both matches were of significance as it was the first international matches played at Moses Mabhida and Orlando Stadiums respectively.

In both instances we received excellent co-operation and assistance from various partners – in Durban it was the KwaZulu-Natal Rugby Union and eThekweni Municipality-Moses Mabhida Stadium, and in Soweto with the Gauteng Provincial Government. Both matches were won by the SA ‘A’ team, coached by Johan Ackermann for the second successive season.

The Castle Lager Rugby Championship followed with Tests against Argentina at the Nelson Mandela Bay Stadium in Port Elizabeth (43,513), Australia at Toyota Stadium in Bloemfontein (33,805) and New Zealand at DHL Newlands in Cape Town (near capacity crowd of 47,342).

The total attendance was 124,660 or 91.7% of total available capacity, which was 10% better than for the corresponding three Tests in 2016.

In total, the six home Springbok Tests were attended by 237,495 spectators, or a capacity



ABOVE: Lwazi Mvovo (left) and Frederic Michalak share a light-hearted moment after the first match between South Africa ‘A’ and the French Barbarians in Durban.

BELOW: DHL Western Province became the first champions of the new SuperSport Rugby Challenge when they beat Tafel Lager Griquas in the final at Florida Park in Cape Town.





Tickets to the second day of action were sold out in a record time of only 90 minutes in July, while all the tickets to the tournament were gone in two hours. This massive demand for tickets necessitated SA Rugby and the City of Cape Town installing an additional 3,000 temporary seats, for 6,000 extra tickets over the two-day event.

of 79%, which was slightly down from 2016, when stadiums were filled at 81% of capacity.

The hosting model that was implemented for the Coca-Cola Youth Weeks in 2016, where tournaments were combined in different venues, was yet again used with great success.

The Coca-Cola Under-18 Craven Week and Academy Week were held concurrently at St Stithians College in Johannesburg, while the Coca-Cola Under-16 Grant Khomo and Under-13 Craven Weeks were held at Grey College in Bloemfontein.

The LSEN Week was at Glenwood High School in Durban and the Under-18 Girls' Week was held at the HT Pelatona Projects Stadium in Welkom.

The Youth Weeks were followed by a highly-successful International Under-19 tournament, where the SA Schools team faced England, France and Wales. Matches were hosted at City Park Stadium in Cape Town, Paul Roos Gymna-

ABOVE: A record number of 115,396 spectators packed the Cape Town Stadium for the third edition of the very popular HSBC Cape Town Sevens in December.

ABOVE RIGHT: DirectAxis False Bay withstood a late onslaught from Go Nutz College Rovers to claim the biggest prize in non-university club rugby in South Africa, the Gold Cup.



sium in Stellenbosch and Paarl Gymnasium, and were fully televised on SuperSport.

The fifth edition of the popular Gold Cup, which is contested between the top non-university clubs from across the country as well as neighbouring Namibia and Zimbabwe, was played from 9 September to 28 October, culminating in a superb final at False Bay Rugby Club in Cape Town, where close to 5,000 people packed out the Phillip Herbstien Fields to see the home team beat Go Nutz College Rovers from KwaZulu-Natal in the last match of the season.

Locally, the season yet again culminated in two big events – the Currie Cup Final and the HSBC Cape Town Sevens.

In 2017, the Currie Cup Final was hosted at Kings Park in Durban between the table-topping Cell C Sharks and DHL Western Province. Unfortunately for the 35,000 spectators present in the Shark Tank on Saturday 28 October, the visitors from Cape Town upset their hosts.

On the same day, the Under-21 and Under-19 Provincial Championship Finals were also played, with DHL Western Province also winning the U21 title (against the Vodacom Blue Bulls) and the Xerox Golden Lions winning the U19 Final (against Toyota Free State).

And on 9 and 10 December, Cape Town Stadium was bursting at its seams for the third

time in many seasons when South Africa hosted the second tournament on the HSBC World Rugby Sevens Series.

Tickets to the second day of action were sold out in a record time of only 90 minutes in July, while all the tickets to the tournament were gone in two hours. This massive demand for tickets necessitated SA Rugby and the City of Cape Town installing an additional 3,000 temporary seats, for 6,000 extra tickets over the two-day event.

This led to an unprecedented total attendance of 115,396 for the tournament (56,473 on the first day and 58,923 on the second day). It was 6,419 people more than in 2016 and apart from superb rugby yet again on display, SA Rugby in conjunction with MoonSport erected the biggest screen ever used at a live event in the country. Advertising space was sold on the "Megatron", a 320 square metre screen comprising of 260 LED panels – three stories high and the length of a Boeing 737.

