



SOUTH AFRICAN RUGBY UNION  
**ANNUAL REPORT**



SA RUGBY.





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DESIGN: Bryony van Wyk • PRINT: Print Communications

PHOTOGRAPHS: Gallo Images

# 2010



Sourced a new Springbok sponsor in Absa in only a month at a favourable value

Created a rugby medical association which produced 21 new evidence-based documents on safety, performance, injury management and prevention

Cash reserves of R102m

**20,000** referees and coaches certified on BokSmart

Established SA's biggest home-grown Facebook fan page in South Africa...

**300 000 fans**

45 day Champion Tour makes more than 100 stops across the country

Launched the award-winning animated mascot **Bokkie**



Took a Test to Soweto to the biggest attendance in SA history **94 013**

Springbok Women recorded first victories over Six Nations countries – Wales and Scotland – and won six out of nine Tests

Five major sponsorships renewed in 2010 in a difficult financial climate

Began a conversation with supporters through multiple digital communications platforms

Operating profit of R1.4m after adding back once-off items despite tough operating conditions

Installed a 34th mobile gym in Saldanha

Recruited **457** new referees

Launched a TAG rugby pilot programme to 40 non-rugby playing schools in the Western Cape





## PRESIDENT'S *report*

BY OREGAN HOSKINS

In time I believe that 2010 will come to be regarded as a watershed year in the history of South African rugby. It was the year in which the process of re-focusing and re-engineering the operational organisation of the South African Rugby Union could begin in earnest, a process which, once complete, will allow SARU to better service the needs of our member unions and provide the professional and efficient leadership to deliver on our constitutional responsibility of administering, fostering and promoting the game of rugby union in South Africa.

This change in the governance structure of our organisation was designed to streamline the organisa-

tion, eliminate duplication and clarify reporting lines. However, as a result of the merger of the board of directors of SA Rugby (Pty) Ltd and the Management Committee of the SARU, the new constitution created two chairpersons – the SARU President and chairman of the Executive Committee – which has created two positions of power within the governance structure, over the past year. It is my contention that this position has become untenable and counterproductive and must be addressed in due course.

That process took its first concrete step in March when the annual meeting elected the first Executive Council of the new SARU to assume the duties once shared by the

board of SA Rugby (Pty) Ltd and the President's Council of SARU.

It had been a long and hard road to reach the decision of dissolving SA Rugby (Pty) Ltd back into the mother body, and it will require much hard work to complete the process in 2011. The two arms of the old operational structures will be re-combined after a decade as related, but separate, entities. The benefits of ending the "schizophrenia" have already been significant.

**THE NEW CEO ... HAS COMMENDABLE PROFESSIONAL CREDENTIALS AND HIS CONSIDERABLE BUSINESS EXPERIENCE IS BACKED BY AN OUTSTANDING RUGBY PEDIGREE**

In March we were able to announce that a settlement had been reached with the South African Revenue Service (SARS) over additional tax assessments raised by SARS for the period 2003 to 2008. They related to payments made by SA Rugby (Pty) Ltd to SARU between 2003 and 2008, to fund amateur rugby activities. The dispute revolved around interpretations of the Income Tax Act, but we were always confident that the matter would be favourably resolved. The nett effect was to expunge a contingent tax liability of R155m from SARU's books.

With that burden removed the second major task was to appoint a CEO to lead the newly reformed organisation. An exhaustive process was put in place to find the ideal candidate for the task of leading both the commercial and rugby arms of the organisation. An independent committee was appointed to sift through the 84 applicants and, at the end of the process, their recommendation was that Jurie Roux be charged with the responsibility. Their recommendation was unanimously approved by the General Council.

The new CEO came to SARU from the role of the senior director of finances and asset management at Stellenbosch University. He has commendable professional credentials and his considerable business experience is backed by an outstanding rugby pedigree. He was, at the time of his appointment, vice-president of the Western Province Rugby Union, a director of the board of Western Province Rugby (Pty) Ltd, chairman of the Stellenbosch University Rugby Football Club and chairman of the Varsity Cup (Pty) Ltd. As a player he wore the No 15 jersey for the Maties.

The appointment of a new CEO will allow the Executive Council to fulfil its primary role of providing strategic leadership to SARU. The protracted inter-regnum until his appointment had required the Interim Exco (operating until the March elections) and the new Exco to become increasingly operationally involved in the administration of rugby as a number of issues demanded urgent attention.

The financial health of various member unions was a constant concern, sponsorships were up for renewal as was the contract of our commercial agents Megapro (which was renewed), while the inclusion of the Southern Kings franchise in Vodacom Super Rugby was an on-going challenge. By year end a pathway had been mapped out for their eventual inclusion in 2013.

Our relationships within the wider rugby community also required attention. We had occasionally frank exchanges with our SANZAR colleagues on organisational direction and around judicial matters, while a dispute with SARPA, the Players' Association, ended in arbitra-



tion. The upshot was that a place on the new Exco was reserved for the players, an outcome that SARU had been reluctant to concede on the grounds that it was unusual to have the employer sitting next to the employee in the boardroom.

One significant wound addressed in 2010 related to South Africa's Apartheid past. At the urging of the previous Sports Minister, the Hon Makhenkesi Stofile, SARU offered an apology to New Zealand Maori rugby players who were excluded from appearing against the Springboks or touring South African during the Apartheid years. But SARU went much further than that. We apologised first and foremost to black South Africans who were more grievously excluded under the iniquitous Apartheid regime.

In conclusion, 2010 was a year of closing chapters to allow us to open new ones and we can look forward to 2011 and beyond with renewed vigour and confidence.

I'd now like to address some of the tasks and challenges that face us in the coming year.

### SEVENS TENDER PROCESS

The contract with the George IRB Sevens Tournament ended in December 2010. The SARU office had put out a tender process for the new period. The tender panel has reviewed and evaluated the bids submitted by the various regions. The successful bid was submitted to IRB for approval. The sponsor of the IRB Sevens Series raised some concerns regarding the proposed venue and negotiations with the IRB and its partners are currently under way to finalise this process.

### DOMESTIC AND INTERNATIONAL COMPETITIONS

At a strategic planning session held at the Bakubung Bush Lodge in May 2009, the SARU President's Council agreed on a new funding model based on the presumption of the creation of a new Absa Currie Cup format. This model, if agreed to, would create huge financial

benefits for both SARU and the provinces, and was the basis on which the negotiations and subsequent broadcast rights packages were agreed.

There has been no further formal discussion, either at Exco or Competitions Committee level, on the structure of our premier domestic competition.

The expansion of the Vodacom Super Rugby competition – as foreseen at Bakubung – has reduced the number of available playing days on which it is possible to complete the Absa Currie Cup calendar. It is therefore critical that we timeously resolve the conundrum of accommodating this most important tournament in the available window in the playing schedule.

We have accepted increased revenues from the broadcasters and it is our responsibility to think strategically to find a solution that preserves the primacy of the Absa Currie Cup in the public imagination now that our increased broadcast revenues have underwritten the operations of our members.

### VODACOM SUPER RUGBY

SARU has made a number of pledges to the Eastern Cape rugby fraternity and government over a number of years. It has long been our collective intention to



kick-start a revival of the sport in this important region by bringing Vodacom Super Rugby to this region.

That pledge will become a reality in 2013 when the Southern Kings will appear in the competition for the first time. However it is SARU's intention and desire that this not be at the expense of one of the five existing franchises.

**SARU'S CONSTITUTION CHARGES THE ORGANISATION TO FOSTER THE PLAYING OF THE GAME IN ALL CORNERS OF SOUTH AFRICA ... IT IS CRUCIAL THAT A MODEL BE FOUND THAT ENSURES THE SUSTAINABLE FUNDING OF ALL 14 PROVINCES.**

We are exploring with our SANZAR partners the possibility of expanding the South African Conference to six teams. In the event of this option being proved to be unworkable we need to explore all our options. There are a number of possibilities that have already been canvassed, however we would welcome recommendations from all members.

**SUSTAINABLE UNIONS**

The financial health of many of our members is an ongoing concern for all concerned. Sponsorship revenues have been squeezed while expenses continue to rise and many Unions are experiencing financial difficulties.

SARU's constitution charges the organisation to foster the playing of the game in all corners of South Africa and to fulfil that mandate it is crucial that a model be found that ensures the sustainable funding of all 14 provinces. Both metropolitan and rural unions are as important as each other in fulfilling our mandate and growing the game of rugby across South Africa.

The input of members on models of sustainability that can work for all 14 members is sought.

**TEST MODEL**

SARU traditionally "sells" the rights to host Test matches to the metropolitan unions. This has the advantage of offering revenue and marketing benefits to the host union while offering SARU some security and predictability around revenues from Test matches. However it is a model that offers no direct benefits to the wider membership and, in this increasingly commercialised age, can be seen as significantly under-selling the value

of the Springbok brand by the rights holder – SARU.

It has become increasingly difficult to honour our contractual obligations to sponsors and other stakeholders without running foul of the hosting union, who also use the Test match to leverage their brand value.

Many commercial opportunities are denied to SARU and our members because we cannot offer a guaranteed quality of service on match days.

The time has come to overhaul the current model to enable all members to share in a deepened revenue pool. The models currently on the table are:

- To retain the status quo
- A joint venture loosely modelled on the British & Irish Lions tour
- SARU total ownership of the event

**SARU SPECIAL LOTTERY APPLICATION**

In mid 2010 the National Lottery Distributing Agency for Sport and Recreation ("Lottery") created a new special category of Lottery application which enabled National Federations and others to apply for projects that in the past did not meet the Lottery application criteria.

The SARU project team identified the fast tracking of 16 to 21 year old talented players, primarily from the smaller Provinces where the majority of these players originate, as a major gap that could be addressed with the financial support of the Lottery.

The SARU project team therefore developed a detailed proposal and submitted an application to the Lottery in September focused on establishing academies in each of the six Provinces in the ABSA Currie Cup First Division – namely Boland, Border, Eastern Province, Falcons, Griffons and SWD.

After extensive engagement with the Lottery, the project status as at mid March 2011, was that their Board and overall Chairman have provisionally approved funding for four of the six Provinces targeted (Boland, Border, Eastern Province and SWD). SARU is currently engaged with the Lottery on the planning and budget matters necessary to get final approval. At the same time we are looking to extend the duration of the project, and increase its impact by including the Valke and Griffons, as well as other potential locations.



Oregan Hoskins  
President, South African Rugby Union



# CEO'S report

BY JURIE ROUX

**T**HERE were a number of challenges for SARU in 2010 – not all of which were successfully met – but there were enough encouraging developments throughout the year to look ahead with confidence and excitement to 2011 and beyond. Our core business of fostering, promoting and administering the playing of the game continues to be robust – if measured by the quality of players produced by our member unions and of big match attendance – while the commercial appeal of the game is strong, despite the threats of the global economic crisis.

However, SARU is often judged simply in terms of Test match results and the performance of the Springboks and of the Springbok Sevens and SA Under-20 teams in their competitions was not acceptable. The Springboks lost five of their six matches in the Vodacom Tri-Nations (although they rallied with three out of four wins on a difficult end-of-year tour); the Springbok Sevens team sank from IRB World Series champions to sixth while the Under-20s again under-performed. A third place finish at the Junior World

Championships might not appear too disappointing, but the fact that the team could not reach the final for a third successive year and were again not in the same league as the finalists, was less easy to accept.

Off the field the legacy of the old dual structure of an amateur and professional arm remained unchanged. Departments continued to operate in isolation towards broad goals with little co-ordinated direction and no central measurement. Re-engineering the company's operational structure was the first order of business when I arrived at the start of the fourth quarter, with the final few months of 2010 largely used to assess the levels of performance and future needs of the organisation.

There were other off-field challenges too. Relations between the mother body and our members are multi-layered and geared at different speeds and ensuring that all the cogs mesh seamlessly at all times is a challenge. Tensions result and require constant management.

However, the start of the process to recombine the two operational arms presents an exciting opportunity to address those and other issues, while the stability offered at a strategic level by an Executive Committee whose members are now elected on a four-year basis offers breathing space for all.

There were some notable successes in 2010, however. A lucrative new broadcasting contract was agreed with SuperSport as part of our SANZAR negotiations, which included a re-designed Super Rugby tournament offering a revitalised landscape with the travel burden on teams somewhat equalised. Absa quickly stepped into the vacuum to acquire the sponsorship rights to the Springboks and the Springbok Sevens teams, following Sasol's decision not to match our valuation. The settlement with the South African Revenue Services of a dispute over interpretation of the Income Tax Act satisfactorily resulted in a contingent liability of R155m being wiped from the books.



SARU was selected to host the Junior World Championships in 2012 and our women's team – a strategic imperative for many reasons, not least of which is the fact that we will select a women's sevens team for the 2016 Olympics – enjoyed their busiest and most successful year. The Women won six out of nine internationals, including 2-0 series wins against Scotland and Kazakhstan while overseas – to finish tenth at the Women's Rugby World Cup.

OUR PRIMARY FOCUS WILL BE ON ENSURING THAT THE SPRINGBOKS HAVE ALL THE RESOURCES THEY NEED TO MAKE AN OUTSTANDING CHALLENGE TO RETAIN THE TITLE THEY WON SO MAGNIFICENTLY IN FRANCE IN 2007

The 2011 season will see the establishment of an under-16 tournament for girls as part of our long-term planning for rugby's inclusion in the Olympics and we have already held our first national camp for Under-20 women players.

Rugby's move into the new stadiums created for the FIFA 2010 World Cup, also allowed the game to make new friends and move into new markets. The Vodacom Bulls led the way with two memorable playoff matches at the Orlando Stadium, encouraging the Golden Lions to move the Test match against New Zealand to the FNB Stadium – also in Soweto. The resulting crowd of 94 013 was a South African record for an audited attendance and opened new vistas for our game. Elsewhere, the Pumas took games to a fine new stadium in Nelspruit and the genuine revival of Eastern Province rugby was confirmed when a full house attended their Absa Currie Cup promotion/relegation match at the brand new Nelson Mandela Bay Stadium in Port Elizabeth.

Important legislation relating to safety was approved in 2010 under the banner of our BokSmart programme. From the 2011 season no match will be permitted to take place unless coaches and referees have all been certified on the BokSmart programme while strict provisions have been put in place regulating the appearance of teenaged players in the front row in senior matches. BokSmart has made significant inroads in changing the attitudes towards rugby safety since its inception and some 18 000 officials – including all the national



coaching panels and those of the Vodacom Super Rugby franchises – have all been BokSmart certified.

The success of BokSmart presents a model for SARU to address other areas of our rugby business – such as player development and mass participation – and they will increasingly become focus areas in 2011. The aggressive engagement of the challenges posed by the decline in school sport by the Minister of Sport & Recreation, Mr Fikile Mbalula, offers the prospect of SARU partnering with government to take rugby into new areas. We have also approached Lottery for funding for a number of significant projects around the country and hope to make announcements in that regard in the near future.

But our primary focus will be on ensuring that the Springboks have all the resources they need to make an outstanding challenge to retain the title they won so magnificently in France in 2007.



# EXECUTIVE COUNCIL *report*

BY DR JAN MARAIS

## GENERAL COUNCIL

In compliance with clause 12.1 of the SARU Constitution the General Council assembled for an AGM in March and two Ordinary General Council meetings in July and December. There was also a Special General Council meeting in July. At the meeting in July, Mr Francois Davids resigned as an Executive Council member and in December Mr Gary Meyer was elected to replace him.

## EXECUTIVE COMMITTEE

The Executive Council complied with clause 17.1 of the Constitution by having seven meetings at almost six weekly intervals.

The attendance by members of the Executive Committee were as follows:

Dr Jan Marais (Chairman)	7
Mike Stofile	6
Monde Tabata	3 (assumed office August 2010)
Oregan Hoskins	7
Mark Alexander	7
James Stoffberg	6
Dawie Groenewald	7
N.H. (Boet) Fick	7
Gary Meyer	(elected in November 2011 and to attend first meeting in 2011)
Piet Heymans	1 (assumed office in November 2010)
Jurie Roux (CEO)	4 (attended two by invitation and assumed office 1 October 2010)
Basil Haddad (CFO)	6
Dr I Jakoet (Company secretary)	6
Francois Davids	2 (resigned in July 2010)
Johan Prinsloo (former CEO)	5 (replaced by J. Roux as CEO)

## STANDING COMMITTEES AND AD HOC COMMITTEES

Standing Committees and Ad Hoc Committees were established in terms of the SARU Constitution, taking King 3 principles into consideration as far as possible. The Standing Committees are:

- Audit and Risk Committee – had four meetings with a 100% attendance
- Human Resources and Remunerations Committee – had three meetings, with 100% attendance
- Finance Committee – had two meetings
- National Judicial Committee – had three meetings with 100% attendance

# INTEGRATED report: 2010

BY DR ISMAIL JAKOET

## GOVERNANCE STRUCTURES



### MEMBERS OF THE EXECUTIVE COUNCIL

**Back row (left to right):** Basil Haddad (Chief Financial Officer), Dawie Groenewald, Jurie Roux (Chief Executive Officer), Piet Heymans, Mike Stofile, Dr Ismail Jakoet (Company Secretary), Monde Tabata

**Front row (left to right):** James Stoffberg (Vice President), Dr Jan Marais (Chairman), Oregon Hoskins (President), Mark Alexander (Deputy President), Boet Fick

### STANDING COMMITTEES

#### Audit and Risk Committee

Raymond Fenner (Chairman)(Independent)  
 Keith Parkinson (Independent)  
 Vivian Lottering (Independent)  
 Ayanda Mjekula (Independent)  
 Pat Kuhn (Independent)  
 Dawie Groenewald  
 Monde Tabata  
 Ex Officio:  
 Jurie Roux (CEO)  
 Basil Haddad (CFO)  
 By invitation:  
 Ernest Carelse (Auditors)  
 Duncan Adriaans (Auditors)  
 Sesi Sekhosana (Financial Manager)  
 Dr.Ismail Jakoet (Secretary)

#### Human Resources and Remunerations Committee

Peter Hassard (Chairman)  
 Oregon Hoskins  
 Mark Alexander  
 James Stoffberg  
 Dawie Groenewald  
 Jan Marais  
 Mike Stofile  
 Monde Tabata  
 Jurie Roux (CEO)  
 Basil Haddad (CFO)  
 Ingrid Mangcu (Human Resources Manager)  
 Dr.Ismail Jakoet (Secretary)

## Finance Committee

Boet Fick (Chairman)  
Jan Marais  
Oregon Hoskins  
Mark Alexander  
Jurie Roux (CEO)  
Basil Haddad

## National Judicial Committee

Judge Lex Mpati (Chairman)  
Koos Basson  
Adv. Jannie Lubbe  
S J de Beer  
Bert Sorour  
Adv. Andre May  
Christo Ferreira (Secretary)

## AD HOC COMMITTEES

### Elite Player Development Committee

James Stoffberg (Chairman)  
Francois Davids  
Kevin De Klerk  
Peter de Villiers  
Paul Treu  
Tim Noakes  
Eugene Hare  
Andy Marinos (Secretary)

### Games and Policies Committee

James Stoffberg (Chairman)  
Harold Verster  
Boet Fick  
Randall September  
Buntu Ondala  
Dawie Groenewald  
Louis Nel  
Cheeky Watson  
Jurie Roux (CEO)  
Steven Roos (Secretary)  
Johan Botes

### Transformation Committee

Francois Davids (Chairman)  
Dawie Groenewald  
Tobie Titus  
Buntu Ondala  
Hennie Baartman  
S J De Beer  
Jurie Roux (CEO)  
Johan Prinsloo (Secretary)

## Game Development Committee

Dawie Groenewald (Chairman)  
James Stoffberg  
Tobie Titus  
Boet Fick  
Hennie van der Merwe  
Francois Davids  
Bongo Ntshinga (USSA Representative)  
Lindsay Mould  
Mervin Taylor  
Ayanda Zixesha  
Siseko Ntshanga  
Orna Prinsloo (Women's Representative)  
Jurie Roux (CEO)  
Mervin Green (Secretary)

