



SOUTH AFRICAN RUGBY UNION  
**ANNUAL REPORT**



2013



# SOUTH AFRICAN RUGBY UNION ANNUAL REPORT



# 2013

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# SARU SPONSORS

## TIER 1 SPONSORS



## ASSOCIATE SPONSORS



vodacom



## OFFICIAL SUPPLIERS



## SARU ENDORSED TOURNAMENT SPONSORS



## TOURNAMENT ASSOCIATE SPONSORS



# PRESIDENT'S REPORT



**T**o borrow from the language of the sports coach, 2013 was very much a game of two halves or, more accurately, a year of two contrasting streams. On-the-field there was a definite sense that the playing fortunes of the Springboks, Junior Springboks, Sevens and Women's teams remained on an upward curve. Off it, however, both SARU and its members were confronted by mounting financial challenges. Our sport was not immune from the after-effects of the global financial crisis as the disposable income of supporters was squeezed and corporate supporters found their own budgets under pressure.

At an administrative level the dominant issue of the year remained South Africa's unique challenge of accommodating six franchise regions when we have only five places in Vodacom Super Rugby. That issue has been resolved post-2015 as our representatives secured agreement from our SANZAR partners that a sixth South African team was a "non-negotiable" and will be a part of any new broadcast deal.

That left the 2014 and 2015 seasons to navigate to the greatest possible advantage in challenging circumstances. The Executive Council made proposals to remedy that situation by enlarging the Absa Currie Cup Premier Division to eight teams and ensuring the participation of all six franchises in that competition for both seasons. Ultimately that outcome was reached through the General Council, although it was only confirmed early in 2014.

On the field however, the picture remained almost unremittingly bright with no team making greater strides than those achieved by the Springboks

themselves. Heyneke Meyer's second season in charge saw a 'new' Springbok team begin to emerge and by year end we could reflect on the Springboks' finest season in statistical terms since the Tri-Nations winning season of 1998 when 11 of 12 tests were won. Meyer's Boks won 10 out of 12 in 2013 – losing only to a very impressive New Zealand combination – but it was as much the way they played that signalled the arrival of a new era. They scored a sumptuous 47 tries, enjoyed a second successive unbeaten European tour; enjoyed their biggest ever win in Australia and their first in Brisbane since 1971 and also our biggest win over Argentina (73-13).

The U20s blooded exciting new talents for the future during the Junior World Championship in France. Players such as Justin Geduld, Seabelo Senatla and Cheslin Kolbe produced dazzling performances in the backline – before heading off to Moscow for the Sevens Rugby World Cup – while Jacques du Plessis and others made an impression among the forwards. The Junior Springboks beat the eventual champions, England, in the group stages only to fall to a final-movement try by Wales in the semi-final. However, the tournament ended on a high note when New Zealand were beaten (41-34) for the second successive season, after the Junior Boks had trailed 21-0 after half an hour.

In mid-year we also decided to take a new direction with our Sevens programme. The time came to part ways with our Sevens coach, Paul Treu, ending a 15-year involvement with Springbok Sevens as a player, captain and coach. Paul's contribution to Sevens rugby in this country over that period was outstanding. The new coach, Neil Powell – also a former Sevens player and national captain – enjoyed early success by leading the team to the Cell C Nelson Mandela Bay Sevens title in Port Elizabeth in December.

That victory was charged with emotion as it came in the week in which we saw the passing of the first President of a democratic South Africa, Nelson Rolihlahla Mandela. It was a loss felt not only by South Africa but by the world – a measure of how many lives he had touched and how significant was his impact not just on politics but on humanity. We were all unbelievably privileged to have shared our country and this era with him – his name will live for evermore. South Africa and our sport owed him a great debt; thank you Tata for being the Springboks' friend and inspiration.

The depth of SA rugby is the envy of many nations and that was exemplified by the performance of the SA President's XV in the IRB's Tbilisi Cup. They were pitched against World Cup finalists Georgia and Uruguay as well as an Emerging Ireland team. The President's XV, made up largely of players from the Steval Pumas, beat all three of their opponents to claim

*The depth of SA rugby is the envy of many nations and that was exemplified by the performance of the SA President's XV in the IRB's Tbilisi Cup. They were pitched against World Cup finalists Georgia and Uruguay as well as an Emerging Ireland team.*

the title in the Georgian capital to emulate the success of the SA Kings XV, which won the IRB Nations Cup title in Romania in 2011.

Women's Rugby in South Africa is only a decade old but significant structural progress was made in 2013 with the establishment of a training base for the Sevens squad in Port Elizabeth and the involvement of the HP department in their preparation. The plan bore fruit in September when the XV-a-side team recorded a record victory, beating Uganda 63-3, to reach the Women's Rugby World Cup finals.

Our national teams will compete in men's and women's Rugby World Cups and two Junior World Championships in the 2014 and 2015 seasons. There are obviously no guarantees but the evidence was clearly laid out in 2013 that our teams will be highly competitive whenever and wherever they appear.

**Oregan Hoskins**

*President*

*South African Rugby Union*

# CEO'S REPORT



**T**he determination to continually raise the bar within South African rugby saw us reap a rich harvest in 2013 as a number of projects reached their full expression. They will be part of our landscape for years to come and offer significant benefits in terms of increasing the rugby-playing intellectual property (IP) of South Africa and also in what SARU offers to its players and supporters.

However, a review of 2013 would not be complete without acknowledging the increasingly challenging financial environment in which the game operates. A number of programmes and activities had to be re-engineered during the course of the year to remain within a budget that had to be revised downwards. The fact that the organisation managed to report a profit was due to prudent financial management. There was an impact on a number of plans but operations were managed to continue without interruption.