The tournament once more received a favourable appraisal by World Rugby, which covers hotels, food, service, travel schedules, training venues, gymnasiums, change rooms at the stadium, food and water at the tournament, warm-up areas, liaison officers and general tournament experience from all involved role-players and stakeholders.

COMMUNICATIONS

The arrival of new sponsors, new competitions, corporate roadshows, a World Cup bid and the underlying responsibility of publicising and promoting 35 “properties” – from teams to competitions by way of BokSmart and the Springbok Experience – made it an action-packed year for the reformatted department in its first full year of operation.

T

HE functions of media management, marketing and brand promotion – which had been combined in one department in mid-2016 – bedded down in 2017, and the alignment assisted in maximising the impact of the available resources against a backdrop of budget restraint.

The department was heavily involved in a number of significant launches in the year. Media and stakeholder announcements were held for the arrival of new national team sponsors MTN, Land Rover, FNB and FlySafair as well as for new competitions on the calendar; the Guinness PRO14 and SuperSport Rugby Challenge.

The majority of the announcements came in the second quarter and coincided with a series of five roadshow events for corporate

South Africa. The concept was based on the premise of explaining face-to-face with South Africa’s business leaders the issues with which the organisation had grappled in 2016 and the recovery path that SA Rugby was pursuing.

The president, CEO and Springbok coach were all part of the presentation party while the department was responsible for preparing the presentation and audio-visual material. The events were well received by the audience.

The department was also involved in the other major presentation of the year – to the World Rugby Council – in support of South Africa’s bid to host the 2023 Rugby World Cup tournament.

Assistance was provided in preparing the script and providing input on the audio-visual submission. The campaign generated considerable momentum in South Africa, particularly following the announcement by World Rugby that South Africa was the preferred bidder. The final announcement that France would host the 2023 event was a crushing blow to



OPPOSITE: A new Impi, the Zulu warrior who leads the Springboks out before Tests, accompanied by specially-arranged music, fireworks and green smoke, and was used in 2017.



an invested public and the department was engaged in considerable media management in the wake of the decision.

On a happier note, the brand team put together a mini-national tour for the Western Cape-based Springbok Sevens team, which claimed the HSBC World Rugby Sevens Series title in June. The team made a whistle stop tour of the Free State and Gauteng, shortly after returning from the London and Paris legs of the Series, to share the excitement that the Blitzboks have generated over recent seasons.

The success of the Sevens 'brand' had already been underlined in May at the Discovery Sports Awards – the marketing and brand industry awards for sport in South Africa. The HSBC Cape Town Sevens event was named as the Best Live Sports Event in South Africa after fulfilling its own hashtag of #NextLevelSevens.

The ambition to stay ahead of the pack was continued in 2017 as an investment was made in installing a 320m² giant screen while the Commercial department had an additional 6,000 seats erected. It led to a record attendance (115,396) with tickets selling out in a matter of hours as the public responded to a

ABOVE: A total of 115,396 spectators flooded through the gates of the Cape Town Stadium for the biggest-ever sevens tournament in South Africa.

'must-attend' event.

The giant screen proved a winner and the event was again highly rated among the players and World Rugby staff who travel the international circuit.

The principle of upgrading the event experience for the live match attendee was carried through by the brand team to Test matches, which were given a makeover. A more athletic Impi was employed to greater sound and fury (fireworks, specially arranged music and green smoke) to ramp up the atmosphere prior to kick off.

For the Test at Emirates Airlines Park in Johannesburg, a FlySafair plane also made a low-level fly-past to thrilling effect. The experience was also localised with the appointment of home-town radio DJs as match MCs while prominent local citizens were invited to carry the South African flag.

Media numbers for Test matches perked up in 2017 (after slumping in the previous year) and media operations were also arranged for two South Africa 'A' matches – against the French Barbarians – on the eve of the Durban and Johannesburg Test matches.



ABOVE: A giant beaded Bokkie welcomes visitors to the Springbok Experience at the V&A Waterfront in Cape Town.

The ground work was also undertaken in 2017 to develop an integrated fan engagement strategy in 2018. A Request for Proposals was issued and a number of companies were shortlisted for interview.

FanBase Analytics were identified as the preferred service provider and undertook background research. SA Rugby is highly active in fan engagement and some highly engaged social media channels as well as conventional tools such as website and media releases.