## SELECTION COMMITTEES

### National

Pieter Jooste  
Ian McIntosh  
Peter de Villiers

### Under 20

Timmy Goodwin  
Eric Sauls  
Pieter Jooste  
Ian McIntosh

### Sevens

Maree Bester  
Norman Mbiko  
Paul Treu

### Women Rugby

Reginald Farao  
Bongo Nontshinga  
Denver Wannies





# STAFF 2010

## CEO'S OFFICE

Jurie Roux  
 Ronel Groenewald  
 Louise Bradbury (PA to the President)  
 John Gallard  
 Mveleli Ncula  
 Johan Prinsloo

## COMPANY SECRETARY

Dr Ismail Jakoet  
 Sumantha Gounden

## COMMERCIAL

Khaya Mayedwa  
 Mingon van Rooyen

## MARKETING

Patricia Dlakavu  
 Jenny Wentzel  
 Sarah Williams  
 Chumani Bembe

## COMMUNICATION

Andy Colquhoun  
 Rayaan Adriaanse  
 De Jongh Borchardt  
 Yusuf Jackson  
 Juanita Roodman  
 Karen Nell  
 Christine Williams

## CORPORATE SERVICES

Maria Ananias  
 Anna Andreas  
 Margareth Arendse  
 JJ Fredericks

Fred Geduldt  
 Arnold Gertse  
 Eric Sofisa  
 Irven October

## MEDICAL

Clint Readhead  
 Dr Wayne Viljoen  
 Zeenat Abdullah  
 Allie Abrahams

## HUMAN RESOURCES

Ingrid Mangcu  
 Kolisa Kongo  
 Martha Qabo

## FINANCE

Basil Haddad  
 Sesi Sekhosana  
 Ethelwyn Adams  
 Nelda Cozyn  
 Philicia George  
 Danielle Isaacs  
 Nomini Malungisa  
 Ziada Martin  
 Unathi Sompondo  
 Marvin Wymers  
 Zolile Peni

## LEGAL

Christo Ferreira  
 Michele English

## NATIONAL TEAMS

Andy Marinos  
 Lois Coetzee  
 Carla van der Merwe

Willie Maree  
 Peter de Villiers  
 Paul Treu  
 Annelee Murray

## RUGBY OPERATIONS

Steven Roos  
 Coris Zietsman  
 Justine Blacker  
 Frikkie van Eeden

## PLAYING THE GAME

Mervin Green  
 Tanya Everson  
 Xhanti Lamani  
 Valda Gertse

## HIGH PERFORMANCE

Herman Masimla  
 Hazel Solomon

## WOMEN RUGBY

Mahlubi Puzi  
 Debra Griffiths

## COACHING DEPARTMENT

Hilton Adonis  
 Andrea Pharaoh

## REFEREES

Neville Heilbron  
 Andre Watson  
 Dana Eitzen  
 Mark Lawrence  
 Craig Joubert  
 Jonathan Kaplan  
 Aletta Coetzee

# CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as the Union's secretary I confirm that all governance structures operated as required by the Union's constitution, and that the minutes of all General Council, Executive Council and sub-committee meeting have been kept and are available for inspection by members.

## HIV/AIDS

### SUSTAINABILITY REPORT: HIV/AIDS POLICY FOR PLAYERS: "ON THE FIELD POLICY"

The Union does not have an official "off the field" HIV/AIDS policy but one governing employees is currently in the process of being adopted. Renewed debate regarding homosexual players in Rugby Union and the possibility that some may be HIV positive has prompted the South African Rugby Union (SARU) to reaffirm its policy in this regard. First and foremost, the SARU policy is clear that there will be no discrimination with regard to players' sexual preferences.

#### Introduction

HIV infection has universally, become a major public health threat. The transmission of the HIV infection in rugby, the participation of HIV positive individuals in the game and the routine testing of rugby players have once again received the attention of the administrators. The Union does not have an official "off the field" HIV/AIDS policy but one governing employees is currently in the process of being adopted.

#### Transmission of HIV

It is universally recognised that the primary routes of transmission of HIV are:-

1. By sexual contact with an infected individual since the presence of the virus has been isolated in semen as well as cervical secretion;
2. Exposure to infected blood or blood products;
3. Perinatally from infected mother to her child through breast-feeding.

Although the HIV has been isolated in other tissue fluids like cerebro spinal fluid, saliva, tears and urine, it is considered highly unlikely that there are any routes of transmission other than those mentioned.

#### Risk of Infection in Rugby Players

Prior to 1989, there has been no documentation of HIV infection occurring as a result of participation in sports. However, the theoretical possibility of HIV transmission through open bleeding wounds in contact sports such as rugby has been widely recognised by sports physicians.

The only case of a possible HIV infected case related to an open wound transmission is reported to have occurred in Italian soccer in 1990. This speculation has subsequently been dismissed. There have been no reported cases in rugby.

There is absolutely no evidence to suggest that transmission of HIV occurs through contact with saliva, social contact, or sharing facilities such as living space, toilets, bathrooms, eating or cooking facilities.

In order to calculate the theoretical risk of transmission of the HIV in rugby, one needs to know the following:-

1. The number of HIV positive participants in rugby;
2. What the chances are of sustaining open bleeding wounds;
3. What the chances are of two players with open bleeding wounds making direct contact with each other.

Unfortunately, in most sporting codes including rugby, there is very little epidemiological data available to calculate this risk. But by the nature of the game, it can be concluded that there is a risk, although very small.

#### Participation of HIV Positive Individuals in Rugby

One has to bear in mind the following:-

1. The risk of transmission of HIV in rugby is low. However, it is higher than in non-contact sports since there is a risk of transmission through contamination of an open wound or a non-infected individual by the blood or blood products of an infected individual.
2. Adequate measures in the prevention of the spread of HIV have been instituted viz.
  - The removal of all bleeding players from the field of play.
  - All open and bleeding wounds to be adequately dressed.
  - All bleeding to be controlled by either pressure bandages or suturing.
  - All blood stained clothing to be replaced.
  - Wearing of gloves by medical personnel when attending to bleeding players.
 Hence, the chances of contact between players with open and bleeding wounds is considerably reduced.
3. There have been no cases of HIV positive individuals reported in rugby.

It is our opinion that although the risk of transmission of the HIV in rugby is infinitesimally small, there is still a risk. Players with known HIV infection should seek medical, psychological and legal counseling before considering participation in order to assess the risks to their own health as well as the theoretical risk of HIV transmission to other players. We should discourage participation in rugby by HIV positive individuals.

### Routine HIV Testing

The amount of virus (and hence infectivity) present in an HIV infected patients' blood varies with the stage of the illness. The virus is present in greatest amounts early on in infection before antibodies appear i.e. before the HIV test becomes positive (the so-called windows effect). If all rugby players were to undergo HIV testing, then this would have to be repeated at 3 monthly intervals lest players becoming infected between tests are missed. The psychological, social and financial implications of such a policy are clearly enormous.

Secondly, no HIV testing can be performed on any individual without his written, informed consent and the results of these tests will have to be treated in the strictest confidence by all the administrators involved in this process.

It is thus recommended that no routine HIV testing be performed by SARU on any of its players.

Instead, players engaging in high-risk behaviour should be advised to seek medical attention regarding possible HIV infection or possibly for their own well being, ascertain their HIV status by voluntarily being tested.

### Guidelines for Administrators

- At all times the specific guidelines for management of bleeding players should apply. Referees should ensure that this is strictly complied with.
- All Emergency field side care workers including medical personnel attending to bleeding players should wear protective gloves to minimise the risk of HIV transmission.
- Positive individuals should be discouraged from participating in rugby despite the absence of any scientific evidence to suggest that asymptomatic HIV players are "unfit" to play rugby.
- No routine HIV testing of rugby players advised.

### CONCLUSION

Should any player test HIV positive, the Union will provide them with counseling with the aim of achieving the following:

1. To discourage them from participating in this high intensity sport as it poses a serious health risk to the player. It is a reasonable assumption in many quarters though not scientifically well documented and studied that high intensity activity suppresses the immune system of any athlete in broad generic terms. It is common knowledge that HIV positive individuals already have a depleted immune system and hence the problem can be further compounded.
2. To deal with potentially devastating psychological impact on a player in instances where players who are misinformed about HIV and AIDS refuse to play against HIV positive players. Although it is accepted that the risk of HIV transmission in rugby is extremely small it cannot be completely ruled out.

# ETHICS

The Union does not have an official Code of Ethics but subscribes to all fundamental ethical principles, including responsibility, honesty, fairness and respect. Issues such as bribery and corruption, fraud, legal compliance, conflicts of interest, human rights and discrimination are monitored on an ongoing basis.

SARU is committed to conducting its business with due regard to the interest of all its stakeholders and the environment. The Union insists on compliance with all applicable laws and regulations as a minimum standard.

## TERMS OF REFERENCE

### AUDIT & RISK COMMITTEE

#### 1. ROLE OF THE COMMITTEE

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

- 1.1. integrity of the Union's annual financial statements;
- 1.2. appointment, remuneration, qualifications, independence, effectiveness and performance of the external auditor and the integrity of the audit and accounting processes as a whole;
- 1.3. review the overall effectiveness of the Union's processes of identifying, monitoring and managing significant business risk;
- 1.4. the performance and leadership of the internal audit function;
- 1.5. the evaluations of investment decisions, if any, to determine if such decisions are sound;
- 1.6. the reviewing of the financial and business plans, including monthly financial aspects of the business and reporting to the Executive Council;
- 1.7. the preparation of a report of the Committee to be included in the Annual Report.

#### 1.8. Induction Programme

The Committee will adopt and maintain a programme of induction, training and awareness-raising for its members. Members of the Committee will participate in training and seminars arranged for them. The objective of such a programme is to enable the members of the Committee to keep abreast of current thinking and leading practices in the core areas where the Committee focuses its work:

- 1.8.1. integrity of the financial statements of the Union;
- 1.8.2. appointment, reward and performance of the external auditor, and the integrity of the audit process. Effectiveness of the systems of internal control and risk management performance and leadership of the internal audit function;
- 1.8.3. any other item of decision or conduct approved by the Executive Council.

#### 2. ROLE OF THE CHIEF EXECUTIVE OFFICER

- 2.1. The Committee's performance is supported by the CEO [and his nominee], principally the Chief Financial Officer ("CFO").
- 2.2. The CEO commits to supply the Committee with information in a form that is appropriate to:
  - 2.2.1. enable it to make assessments and judgments;
  - 2.2.2. enable it to conduct inquiries

#### 3. TERMS OF REFERENCE

The functions of the Committee will be:

##### 3.1. Integrity of Financial Statements

- 3.1.1. The Committee examine and review the annual financial statements, relevant financial information, the accompanying reports and other results or financial information to be made public, and will focus particularly on:
  - 3.1.1.1. the implementation of new systems, if any;
  - 3.1.1.2. tax status of the Union;

- 3.1.1.3. outstanding litigation matters;
  - 3.1.1.4. any changes in accounting policies and/or practices;
  - 3.1.1.5. significant adjustments resulting from the audit;
  - 3.1.1.6. going concern assumption;
  - 3.1.1.7. internal control and risk; and
  - 3.1.1.8. efficiency of major adjustments processed at year end.
- 3.1.2. The CEO will review the policies and practices adopted by the Union and the review presented by the CEO will cover:
- 3.1.2.1. major estimates or judgmental areas/usual transactions, including the financial impact of legal issues and significant accounting issues; and
  - 3.1.2.2. interpretation of accounting standards.
- 1.3. The Committee shall review and evaluate the quality of financial information and financial statements and other public and regulatory reporting.

### **3.2. Release of Financial Statements**

- 3.2.1. The Committee will evaluate and recommend to the Executive Council for approval the draft financial statements, and other related information, proposed to be released to members and to the financial community in line with the annual and semi-annual reporting cycle, including press releases and financial information provided to the media.
- 3.2.2. The Committee shall receive from the CEO [and his nominee] the draft financial statements in a form which draws to the Committee's attention items that vary from previous financial statements, any judgments made by the CEO [and his nominee] and the rationale for such judgments, including:
- 3.2.2.1. major estimates for uncertain or unusual transactions and provisions made in the financial statements;
  - 3.2.2.2. the going concern assumption, including adherence to loan agreements and borrowing powers;
  - 3.2.2.3. related financial and other information presented with the financial statements, including any operating and financial review;
  - 3.2.2.4. interpretation of financial reporting standards and legal requirements;
  - 3.2.2.5. misstatements;
  - 3.2.2.6. the clarity, completeness, balance and ease of understanding of financial statements;
  - 3.2.2.7. compliance with the Union's disclosure controls and procedures.
- 3.2.3. The CEO [and his nominee] will design, maintain and evaluate a range of policies, procedures and internal controls in order to satisfy the objective of safeguarding the integrity of the Union's financial statements, with particular reference to any applicable laws and regulations. The CEO [or his nominee] will present such policies and practices that the Union has in place to the Committee for noting on an interim basis. Such policies and procedures will be designed in a manner so as to preserve the independence of and maximise the effectiveness of the Committee, its individual members and that of the Executive Council in testing and evaluating the preparation and content of financial statements, and in making any formal adoptions required by regulation.
- 3.2.4. The Committee will review and discuss the financial statements with management and the external auditors. It will then report to the Executive Council the results of its evaluation of financial statements prior to the Executive Council authorising the Committee to release external statements by the Executive Council (including judgments made by the Committee at the time of adoption).
- 3.2.5. The Committee will make recommendations on specific actions or decisions (including the formal adoption of the annual report and accounts) the Executive Council should consider in order to maintain the integrity of the financial statements.

### **3.3. Appointment, Performance and Remuneration of the External Auditor and Integrity of the Audit Process**

#### **3.3.1. Appointment**

- 3.3.1.1. The Committee will evaluate the expertise and experience of potential auditors and will

recommend to the Executive Council the party to be proposed to members for appointment.

- 3.3.1.2. The Committee shall make recommendations regarding the selection of the external auditors, paying specific attention to issues of independence and cost effectiveness.
- 3.3.1.3. The Committee or the CFO will manage the relationship between the Union and the external auditor on behalf of the Executive Council, including the letter of appointment, remuneration, retention, scope of the audit, procedure and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Union. The external auditor must report directly to the Committee and is accountable to the Committee for achievement of the objectives set out in the documents that record the work to be done for the benefit of the members and the Union.
- 3.3.1.4. In the event of an over-run on the audit fee charged by the external auditors the CFO will establish whether the over-run is realistic and justifiable and make the necessary recommendations to the Executive Council for approval.
- 3.3.1.5. The external auditor may request a Committee member to call a meeting of the Committee.
- 3.3.1.6. The Committee will determine the terms of engagement and remuneration of the external auditor and make recommendations to the Executive Council on any decisions in this regard. As part of the terms of engagement and to ensure the effectiveness of subsequent processes, the Committee will:
- (a) evaluate and adopt the audit plan for incorporation in the external auditors' terms of engagement;
  - (b) ensure that risk areas identified by the Committee are incorporated in the audit plan;
  - (c) ensure that the external auditor discloses material information to the Committee in a timely fashion and at least annually;
  - (d) resolve all disagreements between the external auditors and management regarding financial reporting;
  - (e) discuss with the external auditor problems and reservations arising from the interim and final audit and provide a forum (without the CEO [or his nominee] being present) for discussing and resolving problems and any other items raised by the external auditor;
  - (f) evaluate the audit representation letter prior to its adoption by the CEO [and his nominee];
  - (g) oversee any proposed non-audit work, related fees and appropriate disclosure; and
  - (h) timing and nature of reports from external auditors.

### 3.3.2. Performance, Independence and Integrity

- 3.3.2.1. The Committee will progressively evaluate the performance of the external auditor during its term of appointment and the progress of the audit. The Committee will ensure that the criteria for evaluation of performance extend to cover the value delivered to members and the Union under the audit plan, its cost effectiveness and the maintenance of the highest levels of professional integrity, objectivity and independence.
- 3.3.2.2. The Committee will consider any relevant matters when evaluating the credibility, integrity, objectivity and independence of the external auditor, including:
- (a) receiving from the external auditors annually and reviewing, a formal written statement confirming that the auditors are, in their professional judgment, objective and independent of the Union. The statement will describe:
    - (i) the auditors' internal quality-control procedures;
    - (ii) any material issues raised by the most recent internal quality-control review or peer review of the auditors or by any enquiry or investigation by government or professional authorities within the preceding 5 (five) years, in respect of 1 (one) or more independent audits carried out by the auditors, and any steps taken to deal with any such issues, and
    - (iii) (to assess the auditors' independence) all relationships between the independent auditors and the Union;

- (b) engaging in active discussions with the external auditor about its relationships, and their potential impact on its continuing independence and considering whether taken as a whole the various relationships between the Union and the external auditor impairs, or creates the perception of impairing, the auditor's judgment or independence in respect of the Union;
- (c) requiring the external auditor to provide in writing an account of all significant relationships between the external auditor and the Union, confirming an understanding with the external auditor about the need for rotation of leading personnel involved in the audit process and their succession, recording a policy to that effect, and monitoring the performance of the external auditor under the policy;
- (d) considering whether the compensation of the external auditor performing the audit of the Union is tied to the provision of permissible non-audit services and, if so, considering whether this impairs, or creates the perception of impairing the external auditor's judgment or independence in respect of the Union;
- (e) reviewing the economic significance of the Union (in terms of fees paid to the external auditor for the audit as well as fees paid to the external auditor for the provision of permissible non-audit services) to the external auditor and assess whether the economic importance of the Union to the external auditor impairs or appears to impair the external auditors judgment or independence in respect of the Union.

3.3.2.3. The Committee will take decisions and actions that are necessary and appropriate to avoid the potential for a conflict (or the perception of conflict) between the interests of the external auditor and the interest of the Union. The Committee shall determine:

- (a) the particular audit services that the Union may permit the external auditor to provide;
- (b) the nature and extent of non-audit services that the Union will not permit the external auditor to provide; and
- (c) the policies and procedures by which permissible audit and non-audit services, that the Union will permit the external auditor to provide, are approved.

3.3.2.4. The Committee will report to the Executive Council on the results of the evaluation of the external auditor and any circumstances, which it determines to be a failure to perform to the standards expected under the audit plan, and the applicable professional standards. The Committee will also make recommendations to the Executive Council concerning the appointment or dismissal of the external auditor.

### **3.4. The Effectiveness of the Systems of Internal Control over Financial Reporting and Risk Management**

3.4.1. The Committee will monitor, supervise and evaluate the effectiveness of the Union's internal control systems over financial reporting and for identifying business and managing risks that are material to the achievement of the corporate objective and strategic plans of the Union and will evaluate the effectiveness of the design and operation of the Union's disclosure controls and procedures. The Committee will seek assurance from the CEO that the mandate imposed on the CEO has been complied with, including that:

- 3.4.1.1. a system of internal control over financial reporting and internal audit is established and maintained to provide reasonable assurance regarding the reliability of financial reporting and financial statements prepared for external purposes in accordance with Generally Accepted Accounting Principles ("GAAP") and for the protection of the Union's assets and the application of the Union's resources;
- 3.4.1.2. each of the divisions that make up the Union has an identifiable system for sharing the results of the assurance processes of each division;
- 3.4.1.3. a system is maintained for evaluating changes in the level of satisfaction of customers/clients with the offerings.