The year ended with 1,1m followers on Facebook, 550,000 on Twitter and 200,000 on Instagram as well as significant engagement with the Springbok digital magazine and app. But the centralisation of that following in a single database to allow fan profiling and more purposed and direct communication is the next step.

Mr Derek Hanekom, the Minister for Tourism, described the Springbok Experience museum as "brilliant" and a "must see" after he visited the facility early in the year.

In addition, the department continued to manage the production, design and delivery of traditional paper publications in the form of the *SA Rugby Annual*, *Annual Report* and Test match programmes.

The year started well for the *Springbok Experience* at the V&A Waterfront. Mr Derek Hanekom, the Minister for Tourism, described the museum as "brilliant" and a "must see" after he visited the facility early in the year.

And the year ended on an upbeat note as well after the National Lottery made an award of R910,000 in favour of the museum to assist with exhibitions and the preservation of the rich and diverse heritage of South African rugby in all its communities. That heritage was enjoyed in spectacular fashion on International Museum Night when 1,631 visited the *Springbok Experience* as entry for a unique evening opening was made free.

Budgetary constraints meant that the annual SA Rugby Player the Year Awards banquet was cancelled and we were unable to open a *Boks for Books* library during the year but the Springboks returned to visit some of the previously established facilities to great excitement among communities.

Media interest centred throughout the year around the performance of the Springbok team and

the coaching changes wrought at the start of the year. The fate of the Springbok coach remained a constant source of debate which, as the days lengthened towards summer and results on the end-of-year-tour worsened, gathered momentum.

Major media management issues in the year related to the reduction of the entrants to the Vodacom Super Rugby competition and the introduction of the Guinness PRO14 as well as the first appointment of a Director of Rugby.

In all 775 media releases were issued in 2017, reflecting once again the full portfolio of SA Rugby activities.

1.1M
FACEBOOK FOLLOWERS
550,000
ON TWITTER
200,000
ON INSTAGRAM

*“Don’t judge each day by the harvest
you reap but by the seeds you plant” –
Robert Louis Stevenson*

HUMAN RESOURCES

Human Resources laid some important foundations to benefit the company on the long run, but also engaged staff on short-term programmes with good outcomes. Financial constraints was a big drawback in the execution of some of our objectives, but ways were found to deliver productive outcomes.

T

HE main objective for the year was in Transformation and Human Capital Development. An Employment Equity Report was submitted to the National

Department of Labour, with our two-year plan delivering on a number of objectives.

A five-year plan was further developed with the aim of achieving the transformation targets, especially in senior roles.

One of those was to accelerate Black African players into rugby structures, including our national teams. This was done via our Academy pipeline systems. Due to financial constraints, not all objectives were met in this.

We also managed to bring in two African Black employees in strategic positions.

An important achievement was the appointment of a Director of Rugby, a position designed to deliver world-class programmes to assist our national teams and to allow them

to compete in the highly competitive environment of professional rugby.

COMPLIANCE

In June 2017, SARS passed legislation that resulted in non-executive directors paid via payroll not being allowed to do so any more. SARU has now complied with SARS requirements and all NED's are independent contractors. That responsibility hence moved to the finance department.

Our Workplace Skills Plan report was submitted and approved by CATHSSETA. That allowed us funding six employees to continue with their tertiary qualifications through CATHSSETA's discretionary grant.

ALIGN, COMMUNICATE AND ENGAGE

The Sport Employees Unite Union was formed in 2017 and approached us for co-operation in their recruitment drive for members. We allowed the union to come to our premises.

Over 40 employees joined, and we have

since engaged each other on the possibility of recognising them once certain administrative matters have been achieved.

As 2017 saw no salary increases or bonuses paid, it was critical to keep our employees engaged. With the moratorium on recruitment, some employees were taking on extra responsibilities. This resulted in high stress levels in the workplace.

Through our wellness partners (ICAS), wellness campaigns such as Wellness Day, and musculoskeletal (MSK) initiatives were implemented. The MSK initiative provided a platform for employees to receive professional advice on exercises and ergonomics.