- 3.4.2. The CEO, CFO [and their nominees] will present reviews of the system of internal control over financial reporting and risk management and examples of its effectiveness (or lack thereof) in contributing to the achievement of the corporate objectives of the Union and in compliance with applicable laws and regulation. Reviews presented by the CEO [and his nominee] to the Committee will cover items which include:
- 3.4.2.1. the procedures for identifying strategic and business risks and controlling their financial impact on the Union and the operational effectiveness of the policies and procedures related to risk and control (supported by regular assurance reports);
  - 3.4.2.2. the budgeting / forecasting systems, financial reporting systems and controls;
  - 3.4.2.3. the evaluation of the effectiveness of the processes and reporting systems put in place by the CEO to deal with inappropriate business conduct, conflicts of interest, misconduct, fraud and ethics;
  - 3.4.2.4. the policies for ensuring compliance with relevant regulatory and legal requirements and in the case of financial statements (GAAP);
  - 3.4.2.5. arrangements for the protection of the Union ownership of intellectual property and other non-physical assets;
  - 3.4.2.6. policies and practices and systems for managing the impact of taxation on the Union for consideration by the Executive Council;
  - 3.4.2.7. the design, maintenance and effectiveness of internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP;
  - 3.4.2.8. policies and practices for detecting, reporting and preventing fraud, serious breaches of business conduct, and whistle-blowing procedures supporting reporting to the Committee;
  - 3.4.2.9. the design, maintenance and effectiveness of disclosure controls and procedures to ensure that material information relating to the Union, is made known to the Committee;
  - 3.4.2.10. policies, information systems and procedures put in place by management for the preparation and dissemination of information to Executive Council, members and the financial community, including action taken.
- 3.4.3. The CEO [and his nominee] will ensure that the policies and procedures put in place by management to satisfy the objective of maintaining the effectiveness of systems of internal control are continued in so far as those systems support disclosures of financial statements and related information. The CEO [or his nominee] will present management's policies and associated procedures to the Committee for noting on an annual basis. The policies and procedures will be designed in a manner so as to preserve the independence of and maximise the effectiveness of the Committee its individual members, and that of the Executive Council, in testing and evaluating the effectiveness of internal controls which support disclosure of financial statements and related information, and in making any formal adoptions required by regulation.
- 3.4.4. The Committee will report the results of the evaluation, and will recommend to the Executive Council any corrective action resulting from its evaluation, including the adequacy and any changes to these Terms of Reference. Where a determination by the Executive Council is required for the purpose of financial statements or interim and annual reports to members, the Committee will recommend the determination to be made.
- 3.4.5. The Committee will recommend and approve procedures for:
- 3.4.5.1. the receipt, retention and treatment of complaints received by the Union regarding accounting, internal accounting controls or auditing matters; and
  - 3.4.5.2. confidential or anonymous submissions by Union employees of concerns regarding questionable accounting or auditing matters or serious breaches of ethical business conduct.
- 3.4.6. The Committee will review and evaluate the annual report and accounts on its activities for incorporation in the Union's annual report to members and ensure fair representation in accordance with GAAP and other applicable regulations.

### 3.5. The Performance and Leadership of the Internal Audit Function

- 3.5.1. The Committee will approve the appointment of the head of Internal Audit Function.
- 3.5.2. The CEO [and his nominee] will present to the Committee a recommendation on the appointment, including an assessment of how the CEO [and his nominee] consider the experience and expertise of the candidate to be appropriate for the role and leadership of the Internal Audit Function.
- 3.5.3. The head of Internal Audit will be accountable to the CEO [and/or his nominee] or the CFO for the performance of the Internal Audit Function.
- 3.5.4. The Committee will meet with the external auditors and/or the head of Internal Audit without other members of management being present on a periodic basis, whenever it is deemed appropriate by the Chairperson.
- 3.5.5. The head of Internal Audit will have direct access to the Chairperson of the Committee and the Chairman of the Executive Council and may request any member of the Committee to call a meeting of the Committee.
- 3.5.6. The Committee will evaluate the annual and longer-term plans of the Internal Audit Function in respect of its performance in assisting the Committee to gain assurance on progress towards achievement of any corporate objective of the Union, within the CEO's mandate, compliance with applicable laws and regulations and the objectivity of the Internal Audit Function.
- 3.5.7. The Committee will evaluate the performance of the head of internal audit function and in the following areas:
- 3.5.7.1. Union Audit Services Objectives;
  - 3.5.7.2. Enterprise Wide Risk Management;
  - 3.5.7.3. Risk Management Information Systems;
  - 3.5.7.4. Internal Audit Plans;
  - 3.5.7.5. Insurance Strategy;
  - 3.5.7.6. Quality Surveys;
  - 3.5.7.7. Corporate Governance;
  - 3.5.7.8. Leadership Profile.
- 3.5.8. The Committee will present to the Executive Council a summary of the results of its evaluations, and the judgments made, with respect to the performance of the Internal Audit Function.
- 3.5.9. The head of Internal Audit in consultation with the CEO [and his nominee] will present to the Committee periodic reviews of the policies and practices adopted by the Union, indicating the basis for judgments that have been made, and the potential impact on the financial performance of the Union. Presentations to the Committee will include:
- 3.5.9.1. the Internal Audit programme as a whole;
  - 3.5.9.2. co-ordination between the internal audit function and the external auditors;
  - 3.5.9.3. incidents of fraud and misappropriation involving management or other employees who have a significant role in the internal control over financial reporting;
  - 3.5.9.4. the standing of the internal audit function within the Union;
  - 3.5.9.5. the resource of the internal audit function;
  - 3.5.9.6. the performance of the Union with respect to the applicable CEO's mandate.
- 3.5.10. The Committee will also evaluate significant findings of the internal audit function, significant differences of opinion between the internal audit function and management on internal control issues, and the response of the CEO [and his nominee], and will monitor the corrective action developed and implemented by them.
- 3.5.11. In the event of the proposed dismissal of the Head of Internal Audit, the CEO will present the Committee with a statement of circumstances, and seek the Committee's endorsement to terminate the appointment and pursue a proposed course of action to appoint a successor.

### 3.6. General

The Committee shall review matters which are referred to it from executive management.

## NATIONAL JUDICIAL COMMITTEE

### 1. MEMBERSHIP

- 1.1. The Committee shall consist of a Chairperson and four additional members, appointed by the Executive Council.
- 1.2. The Committee shall be appointed for an indefinite period and until replaced by the Executive Council, which may, at its discretion, remove any member of the Committee, at any time.

### 2. ROLE OF THE COMMITTEE

The role of the Committee will be:

- 2.1 to act as legal advisers of the Executive Council and otherwise in terms of the Constitution, Regulations and Rules of the Union and/or as mandated or required by the Executive Council, the Chief Executive Officer or the Manager: Legal from time to time; and
- 2.2 to act as the delegated committee referred to in clause 17.13 of the Constitution of the Union and for which purpose the Executive Council hereby delegates its disciplinary powers in terms of clause 17.12.2 of the Constitution, and otherwise, to the Committee, with the right to further delegate such powers to disciplinary committees or judicial officers.

### 3. TERMS OF REFERENCE

The functions of the Committee will be to:

- 3.1 advise the Executive Council, the Chief Executive Officer or the Manager: Legal on all legal or quasi-legal matters as required from time to time;
- 3.2 act as the committee to which the Executive Council in terms of clause 17.13 of the Constitution has delegated its disciplinary powers in terms of clause 17.12.2 of the Constitution, and otherwise, with the right to further delegate such powers to disciplinary committees or judicial officers. The Committee shall have the power to take such steps as it may deem fit against any rugby body or person, as defined in the Constitution, failing to comply with or contravening –
  - (a) the Constitution or any of SARU's rules or regulations;
  - (b) the constitution or any of the by-laws, rules and regulations of the IRB, or any body of persons or organisation to which SARU is affiliated or associated with in terms of a joint venture agreement or other agreement, including, but not limited to, SANZAR and CAR;
  - (c) any decisions taken, resolutions adopted or rulings made by the general meeting, the executive council, the IRB or any body of persons or organisation to which SARU is affiliated or associated with in terms of a joint venture agreement or other agreement, including, but not limited to, SANZAR and CAR;
  - (d) any contract entered into by or on behalf of SARU; and
  - (e) the laws of the game;
- 3.3 act in terms of the provisions of or stipulated by the Regulations and Rules of the Union or any resolutions or decisions taken by the Executive Council of the Union;
- 3.4 prepare and recommend amendments and/ or additions to the Constitution, Regulations or Rules or prepare and recommend new regulations, rules or documents that may be required from time to time;
- 3.5. interpret any of the provisions of the Constitution, Regulations or Rules of the Union; and
- 3.6. in general to act as mandated or required by the Executive Council, the Chief Executive Officer or the Manager: Legal from time to time.

### 4. MEETINGS

Meetings of the Committee will be held at such time and at such venue as the Chairperson deems appropriate.

### 5. DELEGATION OF POWERS

The Committee shall have the right to delegate its powers and functions to any other committee or person.

## 6. CONFIDENTIALITY AND GOVERNANCE

- 6.1. 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”).
- 6.2. 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.
- 6.3. Unless specifically authorised by the Chairman of the Executive Council or in terms of the Regulations or Rules of SARU, SANZAR or the IRB, no member of the Committee may make statements to the media.

## REMUNERATIONS COMMITTEE

### 1. ROLE OF THE COMMITTEE

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

- 1.1. To evaluate and consider specific proposals made for remuneration and other conditions of employment by the appropriate executive, non executive persons and elected members of the Executive Council.
- 1.2. Consider and make recommendations to the Executive Council on specific remuneration packages for other members of management put to the Remunerations Committee.
- 1.3. Inquire into and comment on specific policies including and relating to Recruitment and Remuneration, Performance Management, Employment Equity and Transformation, Training and Development, Succession Planning and make recommendations on these issues to the Executive Council after consulting the appropriate executives and management.

### 2. FUNCTIONING

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

### 3. CONFIDENTIALITY AND GOVERNANCE

- 3.1. All members of the Remunerations 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”).
- 3.2. All members of the Remunerations 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.
- 3.3. Unless specifically authorised by the Chairman of the Executive Council, no member of the Remunerations Committee may make statements to the media.

### 4. REMUNERATION

- 4.1. All members of the Remunerations Committee, as well as such other independent professionals as may be requested to assist or consult to the Remunerations Committee on occasion, are eligible to receive such remuneration in respect of their time and contributions to the business of the Remunerations Committee as may be determined by formal resolution of the Remuneration Committee of SARU from time to time.
- 4.2. 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 of travelling to and from meetings of the Remunerations Committee, on such basis as the Remuneration Committee of SARU may determine from time to time.

# AUDIT AND RISK COMMITTEE

## report

BY RAYMOND FENNER

**T**he SARU Audit and Risk Committee comprises non-executive members and reports to the SARU Executive Council. The Committee meets at least four times a year in accordance with its Terms of Reference. The Audit and Risk Committee has adopted formal Terms of Reference, delegated to it by the Executive Council. During the course of 2010, the Committee performed the functions in terms of its Terms of Reference as follows:

- Reviewed the financial statements, culminating in a recommendation to the Executive Council to adopt them. In the course of its review the Committee:
  - took appropriate steps to ensure that the financial statements were prepared in accordance with General Accepted Accounting Practice (“SA GAAP”) applicable in SA and in the manner required by the Companies Act of South Africa
  - considered and, when appropriate, made recommendations on internal financial controls
  - dealt with concerns or complaints relating to accounting policies, the auditing or content of annual financial statements, and internal financial controls, and;
- Reviewed the external audit reports on the annual financial statements
- Recommended the appointment of the internal auditors
- Recommended a three year risk-based internal audit plan
- Reviewed the internal audit and risk management reports, and, where relevant, made recommendations to the Executive Council
- Evaluated the effectiveness of risk management, controls and the information technology governance process
- Reviewed the independence of the external auditor, nominated PricewaterhouseCoopers Inc. as the auditor for the ensuing financial year and noted the appointment of Mr Ernest Carelse as the designated auditor

- Recommended the audit fees, the engagement terms of the external auditor and the audit plan
- Reviewed and determined the nature and extent of allowable non-audit services and approved the appointment for the provisions of non-audit services by the external auditor.

**THE COMMITTEE IS RESPONSIBLE FOR ENSURING THAT 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**

### 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 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 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 in consultation with executive management has recommended the appointment of KPMG as its outsourced internal audit service provider.

The Committee, in consultation with executive management, evaluated the effectiveness of the three year risk-based internal audit plan and recommended the internal audit plan to the Executive Council.

### APPOINTMENT OF EXTERNAL AUDITORS

PricewaterhouseCoopers Inc. served as SARU's designated auditors for the 2010 financial year.

The Committee has satisfied itself that the external auditors are independent of SARU and recommended



the approval of the terms of engagement and the audit fees paid to the external auditors. The Committee has 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 Committee has discussed and evaluated the audit plan submitted by the external auditors and has recommended the audit plan for approval to the Executive Council.

The Committee has recommended the re-appointment of PricewaterhouseCoopers Inc. as auditors for the 2011 financial year.

## RISK MANAGEMENT

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

The Committee assisted the Executive Council 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.

A risk assessment workshop was held on 27 February 2010 to identify the potential risks to what SARU may be exposed.. The workshop ranked the top ten

risks based on probability and impact. A risk register has been compiled and will be updated annually.

Based on the risk assessment, the Audit and Risk Committee has recommended that the internal auditors verify the risk mitigation plans that are in place to address the top ten risks. The internal auditors have identified certain shortfalls, and SARU management is in the process of addressing the risk mitigation plans to limit the exposure and potential loss that may arise from these risks.

Furthermore, the risk assessment was used as a basis to draft the three year risk-based internal audit plan. The Audit and Risk Committee evaluated the internal audit plan and recommended it to the executive council for approval.

## INFORMATION TECHNOLOGY

The Audit and Risk Committee has also reviewed the risks relating to Information Technology (IT). The outsource provider, EOH submitted a report highlighting the status and concerns of the IT department. The Committee discussed the report and has recommended that immediate action be taken to address these concerns. SARU Management has taken decisive action and addressed the majority of the concerns identified in the report.

# FINANCES

BY BASIL HADDAD



**W**ith effect from 1 January 2010, all rugby business at national level was conducted by South African Rugby Union (“SARU”), following the acquisition of the business, including all operating assets and liabilities, of SA Rugby (Pty) Ltd (“the company”) on 31 December 2009, in terms of a decision taken to amalgamate the two entities. Although the company ceased trading operations from that date, a number of tax issues arose during 2010 following a final audit conducted by South African Revenue Services. These issues have now been resolved and outstanding amounts will be settled shortly. The process of de-registration of the company is therefore proceeding, including provision for the payment of an amalgamation dividend to SARU, the sole shareholder, amounting to approximately R37.6 million.

## OPERATING RESULTS

Although SARU reported a profit before taxation amounting to R34.1 million, mainly attributable to the amalgamation dividend referred to above, the group incurred an operating loss before taxation amounting to R5.4 million for the year ended 31 December 2010. This was mainly as a result of SARU being required to pay an amount of R4.9 million in terms of a deed of suretyship in favour of a bank, in support of a loan to a former associate company, Eagles Rugby (Pty) Ltd, which was declared insolvent and placed in liquidation during the year under review. It is unlikely that SARU will receive any significant liquidation dividends.

THE GROUP’S FINANCIAL POSITION REMAINS REASONABLY HEALTHY, WITH TOTAL EQUITY OF R48 MILLION AND CASH RESERVES OF R102 MILLION, WHICH ARE SIGNIFICANTLY HIGHER THAN THOSE OF THE PREVIOUS YEAR

## FINANCIAL POSITION

The Group’s financial position remains reasonably healthy, with total equity of R48 million and cash reserves of R102 million, which are significantly higher than those of the previous year. However, R82 million of these cash reserves is attributable to deferred broadcasting and sponsorship revenue.

The ratio of current assets to current liabilities and non-current liabilities was 1.1 to 1.0 at year-end.

A total amount of R23 million was owed to SARU by provincial unions on loan account and in accounts receivable, while a total amount of R7 million was owed by SARU to provincial unions in accounts payable.

## PROSPECTS FOR 2011

Given that new broadcasting agreements and a number of new sponsorship agreements commence in 2011, and that a further £2 million in grants will be received from the IRB, it is expected that revenues for 2011 will be significantly higher than in 2010. This will enable SARU to achieve a reasonable profit, despite the increase in the percentage allocation of broadcasting rights revenues to provincial unions and Vodacom Super Rugby franchises, the net additional costs incurred in a RWC year, and the costs associated with operational restructuring.

## FINANCE COMMITTEE

SARU’s Finance Committee met, under the Chairmanship of Mr Boet Fick, on two occasions during the course of 2010. The first meeting focused on finance related policies and controls, while the second reviewed the draft budget for 2011.

# SOUTH AFRICAN RUGBY UNION

Voluntary Association  
of persons

## CONSOLIDATED FINANCIAL STATEMENTS

31 December 2010

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## STATEMENT OF EXECUTIVE COUNCIL'S RESPONSIBILITY

for the year ended 31 December 2010

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The annual financial statements have been prepared by management in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP"). They are based on appropriate accounting policies, which have been consistently applied to all years presented, unless otherwise stated and which are supported by reasonable and prudent judgements and estimates.

The Executive Council is responsible for the preparation of annual financial statements that fairly present the state of affairs and the results of the Union. The external auditors are responsible for independently auditing and reporting on these annual financial statements, in conformity with South African Standards of Generally Accepted Accounting Practice.

The Executive Council is responsible for the Union's systems of internal control. These are designed to provide reasonable, but not absolute assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets and to prevent and detect misstatement and loss. Nothing has come to the attention of the members of the Executive Council to indicate that a material breakdown in the controls within the Union has occurred during the year under review.

The Executive Council has recorded that it has reasonable expectation that the Union has adequate resources and the ability to continue in operation for the foreseeable future. For these reasons, the financial statements have been prepared on a going concern basis.

The financial statements set out on pages 30 to 62 were approved on 31 March 2011 by the members of the Executive Council and are signed on their behalf.

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President  
OPM Hoskins

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Chairman  
JS Marais

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Chief Executive Officer  
JW Roux

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOUTH AFRICAN RUGBY UNION

We have audited the group annual financial statements and annual financial statements of South African Rugby Union, which comprise the consolidated and separate statements of financial position as at 31 December 2010, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 30 to 62.

## Executive Council's Responsibility for the Financial Statements

The members of the Executive Council are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Council, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of South African Rugby Union as at 31 December 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

**PricewaterhouseCoopers Inc.**

**Director: E Carelse**

**Registered Auditor**

**Cape Town**

**Date: .....**

## REPORT OF THE EXECUTIVE COUNCIL

for the year ended 31 December 2010

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The Executive Council presents its annual report, which forms part of the audited financial statements of South African Rugby Union ('the union') for the year ended 31 December 2010.

### 1. Nature of business

To administer, develop and promote the game of rugby in South Africa.

### 2. Financial results

The financial results of the union and the group are set out in the attached financial statements. The group financial statements comprise those of the union and its subsidiary companies, SA RugbyWorld Cup 2011 Bid Company (Pty) Ltd and Springbok Supporters Club (Pty) Ltd.

Provision has been made for the declaration of a dividend payable by SA Rugby (Pty) Ltd, to give effect to the deregistration of SA Rugby (Pty) Ltd in terms of an amalgamation agreement reached in 2009, by means of a transfer of SA Rugby's business to the Union on 31 December 2009. Disclosure of the amalgamation is provided in note 26 of the financial statements.

### 3. Governing structure

With effect from 9 November 2009, an Interim Executive Council was constituted in terms of the new constitution, and its members, all of whom remained in office until 26 March 2010, were:

M Alexander (Deputy President)	A Marinos
D Groenewald	H Mentz
B Haddad	J Prinsloo (CEO)
P Hassard	A Rautenbach
O Hoskins (President)	J Stoffberg (Vice President)
Dr J Marais (Chairman)	L Stofile
P Heymans	

From 26 March 2010, the Executive Council replaced the Interim Executive Council in terms of the new constitution, and its members at 31 December 2010, were:

M Alexander (Deputy President)	J Roux(CEO) (Appointed 1 October 2010)
F Davids (Resigned 30 July 2010)	Dr J Marais
N Fick	G Meyer (Appointed 3 December 2010)
D Groenewald	J Prinsloo (Retired 30 September 2010)
B Haddad	J Stoffberg (Vice President)
P Heymans	L Stofile
O Hoskins (President)	M Tabata (Appointed 9 August 2010)

## REPORT OF THE EXECUTIVE COUNCIL (cont.)

for the year ended 31 December 2010

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### 4. Subsidiary companies, joint ventures and associate companies

The union has a 100% holding in SA RugbyWorld Cup 2011 Bid Company (Pty) Ltd, and a 51% shareholding in the Springbok Supporters Club (Pty) Ltd.

The union has a one-third interest in an unincorporated joint venture, SANZAR, which currently manages the Super Rugby and Tri Nations rugby competitions in the Southern Hemisphere. The assets and liabilities of the joint venture were not material as at 31 December 2010 and the union's interests were therefore not included in the union's financial statements. All income due to the union from the joint broadcasting agreements was derived directly by the union. All of the obligations of the venturers arising from or attributable to the joint venture are several only and not joint and several.

The Union has a one-third investment in SANZAR Europe s.a.r.l. This investment was established in conjunction with New Zealand Rugby Union and Australian Rugby Union, to develop a European operation to facilitate sales in the European broadcasting market. Based on an evaluation of the risks and rewards of the investment it is not equity accounted for by the Group. The union and other investors each provided an equal portion of the loan to the investee for start up purposes. The union's share of profits/(losses) of the investee as reported in its recent financial statements was R440,004 [2009: R491,462].

The union has a 50% share holding in Eastern Province Rugby (Pty) Ltd and Border Rugby (Pty) Ltd respectively. No control existed during the year under review over any of these entities, but there was significant influence and therefore these entities have been accounted for as associates. The union's share of profits/(losses) of Eastern Province Rugby (Pty) Ltd as reported in their recent financial statements was (R4,524,433) [2009: R32,711]. The union's share of profits/(losses) in Border Rugby (Pty) Ltd was not available at the time of financial statement preparation [2009: (R174,437)]. Refer to note 5.

Details relating to the subsidiary companies are given in notes 4, 9 and 22 of the annual financial statements.

### 5. Membership control

The group is controlled by 14 Provincial unions, each of which is a member of the union.

### 6. Material events after year end

No matter which is material to the financial affairs of the union has occurred between the balance sheet date and the date of approval of the financial statements.

### 7. Auditors

PricewaterhouseCoopers Inc. acted as auditors during the year.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2010

	Notes	Group		Union	
		2010 R	2009 R	2010 R	2009 R
<b>Assets</b>					
<i>Non-current assets</i>					
Equipment	2	4,313,924	3,124,684	4,291,561	3,124,684
Intangible asset	3	1,941,667	-	1,941,667	-
Investment in subsidiaries	4	-	-	51	151
Investment in associates	5	-	-	-	-
Deferred income tax asset	6	21,830,903	16,492,591	21,564,723	16,492,591
Amount receivable from provincial unions	7	8,141,970	3,240,636	8,141,970	3,240,636
Total non-current assets		<u>36,228,464</u>	<u>22,857,911</u>	<u>35,939,972</u>	<u>22,858,062</u>
<i>Current assets</i>					
Inventory	8	47,657	71,144	-	71,144
Receivables and prepayments	7	48,202,113	91,971,586	48,254,099	91,971,586
Amount due from subsidiary	9	-	-	-	27,851,212
Cash and cash equivalents	10	102,237,476	71,950,744	101,648,850	2,121,549
Income tax asset		-	288,144	-	2,113,649
Total current assets		<u>150,487,246</u>	<u>164,281,618</u>	<u>149,902,949</u>	<u>124,129,140</u>
Total assets		<u><u>186,715,711</u></u>	<u><u>187,139,529</u></u>	<u><u>185,842,922</u></u>	<u><u>146,987,202</u></u>
<b>Equity and liabilities</b>					
<i>Capital and reserves</i>					
Capital		-	-	-	-
Retained income		47,964,353	53,980,916	48,234,839	13,828,539
		<u>47,964,353</u>	<u>53,980,916</u>	<u>48,234,839</u>	<u>13,828,539</u>
Equity attributable to the Union		48,129,531	53,810,707	48,234,839	13,828,539
Non-controlling interests		(165,178)	170,209	-	-
Total equity		<u><u>47,964,353</u></u>	<u><u>53,980,916</u></u>	<u><u>48,234,839</u></u>	<u><u>13,828,539</u></u>
<i>Non-current liabilities</i>					
Deferred revenue		34,666,666	43,333,333	34,666,666	43,333,333
Total non-current liabilities		<u>34,666,666</u>	<u>43,333,333</u>	<u>34,666,666</u>	<u>43,333,333</u>
<i>Current liabilities</i>					
Trade and other payables	11	54,428,307	65,738,495	53,292,047	65,738,545
Deferred revenue		46,925,048	24,086,785	46,925,048	24,086,785
Income tax liability		2,731,336	-	2,724,321	-
Total current liabilities		<u>104,084,692</u>	<u>89,825,280</u>	<u>102,941,417</u>	<u>89,825,330</u>
Total liabilities		<u><u>138,751,358</u></u>	<u><u>133,158,613</u></u>	<u><u>137,608,083</u></u>	<u><u>133,158,663</u></u>
Total equity and liabilities		<u><u>186,715,711</u></u>	<u><u>187,139,529</u></u>	<u><u>185,842,922</u></u>	<u><u>146,987,202</u></u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

	Notes	Group		Union	
		2010 R	2009 R	2010 R	2009 R
Revenue		505,081,688	454,178,855	504,015,360	109,576,133
<b>Gross income</b>		<b>505,081,688</b>	<b>454,178,855</b>	<b>504,015,360</b>	<b>109,576,134</b>
Other income	12	1,202,104	46,926,502	38,808,554	-
Operating expenditure		(518,584,183)	(476,690,059)	(515,647,889)	(109,576,134)
<b>Operating (loss) / profit</b>	13	<b>(12,300,391)</b>	<b>24,415,297</b>	<b>27,176,025</b>	<b>-</b>
Net finance income	14	6,935,967	4,143,398	6,934,732	-
<b>(Loss) / Profit before taxation</b>		<b>(5,364,424)</b>	<b>28,558,695</b>	<b>34,110,757</b>	<b>-</b>
Income tax expense	15	(652,139)	(19,668,763)	295,543	(11,460,788)
<b>(LOSS) / PROFIT FOR THE YEAR</b>		<b>(6,016,563)</b>	<b>8,889,932</b>	<b>34,406,300</b>	<b>(11,460,788)</b>
<b>Other comprehensive income</b>					
Other comprehensive income for the year, net of tax		-	-	-	-
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>		<b>(6,016,563)</b>	<b>8,889,932</b>	<b>34,406,300</b>	<b>(11,460,788)</b>
Profit attributable to:					
Equity holders of the Union		(5,681,176)	8,719,723	34,406,300	(11,460,788)
Non-controlling interests		(335,387)	170,209	-	-
		<b>(6,016,563)</b>	<b>8,889,932</b>	<b>34,406,300</b>	<b>(11,460,788)</b>
Total comprehensive income attributable to:					
Equity holders of the Union		(5,681,176)	8,719,723	34,406,300	(11,460,788)
Non-controlling interests		(335,387)	170,209	-	-
		<b>(6,016,563)</b>	<b>8,889,932</b>	<b>34,406,300</b>	<b>(11,460,788)</b>

## CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

for the year ended 31 December 2010

<b>Group</b>	Retained earnings <b>R</b>	Attributable to the Union <b>R</b>	Non-controlling interests <b>R</b>	Total
Balance at 1 January 2009	45,090,984	45,090,984	-	45,090,984
Profit for the year	8,889,932	8,719,723	170,209	8,889,932
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	8,889,932	8,719,723	170,209	8,889,932
<b>Balance at 31 December 2009</b>	<b>53,980,916</b>	<b>53,810,707</b>	<b>170,209</b>	<b>53,980,916</b>
Loss for the year	(6,016,563)	(5,681,176)	(335,387)	(6,016,563)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	(6,016,563)	(5,681,176)	(335,387)	(6,016,563)
<b>Balance at 31 December 2010</b>	<b>47,964,353</b>	<b>48,129,531</b>	<b>(165,178)</b>	<b>47,964,353</b>
<b>Union</b>	Retained earnings <b>R</b>	Attributable to the Union <b>R</b>	Non-controlling interests <b>R</b>	Total
Balance at 1 January 2009	25,289,327	25,289,327	-	25,289,327
Loss for the year	(11,460,788)	(11,460,788)	-	(11,460,788)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	(11,460,788)	(11,460,788)	-	(11,460,788)
<b>Balance at 31 December 2009</b>	<b>13,828,539</b>	<b>13,828,539</b>	<b>-</b>	<b>13,828,539</b>
Profit for the year	34,406,300	34,406,300	-	34,406,300
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	34,406,300	34,406,300	-	34,406,300
<b>Balance at 31 December 2010</b>	<b>48,234,839</b>	<b>48,234,839</b>	<b>-</b>	<b>48,234,839</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2010

	Notes	Group		Union	
		2010	2009	2010	2009
			R	R	R
<b>Cash flow from operating activities</b>					
Cash receipts from customers		572,915,017	469,638,050	566,899,788	86,651,223
Cash paid to suppliers and employees		(536,389,009)	(443,208,388)	(501,800,159)	(71,037,416)
Cash generated from operations	18	36,526,008	26,429,662	65,099,629	15,613,807
Dividends received		-		37,606,450	-
Interest received		6,945,947	5,905,516	6,944,712	-
Interest paid		(9,980)	(1,762,118)	(9,980)	-
Taxation paid	19	(3,039,367)	(25,739,453)	-	(12,040,000)
Net cash flow inflow from operating activities		40,422,608	4,833,607	109,640,810	3,573,807
<b>Cash flow from investing activities</b>					
Proceeds on disposal of equipment		32,328	-	32,328	-
Purchase of equipment		(3,266,869)	(2,592,192)	(3,244,503)	(796,592)
Purchase of intangibles		(2,000,000)		(2,000,000)	
Loans to provincial unions		(4,901,334)	53,489	(4,901,334)	(3,240,636)
Net cash / (used in) investing activities		(10,135,875)	(2,538,703)	(10,113,509)	(4,037,228)
Net increase / (decrease) in cash and cash equivalents		30,286,732	2,294,904	99,527,301	(463,421)
Cash and cash equivalents at beginning of year		71,950,744	69,655,840	2,121,549	2,584,970
Cash and cash equivalents at end of year	10	102,237,476	71,950,744	101,648,850	2,121,549

## ACCOUNTING POLICIES

for the year ended 31 December 2010

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The principal accounting policies applied in preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

The consolidated financial statements of the group have been prepared in accordance with South African Generally Accepted Accounting Practices ("SA GAAP"). The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through income statement.

The preparation of financial statements in conformity with SA GAAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the accounting policies below.

#### *(a) Standards, amendment and interpretations effective in 2010*

AC 504, IAS 19 (AC116) - The limit on a defined benefit asset, Minimum funding requirements and their interaction in the South African pension fund environment.

#### *(b) Standards, amendments and interpretations effective in 2010, but not relevant*

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2010:

Amendment to IFRS 1, Amendments to IFRS 1(AC 138): First-time Adoption of International Financial Reporting Standards (IFRSs)

Amendment to IFRS 2, Amendments to IFRS 2 Share-based payment – Group cash-settled share-based payment transactions

IAS 27, Consolidated and Separate Financial Statements – Revised

Amendments to IAS 39, Amendments to IAS 39 Financial Instruments: Recognition and Measurement Exposures Qualifying for Hedge Accounting

IFRIC 17, Distributions of Non-cash Assets to Owners

IFRIC 18, Transfers of assets from customers

#### *(c) Standards, amendments and interpretations that are not yet effective but relevant*

AC 504, IAS 19 (AC116) – The limit on a defined benefit asset, Minimum funding requirements and their interaction in the South African pension fund environment

Amendment to IAS 24, Related party disclosures

IFRS 9, Financial instruments

Amendment to IFRS 7, Improved disclosures for transfer transactions of financial assets issued

Amendment to IAS 12, Amendment to IAS 12: Deferred tax: Recovery of Underlying Assets

#### *(d) Standards, amendments and interpretations that are not yet effective and not relevant*

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2011 but are not relevant:

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

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Amendment to IFRS 1, Amendments to IFRS 1: First-time Adoption of International Financial Reporting Standards (IFRSs)

Amendment to IAS 32, Classification of Rights Issues

Amendment to IFRIC 14, Prepayments of a Minimum Funding Requirement

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments

Improvements to IFRSs 2010

Amendment to IFRS 1 (not yet approved by APB), Amendments to IFRS 1: Severe Hyperinflation and Removal of Fixed

Dates for First-time Adopters

### Consolidation

#### (a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a 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. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

#### (b) Transactions and non-controlling interests

The group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the group.

Disposals to non-controlling interests result in gains and losses for the group and are recorded in the income statement. Purchases from noncontrolling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

#### (c) 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 account-

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

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ed for using the equity method of accounting and are initially recognised at cost. The group's investment in associate includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against 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 obligations or made payments on behalf of the associate.

Unrealised gains or transactions between the group and its associate is eliminated to the extent of the group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate has been changed where necessary to ensure consistency with the policies adopted by the group.

### Foreign currency translation

#### *(a) Functional and presentation currency*

Items included in the financial statements of the group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Rands, which is the group's functional and presentation currency.

#### *(b) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are, included in the fair value reserve in equity.

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

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### Equipment

All items of equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Office furniture and equipment	3 - 8 years
Computer equipment	3 years
Vehicles	3 - 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. 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. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within 'other (losses)/gains - net' in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

### Intangible assets

#### (a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

#### (b) Trade Marks and Licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 15 to 20 years.

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

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### Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### Financial assets

#### Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### *(a) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise they are classified as non-current.

#### *(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

#### *(c) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of end of the reporting period.

#### Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

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loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains - net' in the period in which they arise.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

### Impairment of financial assets

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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 as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

### Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges purchases of raw materials.

### Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. 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. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

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income statement within operating expenditure. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the income statement.

### Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds.

### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

### Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. 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

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

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appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### Employee benefits

#### *(a) Pension obligations*

The group companies operate two pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The Group has a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current and prior periods.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically 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.

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

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.

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,

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

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the past-service costs are amortised on a straight-line basis over the vesting period.

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 expense 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.

### *(b) Other post-employment obligations*

The group companies provide post-retirement healthcare benefits to their retirees. 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 the statement of changes in equity in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

### *(c) 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 balance sheet date are discounted to their present value.

## Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Provisions are not recognised for future operating losses.

Where 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.

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.

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

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### Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### *Sales of goods*

Revenue from the sale of goods is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods, the company 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 company, 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.

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

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### *Divident income*

Dividend income is recognised when the right to payment is established.

### Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straightline basis over the period of the lease.

### Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

### Accounting for the company's acquisition of the controlling interest in subsidiaries and businesses under common control

The IFRS on business combinations (IFRS 3) does not apply to business combinations effected between parties that are ultimately controlled by the same entity, otherwise known as common control transactions. The Union has elected to apply the principle of "predecessor accounting".

The group financial statements incorporate the acquired entity's results only from the date on which the transaction occurred. Consequently, the group financial statements do not reflect the results of the acquired entity for the period before the transaction occurred. The corresponding amounts for the previous year are also not restated.

The assets and liabilities of the acquired entity are recognised at the predecessor values, therefore no restatement of the acquiree's assets and liabilities to fair value was required.

The difference between the consideration given and the predecessor values are recognised directly in equity in (a separate reserve or retained income). As a result, no goodwill is recognised on acquisition.

## FINANCIAL RISK MANAGEMENT

### Financial risk factors

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 programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

#### *(a) Market risk*

##### *(i) Foreign exchange risk*

The group operates internationally and is exposed to foreign exchange risk arising from various currency

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Management has set up a policy to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 December 2010, if the currency had weakened/strengthened by 11% against the USD with all other variables held constant, post-tax (loss)/profit for the year would have been R nil (2009: R170,991) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD denominated trade receivables.

At 31 December 2010, if the currency had weakened/strengthened by 11% against the British Pound (GBP) with all other variables held constant, post-tax (loss)/profit for the year would have been R 160,626 (2009: R354,829) higher/lower, mainly as a result of foreign exchange gains/losses on translation of GBP denominated trade receivables.

### (b) 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.

Counterparty	Rating	31 December 2010		31 December 2009	
		Credit limit	Balance	Credit limit	Balance
ABSA	AAA	<b>(3,000,000)</b>	69,932,790	<b>(3,000,000)</b>	71,585,796
Investec Bank	BBB	-	31,704,698	-	-
		<b>(3,000,000)</b>	101,637,488	<b>(3,000,000)</b>	71,585,796

### (c) Liquidity and interest rate risk

The group has a number of short term deposits with banks and also number of loans granted to the 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 R1,345,235 (2009: R825,117) change in the interest.

### 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.

## ACCOUNTING POLICIES (cont.)

for the year ended 31 December 2010

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### Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 income statement and deferred tax provisions in the period in which such determination is made. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### *(a) Impairment in investment in associates*

The Group follows the guidance of IAS 39 to determine when a loan and receivable is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of the loans to associates are less than the original consideration, the financial health of and near-term business outlook for the investee, including factors such as financing cash flow.