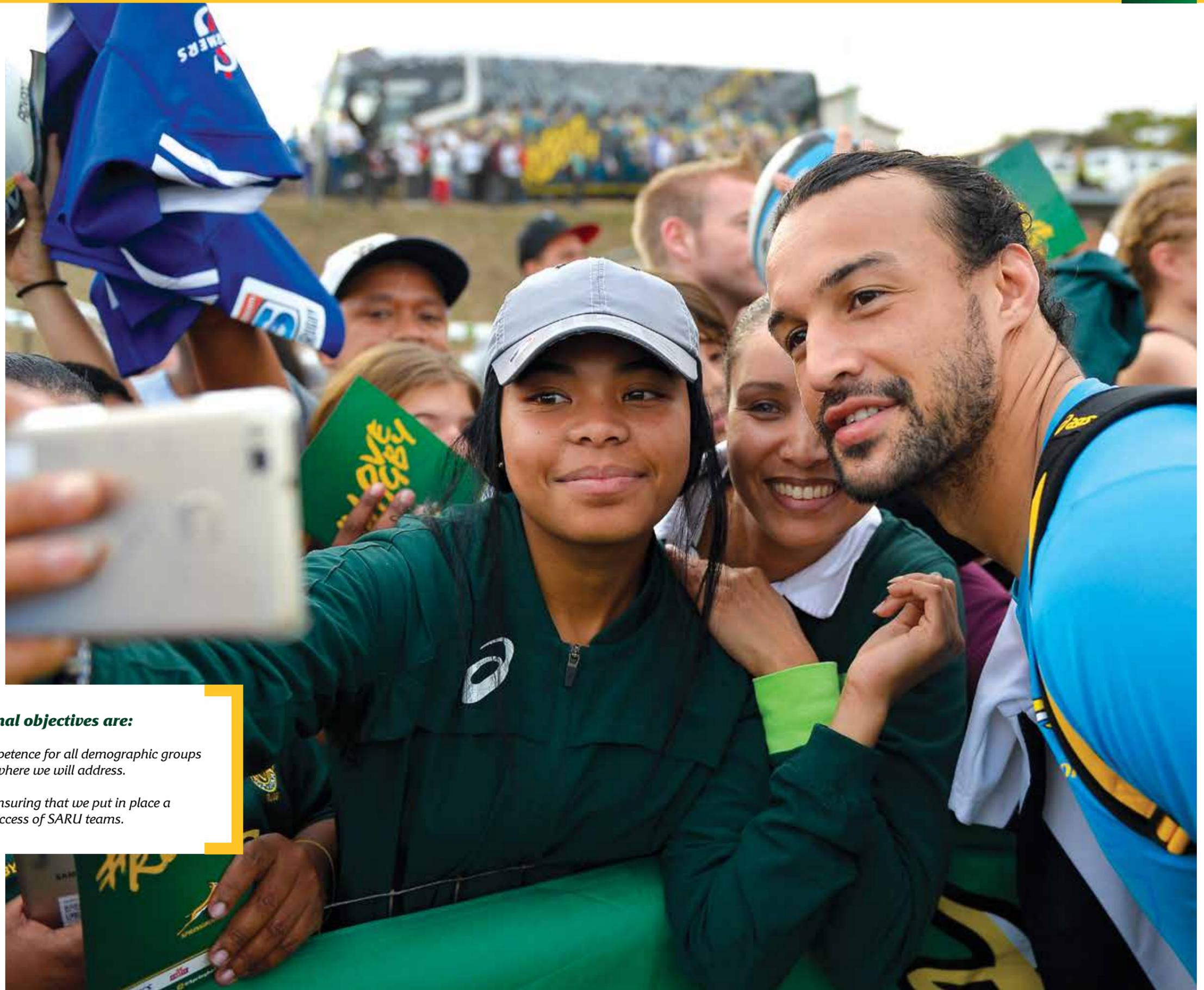
We went further to invite Virgin Active to conduct aerobic classes at the office to alleviate some of the stress.

Women employees were also engaged through Women's Day celebration, and finally we ran financial education workshops through our Rugby Pension Fund.

Another engagement was the recognition of staff loyalty. No less than 18 staff members were recognised for long service – 10 for five years of service, five for 10 years and three for fifteen years respectively.

With the tough 2017 we endured financially, we want to use 2018 engage staff to grow and upskill and identify those with potential and develop them.

This year SARU is developing its tailor made leadership programme in order to groom employees with leadership potential for future leadership roles. Through succession planning, identified successors will go through this programme where they will be upskilled in leadership skills and competencies.



Other important organisational objectives are:

- 1) Transformation** - A diversity competence for all demographic groups through transformation workshops, where we will address.
- 2) Support Rugby Department** by ensuring that we put in place a workforce plan that delivers on the success of SARU teams.

RIGHT: Springbok wing Dillyn Leyds with a supporter during a meet and greet with fans in Cape Town.



NOTES



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