#### *(b) Income 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 income statement and deferred tax provisions in the period in which such determination is made.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2010

### 2. Equipment

Group	Office Furniture & Equipment R	Computer Software & Equipment R	Motor Vehicles R	Total R
<b>2010</b>				
Opening Balance				
- Cost	4,433,806	14,886,733	99,732	<b>19,420,271</b>
- Accumulated depreciation	(4,179,837)	(12,016,019)	(99,732)	<b>(16,295,588)</b>
Net book value at beginning of year	253,969	2,870,714	-	<b>3,124,683</b>
Additions	984,910	1,590,351	691,608	<b>3,266,869</b>
Disposals	(31,517)	(20,444)	-	<b>(51,960)</b>
- Cost	(32,325)	(27,118)	-	<b>(59,443)</b>
- Accumulated depreciation	808	6,674	-	<b>7,483</b>
Current year depreciation	(173,035)	(1,733,478)	(119,155)	<b>(2,025,668)</b>
Closing Balance				
- Cost	5,386,391	16,449,966	791,340	<b>22,627,697</b>
- Accumulated depreciation	(4,352,064)	(13,742,822)	(218,887)	<b>(18,313,773)</b>
Net book value at end of year	<u>1,034,327</u>	<u>2,707,144</u>	<u>572,453</u>	<b><u>4,313,924</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

### 2. Equipment

Group	Office Furniture & Equipment R	Computer Equipment R	Motor Vehicles R	Total R
<b>2009</b>				
Opening Balance				
- Cost	4,359,087	12,436,349	99,732	<b>16,895,168</b>
- Accumulated depreciation	(4,090,283)	(10,748,635)	(99,732)	<b>(14,938,650)</b>
Net book value at beginning of year	268,804	1,687,714	-	<b>1,956,518</b>
Additions	74,719	2,517,453	-	<b>2,592,172</b>
Disposals	-	(33,369)	-	<b>(33,369)</b>
- Cost	-	(67,069)	-	<b>(67,069)</b>
- Accumulated depreciation	-	33,700	-	<b>33,700</b>
Current year depreciation	(89,554)	(1,301,084)	-	<b>(1,390,638)</b>
Closing Balance				
- Cost	4,433,806	14,886,733	99,732	<b>19,420,271</b>
- Accumulated depreciation	(4,179,837)	(12,016,019)	(99,732)	<b>(16,295,588)</b>
Net book value at end of year	<u>253,969</u>	<u>2,870,714</u>	<u>-</u>	<u><b>3,124,683</b></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

### 2. Equipment

Union	Office Furniture & Equipment R	Computer Equipment R	Motor Vehicles R	Total R
<b>2010</b>				
Opening Balance				
- Cost	3,554,410	12,888,667	-	16,443,077
- Accumulated depreciation	(3,300,442)	(10,017,951)	-	(13,318,393)
Net book value at beginning of year	253,968	2,870,716	-	3,124,684
Additions	969,052	1,583,845	691,608	3,244,505
Disposals	(31,517)	(20,444)	-	(51,960)
- Cost	(32,325)	(27,118)	-	(59,443)
- Accumulated depreciation	808	6,674	-	7,483
Current year depreciation	(173,035)	(1,733,478)	(119,155)	(2,025,668)
Closing Balance				
- Cost	4,491,137	14,445,394	691,608	19,628,139
- Accumulated depreciation	(3,472,669)	(11,744,754)	(119,155)	(15,336,578)
Net book value at end of year	1,018,468	2,700,640	572,453	4,291,561

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

### 2. Equipment

Union	Office Furniture & Equipment R	Computer Equipment R	Motor Vehicles R	Total R
<b>2009</b>				
Opening Balance				
- Cost	2,016,849	4,361,709	-	6,378,558
- Accumulated depreciation	(1,896,768)	(3,318,125)	-	(5,214,893)
Net book value at beginning of year	120,081	1,043,584	-	1,163,665
Additions	7,911	788,683	-	796,594
Amalgamation of SA rugby into SARU	153,155	1,794,279	-	1,947,434
- Cost	1,529,650	7,758,919	-	9,288,569
- Accumulated depreciation	(1,376,495)	(5,964,640)	-	(7,341,135)
Disposals	-	(15,347)	-	(15,347)
- Cost	-	(20,644)	-	(20,644)
- Accumulated depreciation	-	5,297	-	5,297
Current year depreciation	(27,179)	(740,483)	-	(767,662)
Closing Balance				
- Cost	3,554,410	12,888,667	-	16,443,077
- Accumulated depreciation	(3,300,442)	(10,017,951)	-	(13,318,393)
Net book value at end of year	253,968	2,870,716	-	3,124,684

### 3. Intangible Assets

Group	Trademark R	Total R
<b>2010</b>		
Opening Balance		
- Gross carrying amount	-	-
- Accumulated amortisation	-	-
Carrying amount at the beginning of year	-	-
Capitalised during the year	2,000,000	2,000,000
Amortised during the year	(58,333)	(58,333)
Closing Balance		
- Gross carrying amount	2,000,000	2,000,000
- Accumulated amortization	(58,333)	(58,333)
Carrying amount at the end of the year	1,941,667	1,941,667

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

### 3. Intangible Assets (continued)

Union	2010	
	Trademark R	Total R
Opening Balance		
- Gross carrying amount	-	-
- Accumulated amortisation	-	-
Carrying amount at the beginning of year	-	-
Capitalised during the year	2,000,000	2,000,000
Amortised during the year	(58,333)	(58,333)
Closing Balance		
- Gross carrying amount	2,000,000	2,000,000
- Accumulated amortization	(58,333)	(58,333)
Carrying amount at the end of the year	1,941,667	1,941,667

### 4. Investment in subsidiaries

	Group		Union	
	2010 R	2009 R	2010 R	2009 R
SA Rugby World Cup 2011 Bid Company (Pty) Ltd	-	-	-	-
SA Rugby (Pty) Ltd	-	-	-	100
Springbok Supporters Club (Pty) Ltd	-	-	51	51
	-	-	51	151

### 5. Investment in associates

Beginning of the year	-	-	-	-
Reclassified as investment	-	-	-	-
Impairment charge	-	-	-	-
End of year	-	-	-	-

The gross results, of its unlisted principal associates and of its assets, is based on the unaudited management accounts as at 31 December 2010, as follows, with the exception of Border Rugby (Pty) Ltd, whose latest management accounts at the time of financial statement preparation is 31 December 2009:

The share % is indicated below.

	Assets	Liabilities	Revenue	Profit / (Loss)	Accumulated Losses
EP Rugby (Pty) Ltd (50%)	2,403,992	12,405,779	15,591,898	(9,048,865)	(10,012,747)
Border Rugby (Pty) Ltd (50%)	443,376	1,624,431	7,712,371	(1,181,055)	(7,194,327)
	<b>2,847,368</b>	<b>14,030,210</b>	<b>23,304,269</b>	<b>(10,229,920)</b>	<b>(17,207,074)</b>

Since acquisition of the investment in associates, the cumulative losses at acquisition have not been recognised.

The impairment charge in respect of the investments in, Eastern Province Rugby (Pty) Ltd and Border Rugby (Pty) Ltd amounted to R Nil in the current year.

### 6. Deferred income tax asset

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using a principal tax rate of 28%.

Balance at beginning of year	16,492,591	24,907,756	16,492,591	-
Amalgamation of SA Rugby	-	-	-	18,027,028
SSC prior year over/under provision	(116,434)	(137,507)	(116,434)	-
Tax losses reversed in SA Rugby	-	(6,743,221)	-	-
Income statement (debit) / credit	5,454,746	(1,534,437)	5,188,566	(1,534,437)
Balance at end of year	<b>21,830,903</b>	<b>16,492,591</b>	<b>21,564,723</b>	<b>16,492,591</b>

Deferred tax assets and liabilities are attributable to the following items:

Deferred income tax liabilities				
Accounts receivable	-	-	-	-
Prepayments	(2,415,184)	(818,656)	(2,415,184)	(818,656)
Deferred revenue	-	(2,016,000)	-	(2,016,000)
Other	-	(560,974)	-	(560,974)
	<b>(2,415,184)</b>	<b>(3,395,630)</b>	<b>(2,415,184)</b>	<b>(3,395,630)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

6. Deferred tax asset (continued)	Group		Union	
	2010 R	2009 R	2010 R	2009 R
<b>Deferred income tax assets</b>				
Provisions	1,235,026	553,582	1,235,026	553,582
Deferred revenue	22,425,680	18,877,633	22,425,680	18,877,633
Accounts receivable	319,200	238,514	319,200	238,514
Other deductible temporary differences	266,180	218,492	-	218,492
	<u>24,246,086</u>	<u>19,888,221</u>	<u>23,979,906</u>	<u>19,888,221</u>
Net deferred tax asset	<u>21,830,903</u>	<u>16,492,591</u>	<u>21,564,723</u>	<u>16,492,591</u>
<b>7. Receivables and prepayments</b>				
South African Revenue Service - VAT	1,404,778	9,120,611	1,393,210	9,120,611
Trade receivables	13,067,685	17,850,457	13,131,239	17,850,457
Less: Impairment provision raised	(1,520,000)	(1,091,117)	(1,520,000)	(1,091,117)
Amounts receivable from provincial unions	9,167,247	18,958,347	9,167,247	18,958,347
Loans to provincial unions	13,966,753	6,542,572	13,966,753	6,542,572
British & Irish Lions JV loan account	-	22,710,206	-	22,710,206
Prepayments	8,625,656	4,832,416	8,625,656	4,832,416
Accrued income	11,631,964	16,288,732	11,631,964	16,288,732
	<u>56,344,083</u>	<u>95,212,224</u>	<u>56,396,069</u>	<u>95,212,224</u>
Less : Non current portion of loans to provincial unions	<u>(8,141,970)</u>	<u>(3,240,636)</u>	<u>(8,141,970)</u>	<u>(3,240,636)</u>
	<u>48,202,113</u>	<u>91,971,588</u>	<u>48,254,099</u>	<u>91,971,588</u>

All non-current receivables are due within three to five years. The non-current receivables are unsecured and interest is charged, based on the prime interest rate less 2%. Prepayments includes R2,882,998 (2009: R1,000 000) payments to provincial unions for the 2011 ABSA Currie Cup, First division subsidy and 2011 broadcasting rights payments.

The effective interest rates on non-current receivables were as follows:

Loans to provincial unions	7-13.5%	8.5-13.5%	7-13.5%	8.5-13.5%
Fully performing debtors	3,932,795	10,303,651	4,083,959	10,303,651

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2010 trade receivables of R7,527,280 (2009 : R6,455,689) were past due but not impaired. The ageing of these trade receivables is as follow:

Up to 3 months (60 to 90)	2,093,636	3,869,371	2,006,026	3,869,371
3 to 6 months	308,502	2,156,253	308,502	2,156,253
More than 6 month	5,212,753	430,065	5,212,753	430,065
	<u>7,614,890</u>	<u>6,455,689</u>	<u>7,527,280</u>	<u>6,455,689</u>

As of 31 December 2010, trade receivables of R1,520,000 (2009: R1,091,119) were impaired and provided for. The amount of the provision was R1,520,000 as of 31 December 2010 (2009: R1,091,119). The individually impaired receivables mainly relate to recoverable tournament expenditure and sponsorship due which is now considered to be doubtful of recovery. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

3 to 6 months	267,273	372,792	267,273	372,792
Over 6 months	1,252,727	718,327	1,252,727	718,327
	<u>1,520,000</u>	<u>1,091,119</u>	<u>1,520,000</u>	<u>1,091,119</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

### 7. Receivables and prepayments (continued)

The carrying amount of trade and other receivables are denominated in the following currencies:

	Group		Union	
	2010 R	2009 R	2010 R	2009 R
Rands	54,315,980	89,950,076	54,367,966	89,950,076
US dollar	-	590,600	-	590,600
British pound	2,028,103	4,480,160	2,028,103	4,480,160
Euro	-	191,388	-	191,388
	<u>56,344,083</u>	<u>95,212,224</u>	<u>56,396,069</u>	<u>95,212,224</u>

Movements on the group provision for impairment of trade receivables are as follows:

At 1 January	1,091,117	8,858,630	1,091,117	-
Provision for receivables impairment	634,633	1,000,000	634,633	1,091,117
Amounts written off	(205,750)	(8,767,513)	(205,750)	
At 31 December	<u>1,520,000</u>	<u>1,091,117</u>	<u>1,520,000</u>	<u>1,091,117</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 carrying value of each class of receivable mentioned above.

The union does not hold any collateral as security.

### 8. Inventory

Merchandise	<u>47,657</u>	<u>71,144</u>	<u>-</u>	<u>71,144</u>
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### 9. Amount due from subsidiary

SA Rugby (Pty) Ltd	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,851,212</u>
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### 10. Cash and cash equivalents

Cash and bank balances and short term bank deposits	<u>102,237,476</u>	<u>71,950,744</u>	<u>101,648,850</u>	<u>2,121,549</u>
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### 11. Trade and other payables

Accrued expenses	22,798,584	27,803,679	21,856,197	27,803,679
Trade payables	14,995,419	19,031,069	14,995,419	19,031,069
Amounts payable to provincial unions	6,880,294	8,794,014	6,880,294	8,794,014
Amounts payable to joint ventures	-	25,438	-	25,438
Amounts payable to fellow subsidiary	193,873	-	-	-
World Cup 2011 Bid Company (Pty) Ltd	12,750	12,750	12,750	12,750
South African Revenue Service	4,876,489	3,685,864	4,876,489	3,685,864
Sundry payables	4,670,899	6,385,681	4,670,899	6,385,731
	<u>54,428,307</u>	<u>65,738,495</u>	<u>53,292,047</u>	<u>65,738,545</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

12. Other income	Group		Union	
	2010 R	2009 R	2010 R	2009 R
Sublease of property	699,273	635,703	699,273	-
Share of profits British & Irish Lions	-	45,335,099	-	-
Amalgamation dividend	-	-	37,606,450	-
Other income	502,831	955,700	502,831	-
	<u>1,202,104</u>	<u>46,926,502</u>	<u>38,808,554</u>	<u>-</u>

### 13. Operating profit / (loss)

The following items have been credited/charged in arriving at operating profit/(loss):

Foreign exchange gains	-	(6,460,979)	-	-
Foreign exchange losses	2,031,669	-	2,031,669	-
(Profit)/ loss on sale of equipment	19,633	33,368	19,633	15,347
Auditors remuneration	2,124,151	2,684,326	2,124,151	268,432
Current year	1,019,930	1,106,445	1,019,930	110,644
Prior year	-	-	-	-
Other services	1,104,221	1,577,881	1,104,221	157,788
Consulting fees	443,337	728,527	443,337	72,853
Depreciation (note 2)	2,025,668	1,390,638	2,025,668	767,662
Amortisation (note 3)	58,333	-	58,333	-
Legal fees	4,167,038	4,666,308	4,167,038	-
Operating lease rentals	3,143,080	2,301,471	3,143,080	676,111
Staff costs (note 16)	37,148,394	34,166,128	37,148,394	12,971,216

Operating profit as disclosed by nature is as follows:

<b>INCOME</b>				
Broadcasting	176,242,923	184,124,999	176,242,923	-
Sponsorship	166,313,799	151,690,383	166,313,799	6,145,104
Grants from IRB Trust	12,143,800	1,855,468	12,143,800	1,855,468
Home Tests guarantees	32,700,002	39,840,000	32,700,002	-
Overseas matches	21,021,246	5,900,060	21,021,246	-
Interest received	6,934,732	5,838,194	6,934,732	-
Merchandising royalties	9,462,350	6,456,748	9,462,350	-
Other income (note 12)	1,202,104	46,926,498	38,808,554	-
Springbok Supporters Club	1,066,328	14,865,395	-	-
SA Rugby (Pty) Ltd	-	-	-	100,688,150
	<u>427,087,283</u>	<u>457,497,745</u>	<u>463,627,405</u>	<u>108,688,722</u>
<b>EXPENSES</b>				
Commercialisation	219,814,183	207,598,007	219,814,183	33,200,056
High Performance	4,598,769	1,533,638	4,598,769	1,618,975
Schools and Clubs	22,475,762	30,397,259	22,475,762	26,986,948
Training & Education	5,094,933	1,460,440	5,094,933	2,263,593
Transformation	2,293,610	4,049,497	2,293,610	2,805,884
Associations	31,579,336	32,099,530	31,579,336	25,996,746
Administration & Governance	75,084,535	58,737,691	74,166,548	15,816,519
Broadcasting Rights Allocation to Provinces	69,493,509	78,679,998	69,493,509	-
Springbok Supporters Club	2,017,072	14,382,990	-	-
	<u>432,451,708</u>	<u>428,939,050</u>	<u>429,516,649</u>	<u>108,688,722</u>
<b>(Loss) / Profit before taxation</b>	<b>(5,364,424)</b>	<b>28,558,695</b>	<b>34,110,757</b>	<b>-</b>

SARU has changed its disclosure regarding revenue and expenses in terms of current management reporting. The amounts are therefore not comparable year on year in relation to prior year financial statements.

Broadcasting and Sponsorship income was recognised net of commission and advertising costs.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

14. Net finance income	Group		Union	
	2010 R	2009 R	2010 R	2009 R
Interest received				
Bank balances and deposits	6,255,759	5,137,197	6,254,524	-
Loans to provincial unions	690,188	768,319	690,188	-
Interest paid				
Bank overdraft/other	(9,980)	(343,651)	(9,980)	-
Interest paid to SARS	-	(1,418,467)	-	-
	<u>6,935,967</u>	<u>4,143,398</u>	<u>6,934,732</u>	<u>-</u>
15. Taxation				
Current tax	(6,106,885)	(18,134,326)	(4,893,023)	(9,926,351)
Deferred tax	5,454,746	(1,534,437)	5,188,566	(1,534,437)
	<u>(652,139)</u>	<u>(19,668,763)</u>	<u>295,543</u>	<u>(11,460,788)</u>

The union and SA Rugby (Pty) Ltd agreed to amalgamate with effect from 31 December 2009 and as a result the union elected, in terms of section 125(8) of the Revenue Laws Amendment Act, 35 of 2007 to have the net income of SA Rugby (Pty) Ltd taxed in SARU for the financial year ended 2009.

The tax on the subsidiaries' profit before tax differs from the theoretical amount that would arise using the basic tax rate of South Africa as follows:

(Loss) / Profit before tax	(5,364,424)		34,110,757	-
Add profit before tax from SA Rugby (Pty) Ltd included in the union's income tax calculation in terms of section 125(8) of the Revenue Laws Amendment Act, 35 of 2007		28,558,695	-	28,558,695
(Loss) / Profit before tax	<u>(5,364,424)</u>	<u>28,558,695</u>	<u>34,110,757</u>	<u>28,558,695</u>
Tax calculated at a rate of 28%	(1,502,039)	7,996,435	9,551,012	7,996,435
Expenses not deductible for tax purposes	1,691,970	3,326,847	1,691,970	3,326,847
SA Rugby (Pty) Ltd	-	8,207,975	-	-
Dividend tax exempt	-	-	(10,529,806)	-
SSC Assessed loss unutilised	(266,180)	-	-	-
Prior year under/(over) provision for current tax	(318,832)	-	(318,832)	-
Prior year under/(over) provision for deferred tax	(98,801)	137,506	(98,801)	137,506
Other	(158,258)	-	-	-
Tax charge	<u>(652,139)</u>	<u>19,668,763</u>	<u>295,543</u>	<u>11,460,788</u>

16. Staff costs				
Salaries	31,964,526	29,641,705	31,874,343	11,033,634
Pension contributions	3,844,228	3,349,243	3,844,228	1,438,107
Medical aid contributions	1,086,161	977,163	1,086,161	456,960
Leave pay	343,662	198,016	343,662	42,515
	<u>37,238,577</u>	<u>34,166,128</u>	<u>37,148,394</u>	<u>12,971,216</u>

### 17. Operating lease commitments

The group and the union have the following operating lease commitments at 31 December 2010.

Less than 12 months	3,358,309	3,355,825	3,358,309	3,355,825
Between 1 and 5 years	1,958,588	5,316,898	1,958,588	5,316,898

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

18. Cash generated from operations	Group		Union	
	2010 R	2009 R	2010 R	2009 R
Reconciliation of operating profit/(loss) to cash generated from operations				
Operating profit/(loss)	(12,300,391)	24,415,297	27,176,025	-
Adjustments for:				
Depreciation (note 2)	2,025,668	1,390,638	2,025,668	767,662
Dividend received	-	-	(37,606,450)	-
Amortisation (note 3)	58,333	-	58,333	-
Finance income s89quat	(55,053)	-	(55,053)	-
Unrealised foreign exchange loss/(profit)	-	(6,024,821)	-	-
Loss / (Profit) on sale of equipment	19,633	33,498	19,633	15,347
Changes in working capital:	46,777,819	6,615,049	73,481,472	14,830,799
(Increase) / Decrease in receivables and prepayments	43,769,473	(31,422,736)	43,717,487	(90,387,380)
Decrease/(increase) in amounts due from subsidiary	-	-	27,851,212	(18,664,490)
(Increase) / Decrease in inventory	23,487	4,462	71,144	(71,144)
Increase/(decrease) in payables	(11,186,740)	24,749,023	(12,329,968)	59,958,397
Increase/(decrease) in deferred revenue	14,171,599	13,285,301	14,171,597	63,995,416
	<b>36,526,008</b>	<b>26,429,661</b>	<b>65,099,629</b>	<b>15,613,808</b>
19. Taxation paid				
Taxation liability at the beginning of the year	(288,144)	14,197,598	(2,113,649)	-
Taxation asset on amalgamation			-	12,040,000
Current taxation charge	6,106,885	11,253,711	4,893,023	9,926,351
Taxation (asset) / liability at the end of the year (net of S89quat interest received)	2,779,374	(288,144)	2,779,374	(2,113,649)
	<b>3,039,367</b>	<b>25,739,453</b>	<b>-</b>	<b>12,040,000</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

### 20. Retirement benefits

The Group continues to contribute towards the Rugby Pension Fund which operates defined benefit and defined contribution pension schemes covering all eligible employees of the Group. 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 2010, using the projected unit method.

Principle actuarial assumptions at the balance sheet date:	2010	2009
- Discount rate	8.50%	9.50%
- Inflation rate	5.25%	6.00%
- Salary increase rate	6.25%	7.00%
- Expected return on scheme's assets	9.50%	10.50%
- Pension increase allowance	3.33%	4.29%

The movement in the defined benefit obligation over the year is as follows:	R	R
Beginning of year	2,944,000	2,347,000
Current service cost	126,000	109,000
Member Contributions	17,000	44,000
Interest cost	295,000	186,000
Risk premiums	(4,000)	(15,000)
Actuarial (gain)/loss	5,000	273,000
Settlement	(2,263,000)	-
At end of year	<u>1,120,000</u>	<u>2,944,000</u>

The movement in the fair value of scheme's assets over the year is as follows:

Beginning of year	4,217,000	2,098,000
Expected return on scheme's assets	449,000	188,000
Actuarial (gain)/loss	(1,456,000)	1,815,000
Contributions	51,000	131,000
Risk premiums	(4,000)	(15,000)
Settlement	(1,640,000)	-
At end of year	<u>1,617,000</u>	<u>4,217,000</u>

The amounts recognised in the income statement are as follows:

Current service cost	126,000	109,000
Interest cost	295,000	186,000
Expected return on scheme's assets	(449,000)	(188,000)
Amortisation	(182,000)	2,000
Net actuarial loss/ (gain)	-	-
Paragraph 58A loss(gain)	118,000	-
Settlement (gain)/loss	(76,000)	-
	<u>(168,000)</u>	<u>109,000</u>

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". No asset has been recognised as such at 31 December 2010 on the balance sheet.

Funded Status

Defined benefit obligation	(1,120,000)	(2,944,000)
Assets at fair value	<u>1,617,000</u>	<u>4,217,000</u>
Funded status	497,000	1,273,000
Unrecognised net transitional obligation/(asset)	-	-
Unrecognised past service contract	-	-
Unrecognised net (gain)/loss (Liability)/Assets	<u>76,000</u>	<u>(1,295,000)</u>
Unrecognised due to par58 limit (Liability)/Assets recognised on the balance sheet	<u>(393,000)</u>	<u>-</u>
	<u>180,000</u>	<u>(22,000)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

### 21. Material events after balance sheet date

No matter which is material to the financial affairs of the union has occurred between the balance sheet date and the date of approval of the financial statements.

### 22. Related parties

	Group		Union	
	2010 R	2009 R	2010 R	2009 R
<b>Loans receivable from provincial unions</b>				
- Non-current	8,141,970	3,240,636	8,141,970	3,240,636
- Current (included in receivables and prepayments)	5,824,783	3,301,936	5,824,783	3,301,936
	<u>13,966,753</u>	<u>6,542,572</u>	<u>13,966,753</u>	<u>6,542,572</u>
<b>Amounts receivable from provincial unions</b>				
Included in trade receivables and prepayments	<u>9,167,247</u>	<u>18,958,347</u>	<u>9,167,247</u>	<u>18,958,347</u>
<b>Amounts payable to provincial unions</b>				
Included in trade and other payables	<u>6,880,294</u>	<u>8,794,014</u>	<u>6,880,294</u>	<u>8,794,014</u>
<b>Amount receivable from SA Rugby (Pty) Ltd</b>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,851,212</u>
<b>Amount receivable from British &amp; Irish Lions Joint Venture</b>				
Included in trade and other receivables	<u>-</u>	<u>22,710,206</u>	<u>-</u>	<u>22,710,206</u>
<b>Executive Council Members Remuneration</b>				
<i>Non executive directors</i>				
Fees	3,008,667	2,583,616	3,008,667	2,583,616
Allowances	260,484	188,000	260,484	188,000
Retirement Annuity contributions	93,457	73,020	93,457	73,020
	<u>3,362,608</u>	<u>2,844,636</u>	<u>3,362,608</u>	<u>2,844,636</u>
<i>Executive remuneration</i>				
Salaries	2,588,314	3,450,881	2,588,314	984,324
Bonuses	365,175	846,427	365,175	74,027
Medical Aid contributions	19,917	48,876	19,917	12,828
Pension fund contributions	340,564	337,010	340,564	133,248
Compensation for loss of office	-	-	-	-
	<u>3,313,970</u>	<u>4,683,194</u>	<u>3,313,970</u>	<u>1,204,427</u>

### 23. Financial instruments

#### Fair values

At 31 December 2010 the carrying amounts of cash and short-term deposits, accounts receivable, accounts payable and accrued expenses approximated their fair values, due to the short term maturities of these assets and liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

24. Government grants	Group		Union	
	2010 R	2009 R	2010 R	2009 R
Total amount awarded for 2010	560,000	-	560,000	-
Less:				
- Amount set-off against expenses relating to women's rugby	(560,000)	-	(560,000)	-
Amounts deferred	-	-	-	-

### 25. Financial Instruments by Category

The accounting policies for financial instruments have been applied

	Receivables and cash	At fair value through income statement	Derivatives used for hedging	Available for sale	Total
<b>31 December 2010</b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables	48,202,113	-	-	-	48,202,113
Cash and cash equivalents	102,237,476	-	-	-	102,237,476
<b>Total</b>	<b>150,439,589</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150,439,589</b>

				Trade and other financial borrowings	Total
<b>Liabilities as per balance sheet</b>					
Trade and other payables	-	-	-	54,428,307	54,428,307
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54,428,307</b>	<b>54,428,307</b>

				Available for sale	Total
<b>31 December 2009</b>					
<b>Assets as per balance sheet</b>					
Trade and other receivables	91,971,586	-	-	-	91,971,586
Cash and cash equivalents	71,950,744	-	-	-	71,950,744
<b>Total</b>	<b>163,922,330</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163,922,330</b>

				Trade and other financial borrowings	Total
<b>Liabilities as per balance sheet</b>					
Derivative financial instruments	-	-	-	-	-
Trade and other payables	-	-	-	65,738,495	65,738,495
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,738,495</b>	<b>65,738,495</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (cont.)

for the year ended 31 December 2010

### 26. Amalgamation of SA RUGBY (Pty) Ltd and SARU (South African Rugby Union)

The Union and SA Rugby (Pty) Ltd agreed to amalgamate their operations, by means of the transfer of SA Rugby's business, including operating assets and liabilities to SARU effective 31 December 2009.

The consideration payable for transfer was to be calculated on the basis of the accounting book value of assets, as at effective date.

The Union will assume the business assets and liabilities at book value transferred to them as part payment of the purchase consideration. The balance owing was outstanding on the loan account and will be settled in the course of the deregistration of SA Rugby (Pty) Ltd

The following assets and liabilities were transferred from SA Rugby (Pty) Ltd to the union upon amalgamation through the loan account:

	2010	2009
	R	R
Deferred revenue	-	64,977,911
Payables	-	55,543,168
Receivables and prepayments	-	(84,181,685)
Equipment	-	(1,947,434)
Amounts owed by provincial unions	-	(3,240,636)
Current tax Asset	-	(12,040,000)
Deferred Tax	-	(18,027,028)
Investment in subsidiary	-	(51)
Inventories	-	(71,144)
Balance transferred from SA Rugby	<u>-</u>	<u>1,013,101</u>

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# HIGH



# performance

NATIONAL TEAMS • HIGH PERFORMANCE • COACHING





# NATIONAL TEAMS *report*

BY ANDY MARINOS

## OVERVIEW

The National Teams' department faced a tough year in 2010 with high expectations of the Springboks and Springbok Sevens teams following their exceptional performances in 2009. Both teams experienced 'highs' in the previous season, the Boks securing a series win over the British & Irish Lions and winning the Vodacom Tri-Nations and the Sevens side being crowned IRB Series champions for the first time. 2010, therefore, was always going to be challenging, with factors such as fatigue, motivation and adaptation to Law changes imperative.

## SPRINGBOKS

The Springboks mirrored the shortcomings of the 2006 season, with factors such as lack of sufficient preparation time, poor on field discipline, fatigue and injury having a direct impact on results. Given the success of the Bulls and the Stormers in the Vod-

acom Super 14 competition, it was expected that the momentum would carry forward into the International programme.

2010 saw a distinct shift in the overall composition of the Springbok Team. In 2008 and 2009, the squad was dominated by the Bulls and Sharks – who have a similar playing pattern – whilst in 2010 the Bulls and Stormers were dominant. These two teams play very different styles of rugby and hence the integration of these two distinct patterns had an impact early in the Tri-Nations campaign.

Poor discipline away from home took its toll during the Tri-Nations series with players yellow-carded early on in all three away Tests. Problems were also experienced with adaptation to the revised Law interpretations. A disappointing Tri-Nations ended with the team securing one win out of six starts.

The year ended on a positive note with the Springboks winning three out of their four Tests – against



Ireland, Wales and England – on the End-of-Year Tour. A loss to Scotland scuppered our hopes of a Grand Slam but, with 15 front-line players not available due to injury, the National Selectors were provided with the opportunity to “blood” new talent, all of whom stood up to the challenge of Test rugby. This has significantly expanded our talent pool as we start to consolidate squads ahead of the Rugby World Cup in 2011.

Two significant milestones were achieved in 2010 with John Smit and Victor Matfield becoming our second and third centurions – congratulations to both young men on a fine achievement and contribution to Springbok Rugby.

As we look ahead to the 2011 season, planning and preparation for the Rugby World Cup is well underway.

### SPRINGBOK SEVENS

The Springbok Sevens, by their high standards also had a disappointing year given the ‘highs’ of 2009. Upon reflection, injuries to a number of key experienced players had a massive impact in the early part of the IRB Series. This resulted in the coach having to bring through less experienced squad members earlier

### TWO SIGNIFICANT MILESTONES WERE ACHIEVED IN 2010 WITH JOHN SMIT AND VICTOR MATFIELD BECOMING OUR SECOND AND THIRD CENTURIONS

than anticipated and hence the team struggled mid-way through the competition. Results improved by the end of the season, culminating with a bronze medal at the Commonwealth Games.

The benefits of moving to a centralised base in Stellenbosch will become evident through the 2010/11 season as we now have a full time squad in place and for the first time have targeted the contracting of young players, which has already borne fruit with several players to look out for in the next few years.

### FOCUS ON 2011

The Rugby World Cup will be the core project for the National Teams department during 2011 with a very busy 12 months lying ahead.

The professional development of staff and team management members continues to be an area of focus.

# HIGH PERFORMANCE report

BY HERMAN MASIMLA

**T**he SARU High Performance programme comprises a range of initiatives that seek to showcase the rugby talent available at age grade level in South Africa. SARU is striving towards a national Talent Identification (TID) and Elite player development system that will nurture players at all levels of the game and in so doing give our country a consistent competitive advantage at all levels of international competition.

## 2010 PROGRAMME COMPONENTS

**Player tracking:** As in 2009, the Sport Science Institute of South Africa monitored game time for all professional players in South Africa, with a preliminary report released during 2010. The purpose is to monitor game time for all players generally as well as evaluate the effectiveness of SARU'S transformation activities.

**Youth Weeks High Performance workshops:** All participating players and coaches at the respective annual Youth Weeks take part in these workshops. Gym programmes and other information related to perfor-

mance is provided to each player and they are also provided with a software program that allows them to compare themselves to the national fitness norms for their age group and position.

**Under-16 High Performance Programme:** The latest talent identification research in rugby shows that many of the most critical physical and technical characteristics required for performance at a top level begin to be evident from 15-16 years of age. It is therefore important that one invests in these players in order to confirm this physical talent, but also to ensure that this talent is fully developed. Players at this age need to be given an opportunity to mix with the best senior players and coaches. They need to understand what is required to perform at the highest level. Many of these skills cannot be taught but need to be experienced. The annual Under-16 High Performance Camp allows players to experience and learn in an appropriate environment. A total of 50 players were selected to participate by the National Selectors at the 2010 Coca-Cola Grant Khomo week.





**Under-18 High Performance Programme:** The aim of this programme is to identify talent through the national competition structures. Players assembled in East London for physical assessments and intensive coaching under the Guidance of the SA U20 Coach Eric Sauls and Springbok Sevens coach Paul Treu. The programme also gives junior players the experience of international competition. During 2010, the Under-18 High Performance squad scored a hat trick of victories over England, France and Namibia.

**Under-19 and Under-20 High Performance Programme:** The Under-19 High Performance programme provides synergy between the Under-18 and Under-20 programmes. The Under-19 HP Squad tour to France during February 2010 was an important development that will facilitate more regular international contact, which will prove invaluable in preparing players for the participation in the IRB Under-20 World Cup.

**Player Exchange Programme:** During 2010, the following clubs have agreed to be part of the SA/England Exchange programme: Wasps, Leeds, Scarlets, Leinster, Sale Sharks and Ulster. UK Sport contributed a total of 15 000 pounds to the programme during 2010 and Sport and Recreation South Africa (SRSA), provided funding for all flights for SA players travelling to the UK and partial funding for players coming from the UK to SA.

**SARU IS STRIVING TOWARDS A NATIONAL TALENT IDENTIFICATION AND ELITE PLAYER DEVELOPMENT SYSTEM THAT WILL NURTURE PLAYERS AT ALL LEVELS OF THE GAME AND IN SO DOING GIVE OUR COUNTRY A CONSISTENT COMPETITIVE ADVANTAGE TO ALL LEVELS**

### ACHIEVEMENTS AND CHALLENGES

**New Springboks:** Towards the end of 2010, Lions flyhalf Elton Jantjies and Sharks' utility back Patrick Lambie joined Francois Hougaard and Juan de Jongh as the latest graduates to the Springbok squad. Both started in the Under-18 and Under-19 High Performance programmes and graduated after excellent performances during the IRB Under-20 World Cup as well as for their provinces during the Absa Currie Cup.

**Elite Squads:** Elite Squad players are identified from the High Performance programme. The Elite Squad aims to develop individuals in distinctive competencies that will make future Springbok teams more competitive. The competencies that will be targeted are long term and are specifically those that coaches will not be able to address adequately due to time or resource constraints. SA Rugby aims to establish an Elite Squad at every age grade level.

**Under-16 Elite Squad:** An SA Under-16 High Performance Camp, comprising 50 players selected during the 2010 Coca-Cola Grant Khomo Week, took place between 26 September and 3 October 2010. After the camp, 19 players were selected to the National Under-16 Elite Squad.

### PROSPECTS FOR 2011

**Provincial High Performance Squads:** The department is excited by the prospect of reviving the provincial high performance squad systems in 2011. The programme would, if possible, be run off a comprehensive web-based database. This will enable each province and SARU to effectively monitor the interventions that each player receives and their progress over time.



# COACHING report

BY HILTON ADONIS

**T**he coaching landscape has changed dramatically in recent years, necessitating a quest for optimal performance. This changing environment is providing new challenges to coaches who are now required to acquire a host of generic skills in addition to their technical and tactical prowess.

Coaches are being challenged to unlock the potential of players and to maximise their performances. This entails a holistic, player-centred approach with a clear understanding of the educational and scientific principles underlying these performance factors. Whilst the objective of improving performance is paramount, the key to success lies in how this is best achieved. Therefore, the way we learn, and more importantly, the way we teach and instruct, has become a core focus.

Training and Education form an integral part of SARU's new strategic plan. During 2010, the SARU Coaching Department focused on the establishment

and management of a coaching Training and Education Programme, concentrated in several key areas. The Coaching Association Steering Committee and the Provincial Co-ordinators Forum were important partners in this venture. A Learning Material Working Party was established to review current supportive materials and to advise on the development of additional tutor guides and learning aids.

A major challenge in successfully managing these programmes and processes is to ensure the operational effectiveness and efficiency of the Provincial Coaching Associations and a fully equipped workforce. The key to a successful implementation process is the organizational culture and structure, together with highly qualified and supportive training staff to aid in the running of the process. An effective communication strategy needs to be developed to ensure that all relevant stakeholders are fully abreast with the demands and challenges of such an endeavour.

## ACHIEVEMENTS IN 2010

The primary objective for Coaching Department during 2010 was to establish and manage the Coaching Training & Education Programme. A summary of activities is as follows:

OBJECTIVES	DELIVERABLE GOALS	ACTIVITIES	ACHIEVEMENTS
Audit existing qualifications and accreditation status of coaches	Audit completed by November 2010	Desk top research done	Process to be completed by April 2011
Ensure an approved and regulated accreditation system	Draft policies and regulations document completed by November 2010	Two sessions of the Provincial Coordinators Forum	Draft policies & regulations sent to all Provinces in October
Commence with a RPL process towards accreditation	RPL process started in November 2010	Sixteen High Performance coaches completed IRB Level 2 exams in September 2010	Implementation phase between 2011 and 2013
Ensure learning material for all levels of training & education	All learning material made available by April 2010	Working party convened to review current material	1500 x Level 1 1500 x Level 2 1000 x 7's 3000 x Coaching diaries
Ensure Provinces schedule and present accredited courses	Provinces will each trained a minimum of: 50 x level 1 50 x level 2 25 x 7's	Financial allocations made to the Provinces: R250/level 1 coach R450/level 2 coach R300/7's coach	Total number of coaches that attended courses: 2190 x level 1 766 x level 2
Ensure SARU schedule and present IRB Educator courses	SARU presentation of 5 Educator courses by November 2010	Provinces invited to nominate suitable candidates to attend 3 day course	Total number attended: Kimberley - 10 Johannesburg - 9 Bloemfontein - 9 Port Elizabeth - 8 Durban - 14 Cape Town - 11
Ensure active Provincial Coaching Associations	Active coaching associations established in all Provinces by June 2010	4 x Steering Committee meetings and 2 x Provincial Coordinators Forum sessions held to assist and formulate structures and responsibilities	Active associations: Blue Bulls, Free State, Golden Lions, Griffons, Griquas, KZN, Leopards, Pumas, WP
Ensure that all training programmes are accredited with THETA & SAQA	Process completed by November 2010	Workshops with THETA and SASCOC	SASCOC to manage this process and NF's will align with the National SASCOC Coaches Framework

## FUTURE CHALLENGES

Whilst much has been achieved during 2010 there remain a host of major challenges that need to be met in the coming years. These include:

- Departmental structure and workforce
- Quality of the overall Training & Education workforce
- Quality assurance of the training programmes
- Implementation of the RPL process
- Final approval and management of the accreditation policies & regulations
- The operational efficiency and effectiveness of the Provincial Coaching Associations

## OUTLOOK FOR 2011

The progress made during 2010 will enable the Coaching Department to focus its energies in the following key areas during 2011:

- Completing the implementation of the RPL process
- Gaining approval for accreditation policies & regulations
- National launch of the Coaching Association
- Ensuring an effective QMS
- On-going development of Coaching resources
- Installing an appropriate and effective coaches communication system
- Presentation of the IRB Level 3 course

# GAME

PLAYING THE GAME • SEVENS & WOMEN'S RUGBY  
COMMUNITY RUGBY • MEDICAL • REFEREES



# development



# PLAYING THE GAME report

BY MERVIN GREEN



## STRATEGIC PROJECT MANAGEMENT

**Project Funding:** This is a key imperative that has been successfully implemented by SARU. Project applications submitted by unions in January were evaluated by SARU and clear targets were set and agreed by the Unions. Progress on projects is carefully monitored and measured and the unions provide regular reports, which enable SARU to measure tangible results from its investments into grassroots development.

**Transformation:** All unions submitted their transformation data sheets as agreed at a CEO's meeting in December 2009. The sheets indicate that transformation at grassroots level amongst players, coaches, referees and educators is functioning well at most unions. SARU also visits unions to discuss transformation matters.

## MOBILE GYMS

SARU and the Sports Science Institute launched the 34th Mobile Gym in Saldanha in October. The Mobile Team Training Systems, funded by the National Lot-

tery and the Department of Sport and Recreation, aim to level the playing field by providing gym access to players in grassroots communities. Results over the past seven years have proven that these Mobile Gym projects are effective in improving the physical conditioning amongst disadvantaged and rural players. Over 1200 players a week train using the Mobile Team Training Systems.

## IRB TRUST GRANT FUNDING

**TAG Rugby:** During 2010, SARU, in partnership with the Department of Sports & Recreation, Department of Safety and Security and TAG Rugby introduced TAG Rugby to 40 schools in the Western Cape. The Tackle Safety pilot programme was very successful with regards to getting scholars physically active in sport. SARU managed to introduce over 7000 boys and girls to the game over a period of two and half months. Education about drugs and crime also reached over 18 000 boys and girls. SARU continued with the Tackle Safety programme from mid-April, convincing a host of schools that had discontinued rugby to reintroduce the sport.

**Schools Aid Project:** SARU assists 56 schools – two primary and two high schools in each of the 14 Provinces – via this programme. Each school received a package of equipment and kit to the value of R10 000.

## INTERNATIONAL PLAYER EXCHANGE PROGRAMME

Presently there are numerous candidates from various unions who are awaiting confirmation for nomination to forthcoming player exchange programmes.

SA Women's stars Mandisa Williams and Saloma Booyesen have been invited on exchange programmes by the City of Derry Rugby Club; and Lorinda Brown and Zeenay Jordaan have been invited by the Belfast Harlequins Rugby Club.

Tighthead prop, Robert Baker and lock Tom Launchberry travelled to SA from the UK on exchange programmes. They arrived in June and were placed at the EP Rugby Union for two months where they trained with the EP Absa Currie Cup team.

# KEY EVENTS FOR 2010

EVENT	HOST UNION	ACHIEVEMENTS	COMMENT
IRB Junior World Champs	IRB/Argentina	The SA U20s secured a bronze medal after defeating England in the play-off for third place. The Baby Boks suffered two defeats, against Australia in Pool C, and against New Zealand in the semi-finals.	Teams like New Zealand and Australia are still ahead of us in terms of competition and conditioning. Our team is still short of competitive international games prior to the tournament. SA U20 Flyhalf Elton Jantjies won 2 Awards in 2010 – SA U20 Player of the Tournament and SARU Young Player of the Year.
Coca-Cola Under-13 Craven Week	Eastern Province	Western Province U13s was the only undefeated side at the Week.	Eighteen teams took part in the Graaff-Reinet Week.
Coca-Cola Grant Khomo Under-16 Week	Griquas	Western Province was the top team at the Week scoring a stunning 33-14 victory over the Blue Bulls in the final match.	Several players have been identified by the High Performance department and now form part of the SARU Elite squad.
Coca-Cola U18 Craven Week	Griffons	Free State defeated Western Province in the unofficial final. Boland and Free State were also undefeated in Welkom.	Craig Barry and William Small-Smith received National Sevens Contracts following the tournament. Free State flyhalf Johan Goosen was awarded the 2010 Coca-Cola Craven Week Player of the Year for 2010.
Under-18 Academy Week	KwaZulu-Natal	Border and the KwaZulu Natal ended the Week unbeaten.	Western Province winger Luqmaan Ismail was selected to the National Under-18 High Performance squad for 2010.
SA Schools	Golden Lions	SA Schools side comprehensively outclassed Namibia in a one-off game played in Johannesburg.	The bulk of the team comprised players from the victorious Free State Under-18 Craven Week team.
SAA Club Champs	Western Province	Durban's College Rovers claimed their first title after beating hosts Maties in Stellenbosch. Holders Hamilton's were knocked out of the tournament by Maties.	The tournament in Stellenbosch was once again a success delivering a few surprises with teams from the Boland (Roses), Durban (Rovers) and Cape Town (Hamiltons & Maties) progressing through to the semi-finals. Maties captain Lourens Adriaanse claimed the award of the SAA Club Champs Player of the Year for 2010.
Sub Union Tournament – Northern	Mpumalanga Rugby Union	Eight teams competed in this tournament	This was the third tournament hosted by the Mpumalanga Rugby Union.
Sub Union Tournament – Southern	KwaZulu Natal Rugby Union	Western Province beat Eastern Province 59-31 in the final.	A very good Coaching Course for the Provincial Coaches was held by Ian McIntosh and a development coaching session was held by the SA Rugby Legends represented by Pieter Muller, Andre Snyman and Trevor Halstead among others.



# SEVENS & WOMEN'S *report*

BY MAHLUBI PUZI

## WOMEN'S RUGBY

The major event on the women's rugby calendar during 2010 was the staging of the IRB Women's Rugby World Cup in England during September.

The Springbok women were drawn in one of the toughest Pool's at the event, having to contend with four time champions New Zealand, Australia and Wales in the first round. The Bok ladies went down against New Zealand and Australia but scored a 15-10 win over Wales to secure third place in the Pool and tenth place overall in the tournament. The result was an improvement by two positions on the previous tournament but fell short of the team's goal to end in the top eight places.

The current squad has a nucleus of young players who have the ability and mental attitude to succeed. SARU plans to expand its talent identification drive and has identified the need for regular competition against quality opposition from 2011 until the next World Cup.

A total of eight training camps took place in advance of the World Cup some of which included warm-up games against Provincial teams. The squad was also tested and received rugby skills training at the Nelson Mandela Metropolitan University in Port Elizabeth.

There were also four warm-up Tests against Kazakhstan and Scotland, played in Dubai and Edinburgh respectively, all of which were won by the Springbok Women.

## EMERGING SEVENS

The Emerging Sevens team participated in the Kenya Safari Sevens in June 2010. The tournament provides an opportunity for promising Sevens players to gain experience in a high performance competition. The South African team reached the final where they unfortunately lost 12-17 against Kenya. Young players who made an impression were; Louw Schabort, Jacques Engelbrecht, Brian Shabangu, Jacquin Jansen, Bernardo Botha, Siyanda Grey and Deon Scholtz.

### SCHOOLS AND CLUBS PROJECT FUNDING

School and club projects in the respective Provinces experienced an unsatisfactory year in 2010. Funds were allocated before project proposals were received from Provinces and a great opportunity was lost to give guidance to the Provincial Project Leaders.

Some Provinces achieved success but overall the organisation was poor and lacked administrative leadership. A detailed review is required to get the programme back on course.

THE INCLUSION OF SEVENS RUGBY INTO THE OLYMPIC FAMILY HAS OPENED FURTHER OPPORTUNITIES TO GROW THE GAME VIGOROUSLY AMONGST BOYS AND GIRLS IN ALL COMMUNITIES. WE MUST STRIVE TO CREATE A WIDE POOL FROM WHICH TEAMS TO FUTURE OLYMPICS WILL BE SELECTED

### PROSPECTS FOR 2011

The inclusion of Sevens Rugby into the Olympic family has opened further opportunities to grow the game vigorously amongst boys and girls in all communities. We must strive to create a wide pool from which teams to future Olympics will be selected.

There is a need for synergy in Sevens Rugby and a comprehensive strategy to build a strong culture of Sevens rugby across the country.

The Under-16 Girls National Youth Week will form part of the annual National Weeks. The Week is a platform created as the entry point for girls at school and club level.





# COMMUNITY RUGBY

BY XHANTI LAMANI

## tournaments report

### TRADITIONAL EASTER RUGBY TOURNAMENTS

During 2010, SARU supported four Easter Rugby Tournaments with the flagship and rural tournaments hosted by the Border Rugby Union. The other two were hosted by the Eastern Province and Western Province Rugby Unions.

Preparations were completed well in advance of the events with Local Organizing Committees (LOC) established and consultations taking place with the respective hosts unions, local government and municipalities. The success of these events depends much on partnerships between these respective stakeholders.

The flagship event was hosted jointly by the Border Rugby Union and Homeboys Rugby Club. The event was very well managed despite challenges around

accommodation and meals, which were swiftly resolved by the LOC.

### HERITAGE TOURNAMENTS

SARU once again supported five Heritage tournaments in the Eastern Cape and Western Cape with the respective Unions providing their full cooperation and support. Fantastic support was received from the Western Cape Department of Sport whilst the Eastern Cape Department of Sport has indicated that it is interested in getting involved in future events.

### ACHIEVEMENTS

The Easter and Heritage tournaments have experienced fantastic growth in recent years. They are presently at a level where tournaments include clubs from



all corners of the country, both rural and urban. These events provide a fantastic opportunity for players to experience a more competitive environment. They are also aiming to further SARU's broader Game Development objectives by exposing the game across the length and breadth of our country.

### RECOMMENDATIONS

A special committee is needed to assist SARU in ensuring that these tournaments promote and amplify the strategic imperatives of the organization. Instead of being positioned as 'stand alone' community events they must form part of SARU's strategy to unify rugby stakeholders at all levels.

In addition, SARU High Performance squad Selectors should become involved in the programme as part of

THESE EVENTS PROVIDE A FANTASTIC OPPORTUNITY FOR PLAYERS TO EXPERIENCE A MORE COMPETITIVE ENVIRONMENT. THEY ARE ALSO AIMED AT FURTHERING SARU'S BROADER GAME DEVELOPMENT OBJECTIVES BY EXPOSING THE GAME ACROSS THE LENGTH AND BREADTH OF OUR COUNTRY

the broader talent identification process.

Marketing and Commercial support is also required to boost the stature and profile of these events.

### FOCUS ON 2011

Consideration should be given to the utilization of these tournaments by the SARU Referees Department as a vehicle for identifying African refereeing potential, developing talent and fast-tracking their transformation imperatives. The provision of qualified and professional match officials at these events will exemplify a total commitment to improving the quality of the game at this level.



# MEDICAL report

BY CLINT READHEAD

One of SARU's long-term strategic objectives is to develop SARU's human capital as well as that of rugby's stakeholders. To this end, the medical department established a SARU Medical Association with the aim of developing parallel medical associations in the unions and creating a two-way channel of communication. A large focus area in 2010 was the roll-out of the BokSmart Rugby Safety Programme. SARU also increased injury surveillance protocols at all SARU matches and tournaments and, in conjunction with the SA Institute for Drug-free Sport (SAIDS), targeted age-grade rugby for improved drug testing.

## OBJECTIVES AND KEY ACTIVITIES FOR 2010

**Establish a national representative Rugby Medical Association:** Research was conducted to formulate and develop a medical association structure that met the strategic objectives of SARU. Meetings were held

with all union-appointed medical association managers to present and discuss the proposed structure and resolve any potential issues around the rollout and implementation of the planned medical association. During 2010, six union medical associations were established with the challenge being to get similar associations functioning at all unions.

**Expand the current drug testing programme at Age-Grade rugby and extend the programme into SARU tournaments:** SARU agreed with SAIDS that the status quo with regards to drug testing at Vodacom Super Rugby, Senior Provincial and National level matches and tournaments would remain, whilst testing was expanded to include an increased presence at the SARU tournaments and the age-grade representative levels (U18, U19, U21). There was comprehensive testing during the Coca-Cola Under-18 Craven Week whilst educational awareness programmes around drug and

supplementation issues and risks were introduced at all annual youth weeks. This process will be further enhanced by the future support of school associations.

**Implementation of rugby safety regulations nationally:** Under-aged rugby regulations and rugby safety regulations were drafted and ratified by the SARU EXCO and AGM and officially launched via the media in March 2010. Since the national launch there has been on-going communication with all rugby stakeholders regarding the dissemination of both sets of regulations. In future, the medical department will audit compliance to the rugby safety regulations on a national basis.

**National mass training on the BokSmart Rugby Safety Programme:** A BokSmart Steering Committee, comprising provincial representatives, was established to oversee the rugby safety workshops within the unions. A key thrust was the implementation of the BokSmart 20 000 campaign for incentivising BokSmart Trainers and participating coaches and referees to become certified before 2011. This included the roll-out of the “Unlock Your Potential” campaign to all schools, clubs and rugby bodies countrywide to encourage certification and further promote the regulations. To date SARU has trained 15 878 coaches and referees countrywide via 697 workshops.

A key to future success will be ensuring that all Unions drive the programme with the same enthusiasm and diligence. There are, however, issues around limited resources and penetration into disadvantaged communities.

**Production of new BokSmart Educational Content on all platforms:** An expert advisory panel was created to research and develop appropriate rugby safety content. As a result, 21 new evidence-based documents on rugby safety, performance, injury management and injury prevention issues were produced and loaded onto the BokSmart website. The 2011/2012 BokSmart Rugby Safety educational DVD was scripted and filmed and the BokSmart Toolkit Handbook was updated to accommodate the newest guidelines.

**Implement injury surveillance protocols for Serious and Catastrophic rugby injuries and acute match related injuries at all SARU, Super Rugby and National matches/tournaments:** All relevant medical support staff working at the national, provincial and

SARU Youth Week matches and tournaments were informed about the process of collection of acute rugby injury data in accordance with international consensus guidelines. Data was continually analysed to determine injury patterns and a quarterly analysis of standardised information on all catastrophic incidents was done to identify trends and patterns. This enabled SARU to align the BokSmart Serious/Catastrophic injury data report form with the IRB's online equivalent, resulting in standardised reporting and data capture in line with internationally accepted standards. There remain many challenges on this front, including the accurate recording of information by untrained non-SARU affiliated tournament personnel, poor education amongst people having to report on serious and catastrophic injuries, and the need to have exact player numbers recorded on a database that will ensure accurate understanding and interpretation of the injury risks in South African rugby at all levels of play.

## PROSPECTS FOR 2011

- National Train-the-trainers workshops on BokSmart 2011/2012
- Random rugby safety auditing process roll-out and implementation
- Final editing and production of educational DVD's for BokSmart 2011/2012
- New educational content development
- Continued roll-out of the BokSmart rugby safety workshops
- Roll-out of the elite player social drug awareness programme
- Roll-out of the expanded drug education programme at SARU Youth Week tournaments



# REFEREEING report

BY ANDRÉ WATSON

**T**he vision of the South African Rugby Referees' Association (SARRA) is to be the leading referee society in the world with the ability to provide a world class refereeing service to all stakeholders in South African rugby. 2010 provided a host of challenges for SARRA to promote the "sport of rugby refereeing" and in so doing offer the best possible service to teams, spectators, media and other key stakeholders.

## CORE OBJECTIVES FOR 2010

**Referee Recruitment:** There remains an alarming shortage of referees in the country and a major focus fell on improving the recruitment awareness campaign during 2010. This process was assisted by high-visibility via signage's at Varsity Cup matches and at the respective National Youth Weeks. We also implemented a print and radio advertising campaign. An intensified effort was put into the Eastern Cape region, which included visits to schools with the aim to recruit referees.

**Development:** The Academy Squad Initiative started two years ago was intensified in 2010 with dedicated people appointed to drive the process in four key regions of the country. Promising referees of colour were recruited from the Provincial Societies and given opportunities at school and club tournaments throughout the country. Their performances were measured and they received coaching.

**Improvement of SA Panel Referees:** The national referee coaches worked with the referees on an individual basis throughout the year. Various group courses and seminars were also conducted. All SA panel referees were BokSmart certified.

**Training and education courses to Provincial Societies:** Formal courses were conducted in the 14 provincial societies to present IRB Level 1 and Level 2 match official courses as well as IRB match official coaching courses. In addition, all provincial societies hosted IRB



Educators Courses, which allowed them to provide personnel who could conduct the other IRB course mentioned.

**Performance Reviews:** The performances of the existing panel of referees were measured by Match Reviewing with 90% of all SARU competition matches assessed.

**Communication:** Three meetings were held between team coaches and SA panel referees before the respective 2010 competitions kicked off. The SARRA management maintained regular contact with team coaches, who provided feedback by means of referee ratings. This culminated in the teams assisting in the rating of all SA panel referees by the end of the season.

### CHALLENGES

- To increase the numbers of Referees in SA. This will not only properly service the game but improve the standard at all levels across the country.
- To change negative perceptions of referees in rugby
- To remain a frontrunner in world rugby Refereeing



## ACHIEVEMENT SUMMARY

ACTIVITY	ACHIEVEMENTS
Recruitment and awareness campaign	457 new recruits.
Academy Squad Initiative	94 referees on the squad receiving exposure and specialized training and coaching. 11 black (5 ethnic African) referees nominated for SA Contenders Squad.
Formal Training and Education courses	72 formal courses were conducted by SARRA resulting in: 864 completed IRB Level 1 course 176 IRB Level 2 171 IRB Level 1 coach 753 Specialized Assistant Referee Level 1 309 Specialized Assistant Referee Level 2 52 IRB Educators 3 IRB Trainer
Specialized Courses	1 283 referees Boksmart certified. Two specialized courses for panel referees Scrum courses and sessions 1 MR course 1 AR course 1 Time keepers course 1 TMO course
Performance reviews	Total of 935 assessments
Administration	1 036 games appointed 2 807 law books ordered and distributed 29 Fairplay systems updated



# commercial, marketing & **CORPORATE SERVICES**

COMMERCIAL • MARKETING • COMMUNICATIONS  
GAME OPERATIONS • HUMAN RESOURCES • REMUNERATION



# COMMERCIAL report

BY KHAYA MAYEDWA



**T**he economic downturn has provided a host of challenges for the SARU Commercial Department over the past 18 months.

Not least of these is the substantial swing in the thinking of sponsorship executives, who are looking to extract optimum value from their sponsorships. With purse strings tightening and companies looking to trim the fat wherever possible, it is no longer feasible to simply sponsor a sports property without sound justification.

The sponsorship departments of big brands find themselves under increased pressure to justify their investments with evidence of increases in awareness, interest, and in many cases, sales.

Working closely with commercial agencies, SARU's Commercial Department has managed to produce positive results amidst a very tough economic climate.

## CONTRACT RENEWALS

During 2010, SARU renewed its agreement with Commercial agents, Megapro.

Five renewed sponsorships also commenced during 2010, four of these in the Springbok family. All sponsorships were renewed on extremely favourable terms, with contributions increasing by as much as 79% in some cases.

In addition to the Springbok sponsorship renewals, South African Breweries (SAB) renewed its associate sponsor status to the Vodacom Super Rugby for a further five years to 2015.

## NEW SPONSORSHIPS

Two new sponsorships secured for 2010. Virgin Active joined the ranks of Official Suppliers to the Springboks, joining Globeflight, BSN Medical and Springboks Atlas, and Career Junction signed up as a fourth associate sponsor to the Vodacom Super 14 – the first time there have ever been four associate sponsors.

### SPRINGBOK-RELATED RENEWALS

Budget (car rental)	Secured for a further 3 years 17% increase on 2009
BSN (Medical supplies)	Secured for a further 3 years 20% increase on 2009
Springbok Atlas (transport)	Secured for a further 2 years 79% increase on 2009
Globeflight (couriers)	Product Supplier to the Springboks Secured for a further 5.5 years 40% increase on 2009

### OTHER RENEWALS

SAB	Associate Sponsor to Vodacom Super 14/Super Rugby (from 2011) Secured for a further 5 years 66% increase on 2009 25% increase on 2010
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## ORDERS ARE STACKING UP INCREDIBLY ON "BOKKIE" AND HE APPEARS SET TO BREAK SOME "CHARACTER" RETAIL RECORDS IN SOUTH AFRICA

Virgin Active will supply the Springbok Team and Management with 150 annual memberships per year for the duration of the three year agreement. Career Junction, meanwhile, signed on for 2010 with an option to renew for 2011. Unfortunately, their involvement did not have the desired impact on increasing traffic to their website and they have opted not to renew for 2011.

### SPONSORSHIP EVALUATION

During 2010, SARU appointed Sport Marketing Surveys (SMS) to conduct an evaluation of its numerous sponsored "properties". SMS utilized scientific research methodology to ascertain the true value of SARU's brands.

### BOKKIE MASCOT

Animation specialists Jungle Beat were contracted to give life to SARU's new mascot, "Bokkie". The infectious character was favourably accepted by various stakeholders, providing a boost to the SARU licensing programme.

The appearance of "Bokkie" in 3D in NuMetro cinemas will generate further exposure that marketing experts value at millions of Rands. This will enhance not only the "Bokkie" brand but also boost the Springbok Supporters Club and SA Rugby in general. There will also be further benefits to our merchandising programme.

Already, orders are stacking up incredibly on "Bokkie" and he appears set to break some "character" retail records in South Africa.

### PROSPECTS FOR 2011

70% of our sponsorship agreements for 2011 have already been finalized and we have sound relationships in place with our sponsors.

Ambush marketing and the sale of counterfeit products remain problematic but we have already put together mechanisms to counter these practices.



# MARKETING report

BY SARAH MUNDY

In 2010, SARU's marketing department re-examined its current market segments based on the results of nationwide consumer fan-based research. The positioning of some brands will potentially shift slightly in the coming year, ensuring better alignment of overall SARU strategies with each of its brand segments.

SARU launched two new brand building campaigns and began working more closely with the Springbok Supporters Club with the aim of increasing the Springbok Supporters Club database. This will gain a strong focus leading up to the Rugby World Cup in 2011.

## 2010 OBJECTIVES

Five core long-term objectives were identified for 2010, aligning marketing with SARU's corporate vision:

- Build relationships with all key stakeholders to enhance rugby's reputation and image
- Maximize revenue streams to create better commercial opportunities
- Build viable brands that can provide better long-term value
- Promote Rugby to the broader population and create a stronger affinity to rugby among "non-rugby" fans whilst meeting the needs of the current fan
- Ongoing benchmarking and competitor analysis to ensure effective rugby strategy across all brands

## KEY ACTIVITIES AND EVENTS

2010 saw SARU launch a major brand building campaign via its "Champions Tour" – a country-wide roadshow to thank rugby fans for their support during the hugely successful 2009 season, which, amongst others, saw the Springboks win the Vodacom Tri-Nations, the Bulls win the Vodacom Super 14 and the Sevens side crowned IRB Series champions.

SARU showcased the various trophies to rugby fans across South Africa and utilised the Tour to educate rugby players about injury prevention and the



Laws of the Game as well as to source and recruit referees.

The SARU mascot “Bokkie” was re-energised and launched as an animated character, which has allowed SARU to build a “new” brand that can provide long-term value. Bokkie will enable SARU to communicate across diverse cultural, racial and generational barriers” in South Africa. Bokkie is also an integral part of SARU’s licensing programme targeted specifically at the youth market.

## THE STAGING OF A SPRINGBOK TRI-NATIONS TEST AND THE 2010 VODACOM SUPER 14 FINAL IN SOWETO HAS DONE MUCH TO EXPOSE RUGBY TO A BROADER AUDIENCE. SUPPORT FOR THESE EVENTS ... WAS UNWAVERING

SARU’s “BokSmart” safety awareness and injury prevention programme has been well received following its successful launch in 2009. The programme aims to accredit almost 20 000 coaches and referees in advance of this becoming legislation from 2011.

The National Referee Recruitment campaign has achieved ongoing success with awareness being generated at the annual Coca-Cola Youth Weeks as well as the Emirates Airline SA Sevens event in George. Marketing and awareness of the programme has boosted referee recruitment nationally and SARU strives to continue this trend during 2011.

## ACHIEVEMENTS, CHALLENGES AND LEARNINGS

The staging of a Springbok Tri-Nations Test and the 2010 Vodacom Super 14 final in Soweto has done much to expose rugby to a broader audience. Support for these events, at Soccer City and Orlando Stadium respectively, was unwavering and SARU intends exploring similar opportunities for all South Africans in advance of RWC 2011.

The launch of the “Unite 2011” RWC Campaign in September 2010 – aimed at getting the Nation behind the Boks when they defend their title in New Zealand – saw 4000 fans subscribe in just short of two days. The number continues to grow.

SARU’s standing and credibility amongst the South African sporting fraternity saw the organization being



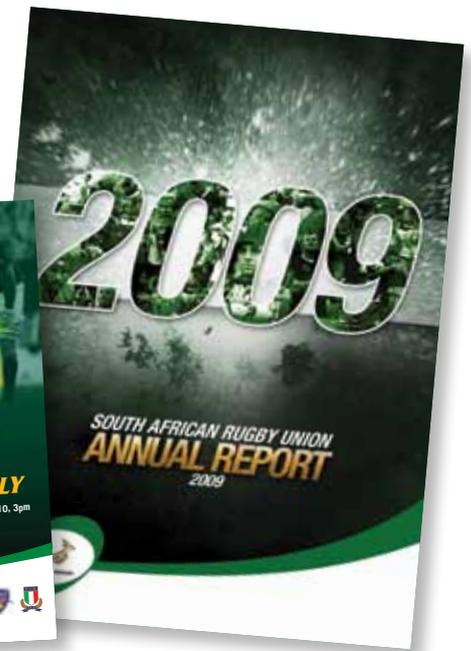
shortlisted in three categories in the 2010 annual Virgin Active Sports Industry awards. Nominations included the “Bokkie” mascot, the Youth Development Rugby programme in partnership with Tag Rugby, and the organization’s various social media platforms.

SARU’s “Bokkie” animations appear in 3D across all Nu Metro Cinemas nationwide, exposing the mascot to more than one million people. The “Bokkie” licensing programme will be extended into 2011 with many licensees joining the SARU “Springbok Fans Unite 2011” RWC campaign.

## FOCUS FOR 2011

The marketing department’s core focus for 2011 is to ensure the department streamlines all its activities and focuses on exposing the game to a wider audience, utilising RWC 2011 as a key platform.

Working with various stakeholders, SARU hopes to create a variety of experiential platforms that will leave their mark and entrench rugby in the hearts and minds of all South Africans. Our vision is to see all supporters, stakeholders and South Africans, unite behind the Springbok team and the game of rugby.



# COMMUNICATIONS *report*

BY ANDY COLQUHOUN

The first year of the return to operation of SARU as a single entity, allied to the aggressive roll-out of a number of new communications platforms, meant that 2010 was an extremely busy one for the communications department.

The election and operations of a new Executive Council and the appointment of a new CEO dominated the corporate landscape in the first half of the year while the department's operational focus was on the move into the social media sphere. All of this ran in parallel to on-going issues management and communication around teams, activities and tournaments.

The social media strategy transformed the communications landscape of SARU. In addition to the traditional issue of media releases and advisories – some 800 of them – the department also managed a host of platforms to communicate to the general public and to the newly established database of more than 50 000 supporters.

The move yielded a number of notable successes and allowed the department to communicate the organisation's wide-ranging activities and successes directly to supporters through modern channels in which the public are increasingly engaged.

To make the migration more meaningful and a richer experience for supporters, the technology was sought and applied to allow for the collection and management of a database with whom SARU could open a two-way conversation. The project was part of an overall departmental strategy to “speak to friends” by servicing the information needs of supporters through platforms that appealed to them.

Having the channels to speak to people is meaningless if the message is inappropriate so, in order to better understand the perceptions and expectations of supporters and other key stakeholders, the department undertook a major research project. A ‘perception audit’ was commissioned and delivered to provide greater insight into the attitudes of rugby’s public in order to provide a better focused and more appropriate communication service in the future. The information and learnings generated from the project will inform SARU’s communications strategy in 2011.

The objective of creating a ‘personal’ SARU community had two phases: firstly creating the technological platforms to manage a database and deliver information and, secondly, providing the content to populate

the new platforms. A Customer Relationship Management (CRM) programme was established in discussion with the Springbok Supporters' Club in time for a database acquisition drive to begin in conjunction with the Champion Tour in February.

Once that was established a weekly email newsletter – called Bokzine – was launched in March to the growing database and in July an electronic magazine – Bok – was developed as a first for a South African sporting code. Bok used online page-turning technology and embedded videos to create an interactive experience for supporters.

For non-subscribers a SARU mobisite and Mxit portal were both opened in May while SARU's primary social media channels went from strength to strength, thanks to aggressive management and the provision of exclusive content.

The Springbok Facebook page saw significant growth in 2010 to become the largest home-grown Facebook page in the country with 260,000 followers by year end, growing at a rate of 6,000 per week.

IN JULY AN ELECTRONIC MAGAZINE – BOK – WAS DEVELOPED AS A FIRST FOR A SOUTH AFRICAN SPORTING CODE. BOK USED ONLINE PAGE-TURNING TECHNOLOGY AND EMBEDDED VIDEOS TO CREATE AN INTERACTIVE EXPERIENCE FOR SUPPORTERS

SARU's Twitter account showed steady growth at a more modest level and a new SARU YouTube channel was also established. The desired effect was to create SARU touch points for rugby followers wherever they were active in the online world.

The channels were used to publicise SARU's successes in 2010, augmenting the use of conventional methods such as media releases and SARU's existing and successful website. Activities such as the progress of the major BokSmart certification initiative, the arrival of the "Bokkie" mascot, the Champion Tour and the progress of the Springbok Women's team were all promoted through the new channels.

The department continued to fulfill its traditional functions with letter and speech writing dotted among the issue of releases around "off-diary" events and a significant backbone of releases in support of the Vodacom Cup, Vodacom Super Rugby and Absa Currie Cup competitions.

The extensive activities and engagements of our four national teams – the Springboks, Springbok Sevens, Springbok Women and SA Under-20s – were comprehensively charted with media officers despatched overseas in support of all but the national Sevens team.

The department organised and hosted a number of press conferences and media launches throughout the year and delivered a working media platform at six home Test matches. Three of these were at 'new' Test venues in Witbank, East London and the FNB Stadium and the challenges of the first two were overcome while the opportunities maximised of the third.

The SA Rugby Annual, Annual Report, inbound and outbound media guides and test programmes for the East London and Witbank Tests were all produced in-house at a significant overall saving on 2009.

There were a number of reputational issues throughout the year that required a response from SARU and these were managed in conjunction with the SARU leadership.

The year ended with the communications department well placed to service the needs of the restructured SARU as well as capitalise on the opportunities created by a refocusing of the organisation's vision. The learnings of the stakeholder research will assist in shaping the department's strategy to address their perceptions about the organisation and demonstrate the many areas in which the South African Rugby Union excels.

- SARU has begun the process of establishing a long-term and sustainable Corporate Social Responsibility (CSR) programme and a full report on the programme's development and the formal commitment to investment will be included on the 2011 SARU Annual report.



# GAME OPERATIONS *report*

BY STEVEN ROOS

**G**ame Operations is responsible for ensuring the smooth running of all domestic and international matches and tournaments played in South Africa during the season. This includes domestic competitions such as the Vodacom Cup and Absa Currie Cup, international competitions such as the Vodacom Super 14, Incoming Tours and Tri-Nations and the annual IRB Series Sevens tournament. The department also takes responsibility for the kitting of the Springboks and other national teams.

## INCOMING TOURS AND VODACOM TRI-NATIONS

South Africa hosted six Springbok Test matches during 2010 – one against France and two against Italy in June, and three Vodacom Tri-Nations Tests during August and September, including the first-ever Test at the impressive FNB Stadium in Johannesburg, venue for the FIFA 2010 World Cup final earlier in the year. The visiting teams were satisfied with all arrangements and there was positive feedback on Witbank and East

London, the non-traditional Test venues that hosted the Italian Tests.

## IRB SEVENS WORLD SERIES IN GEORGE

SARU again staged successful IRB Sevens Series events during 2009 and 2010, with the city of George proving as popular a venue as ever. The South African leg of the IRB Series is a successful and profitable tournament with the event amongst four on the World Series circuit that makes a profit.

## KITTING

The department maintains close relationships with its clothing consultant and sponsors Canterbury to develop an annual plan of action regarding the supply of all kit. It is also responsible for sourcing garments of high quality in order to ensure that a professional standard is maintained. Regular meetings take place during the year with the management of the various National teams and other role players to determine kitting requirements, squad assembly and kitting dates



and the provision of samples. All 2010 kit-outs went well and the teams were happy with the quality of kit supplied by Canterbury.

### CANTERBURY SPONSORSHIP

The Operations Department is responsible for monitoring the quantity of kit available against the kit sponsorship amount provided by Canterbury.

### DOMESTIC COMPETITIONS

Operations provides the Games and Policies Committee of SARU with competition formats and compiles fixtures for all Competitions once the formats have been agreed. Part of this process is meeting with broadcasters to determine televised matches and to circulate the proposed fixtures to provinces for input and approval. The provincial unions received the first draft of the 2011 match programme during the second week in November 2010. With the new Super Rugby competition to be played from 2011, the season is very congested and there will be no off-weekend between the Absa Currie Cup semi-final and final

### FOCUS FOR 2011

**Domestic Competitions:** The Argentinian Pampas XV and Namibia will again participate in the Vodacom Cup in 2011. Should Argentina qualify for the semi-finals, the match will be played in Argentina, which will provide an exciting challenge. The Absa Currie Cup format is unchanged for 2011

**Incoming Tours and Vodacom Tri-Nations:** Due to RWC 2011 there will be no incoming tours during June 2011 and only two Vodacom Tri-Nations matches – against Australia in Durban on 13 August and against New Zealand in Port Elizabeth on 20 August. The All Black match will be the first Test to be played at the new Nelson Mandela Bay Stadium that was built for the FIFA 2010 World Cup.

**Kitting:** The major task for the year will be planning for and ordering the new Springbok Team kit that will be used at RWC 2011

**HSBC Sevens World Series:** A decision as to where the South African leg of the HSBC Sevens World Series will be held for the next four years, from 2011 to 2014, is expected early in 2011.



# HUMAN RESOURCES *report*

BY INGRID MANGCU

**H**uman Resources activities during 2010 focussed on the department's six key objectives, which were updated to align with SARU's business needs. These objectives are:

- 1. Transformation:** Developing a transformation process that will maximise talent pool, organisational capability and innovation
- 2. Performance Management:** Creating a performance management system and a culture that seeks to achieve desired organisational results through skilled and capable people
- 3. HR Efficiency and Effectiveness:** Reviewing and producing practical policies, processes, frameworks and guidelines that have an impact on SARU's performance
- 4. Develop the SARU workforce:** Developing a self sufficient organisation with capable workforce supported by integrated business processes
- 5. Attraction and acquisition:** Attracting and acquiring a capable workforce to maximise SARU's individual and team targets
- 6. Employee Wellness:** Promoting productivity through focussing on wellbeing and specific medical issues

## TRANSFORMATION

At the beginning of 2010, all former SA Rugby (Pty) Ltd employees signed and returned transfer letters following the merger with the South African Rugby



Union (SARU) in accordance with Section 197 of the South African Labour Relations Act.

The Annual Employment Equity Report was submitted to the Department of Labour on January 15. The profile of SARU's workforce was as follows:

African (Black) = 22%  
 Coloured = 20%  
 Indian = 0.3%  
 White = 56%

SARU's BEE verification produced a score of Level 8 Contributor, based on the following results:

B-BBEE STATUS	WEIGHTING POINTS	ACTUAL POINTS
Ownership	N/A	N/A
Management and Control	15	3.12
Employment Equity	15	9.33
Skills Development	20	10.93
Preferential Procurement	20	1.17
Enterprise Development	15	0
Socio-Economic Development	15	15

## PERFORMANCE MANAGEMENT

A new performance management system became effective in February this year with all staff agreeing their 2010 objectives with their Line Managers. 91% of staff reviewed their performance in July and the entire staff completed their final performance reviews in November. From 2011, staff salary increases will be based on individual performance.

## HR EFFICIENCY AND EFFECTIVENESS

One of the challenges HR has been faced with is inconsistencies in the application of policies. The department carried out a policy review and has separated policies into high, medium and low priority categories. The high priority policies have been approved and communicated to all staff.

## DEVELOP THE SARU WORKFORCE

Many employees underwent training to increase their level of capability in their jobs. This included technical



A LEADERSHIP DEVELOPMENT PROGRAMME WAS ALSO DESIGNED AND ROLLED OUT TO THE MANAGERS TO ENSURE INCREASED CAPABILITY IN THEIR MANAGEMENT/LEADERSHIP SKILLS

and business training programmes which addressed the technical aspects of their jobs. A leadership development programme was also designed and rolled out to the managers to ensure increased capability in their management/leadership skills. Two Leadership development programmes were run in 2010.

In September, SARU's Workplace Skills Plan for 2010/2011 was approved by Theta. As a result of the aggressive development of staff, Theta will reimburse SARU with a mandatory grant of R520 000.

**ATTRACTION AND ACQUISITION**

The Recruitment and Remuneration policies were primary tools which were used in attracting high calibre employees into the organisation. Jobs were benchmarked and salary bands were used as a base to ensure equity amongst internal staff as well as to attract staff from outside the organisation. All vacant positions (contract or permanent) were advertised both internally and externally.

**EMPLOYEE WELLNESS**

ICAS (our Wellness Partner) played an important role in ensuring that employees had access to professional advice on problems they encountered in their personal and professional lives. Confidential counselling ses-



sions were done face to face and through a confidential helpline. SARU's response rate has been recorded as higher than other companies who have introduced similar Wellness programmes for their employees.

In October, SARU ran a Wellness week that included the involvement of Discovery Health, opticians, dieticians, skin care specialists, massage therapists, HIV testing and ICAS services. This is expected to become an annual event.

Another key project managed by the HR Department during 2010 was the recruitment and appointment of a new CEO with Mr Jurie Roux being appointed effective October 1, 2010.

On December 1, staff members visited Nazareth House to support abandoned and HIV infected children and hand over gifts.

# REMUNERATION report

BY INGRID MANGCU

The Human Resources and Remuneration Committee ("REMCO") Terms of Reference, adopted in April 2008, are based and supported by the principles outlined in King III. During 2010, the Committee ensured that the principles of accountability and transparency were applied in all SARU Human Resource and Remunerations matters. Critical Remuneration policies were developed and implemented during the year. All remuneration decisions were based on the objective market data which was linked and supported by SARU business and remuneration strategies.

In 2010, four REMCO meetings took place. Amongst a number of issues that the Committee dealt with, the following were most prominent:

- Implementation of the approved Remuneration strategy and policy
- Remuneration (fees) for Executive Council members and Presidents of Unions
- Remuneration of Springbok Sevens Management
- Recruitment matters for Senior Managers (including CEO) and contractors
- Policy Review and approval:
  - \* Executive Benefits Policy for Executive Council members and Provincial Presidents
  - \* Travel Policy
- SARU Restructuring Process
- 2011 Salary Review

## REMUNERATION STRATEGY AND POLICY

The Remuneration Strategy and Policy documents were presented to REMCO members and the SARU Executive Council in December 2009. Both documents were reviewed and approved for implementation in January 2010. The two documents outline the philosophy, principles and approval process in dealing with issues of Remuneration in SARU.

## NON-EXECUTIVE AND PROVINCIAL PRESIDENTS' REMUNERATION

A market survey, which included other sports bodies, was conducted in June to benchmark the remuneration of Non-Executive and Provincial Union Presidents against the remuneration of their counterparts in the external market. The survey showed that SARU was lagging behind in the market and steps were taken to adjust the

salaries with an overall 25% budget for the Non-executives and Provincial Presidents. This adjustment was backdated to January 2010.

## REMUNERATION OF SPRINGBOK SEVENS MANAGEMENT

Another market salary survey was conducted in July to benchmark the earnings of the Sevens Management. The survey showed that the management team was paid above the maximum of SARU's pay scale on their applicable job grades. The salaries were therefore not adjusted, which meant that the contracts were renewed with no change to salaries. The only change was the introduction of Merit Increase and Performance Bonus components which will be effective in 2011.

## RECRUITMENT MATTERS

The SARU Chief Executive Officer Recruitment process began in May and was finalised end of July. The General Council meeting thereafter approved the appointment of Mr Jurie Roux as SARU's new CEO effective October 1, 2010. Other contracts for senior positions followed the normal SARU recruitment process. These included the appointment of Mr Mveleli Ncula for operations support in Border Rugby Union and Dr Willie Basson for support in SARU Transformation projects.

## POLICY REVIEW AND APPROVAL

All SARU Human Resources policies were reviewed. Revised Travel Policy and Benefit Policy, relevant to Executive Council members and Provincial Union Presidents, were submitted to the General Council for approval in July with changes effected by the HR Department.

## SARU RESTRUCTURING PROCESS

The SARU Restructuring process commenced in February 2010 with the Task Team led by Dr Ismail Jakoet. The project was abandoned in June when a decision was taken that the new CEO would lead the process in 2011.

## 2011 SALARY INCREASE

SARU participated in the 2011 salary market survey. The percentage increase proposal, approved by REMCO, was 4% across the board and a 3% merit increase based on performance.



# NOTES



# NOTES





This Annual Report has been printed on environmentally friendly paper.

[www.sarugby.co.za](http://www.sarugby.co.za)