The organisation was able to report a small operating profit in that very difficult economic environment, with a group profit before taxation of R5.1 million for the year ended 31 December 2013. The after-tax profit was boosted to R11.1 million because of a write back of taxation charges of R6 million.

However, the advances far outweighed the interruptions in 2013 as we continued on our mission of making ourselves more relevant to our supporters and more useful to our rugby



*The inaugural Cell C Community Cup proved to be a massive success with well attended matches all over the country and a fitting climax to the competition. GAP Despatch (pictured) won the title with a penalty kick after the final hooter in the final played in George, beating Jonsson College Rovers 26-24.*

playing members.

One of the concerns for some time has been the fact that SARU has not taken a lead role in increasing the rugby-playing knowledge base of South Africa. We used to take the view that that was the concern of our members – the provincial unions who actually employ the coaches and the players. But, often, they would look to SARU for leadership and resources in those same areas and we have now begun to address those concerns. For the first time we have taken an active part in the elite coaching of the game with SARU employees through the deployment of our mobi-unit.

Our newly re-designed High Performance department is staffed by technical analysts and coaching consultants who work not only for the national teams but also for the mobi-unit. As a result they have toured the country, working at grassroots as well as elite level to spread their knowledge in the key components of scrumming, lineout, tackle, kicking, defence and analysis.

The HP department now works hand-in-glove with the Vodacom Super Rugby franchises, providing them with technical

analysis of overseas teams to assist those teams in their preparations – as well as tracking performances for our Springbok planning.

The Mobi-unit's work goes on throughout the year – working with all our national teams, including the Sevens, Junior Boks and Women Springboks – as well as Heyneke Meyer's team. The benefits have already been felt and will only grow over coming years. In addition, the HP department developed bespoke software packages for use in South African rugby. They are an analysis system called "Stratos" and an athlete management programme, named "Footprint". Both will be rolled out in 2014.

This year also saw the formal establishment of four SARU academies by the Development department, with the assistance of funding from Lotto. Much groundwork had been undertaken in the two previous two years and those plans came to fruition in 2013 with pleasing results. In their first year of operation, teams based on Academy players filled five of the eight play-off positions available to them as Eastern Province, Border, SWD and Boland all felt the benefit



*ABOVE: Jean de Villiers reading a children's book during the SARU's 67 minutes in support of Nelson Mandela Day.*

*OPPOSITE PAGE: Bismarck du Plessis walks through the Springbok Experience museum.*

of SARU assistance.

At the beginning of the year, a new SARU-inspired club rugby competition was launched in the shape of the Cell C Community Cup, attracting huge interest in the open club community. It quickly became a well-established institution on the calendar having achieved what we set out to do – reinvigorate open club rugby by providing a new aspirational competition for recreational players as well as those who are more serious.

The Development department also backed that initiative by launching a new training programme purely for club administrators – called ClubWise. The study course is approved by Cathsseta and offers a NQF Level 5 approved course – something that is unique in SA sport. A number of individuals were trained to facilitate the course in 2013 and we shall see the first graduates roll off the production line in 2014 better able to

manage clubs and ensure improved governance for the good of our rugby-playing community.

We also looked at connecting with the game's non-playing stakeholders. We launched our 'Boks for Books' campaign in June with the full weight of our national teams thrown behind it. Education is the No 1 priority of national government with good reason. When we looked around for an initiative in which SARU could make a difference it quickly became apparent that schools and literacy were a natural fit. Springboks are 'made' at school. Our national players were given great opportunities in all spheres at their schools and they are great spokesmen for them. They understand the value of the advantages they have been given which is why our players have become such great ambassadors for the programme.

2013 was also the year that SARU went into the museum business in a manner that



properly reflects the complexity, richness and power of South African rugby and the Springboks. On Heritage Day we opened The Springbok Experience rugby museum at one of Africa's most visited tourist attractions – the V&A Waterfront.

It is a modern, cutting edge attraction, a million miles away from what is conjured up in the popular imagination by the word "museum". The crowds packed in during the holiday periods as people have 'lost' themselves for hours in an audio-visual, interactive journey through South African rugby history. Visitor reaction has been massively positive. At last, the Springboks and South African rugby has a home where we can proudly proclaim our diverse heritage and united future to the world.

On the commercial front we also moved into the travel business. This time next year we'll be in Rugby World Cup year and all eyes will be turning towards England and venues

as diverse as Brighton, Newcastle, Birmingham and London where the Springboks will play their World Cup pool matches. At the end of 2013 we announced the formation of SA Rugby Travel, in partnership with Tourvest. Springbok fans will now be able to access match tickets and travel packages directly from SARU for the first time in a proposition that will be managed by Tourvest.

Off the field and on it, SARU drew closer to its stakeholders in 2013 in some significant new ways. It is our vision for rugby to be an icon of inspiration to all and, with our developments such as new initiatives in CSR and club rugby, the creation of a world-class museum and academies and a cutting edge approach to high performance, we are delivering on that ambition.

**Jurie Roux**

*Chief Executive Officer  
South African Rugby Union*





2013 ANNUAL REPORT

# INTEGRATED REPORT

# GOVERNANCE STRUCTURES



The SARU Executive (front, left to right) is: Jurie Roux (CEO), Mark Alexander, Oregon Hoskins, James Stoffberg, Dr Ismail Jakoet (Company Secretary), (back, left to right) Monde Tabata, Pat Kuhn, Mputumi Damane, Piet Heymans, Tobie Titus, Dawie Groenewald, Boet Fick, Basil Haddad (CFO).

## 1. MEMBERS OF THE EXECUTIVE COUNCIL

Oregon Hoskins (Chairman)  
 Mark Alexander  
 James Stoffberg  
 Mputumi Damane  
 Boet Fick  
 Dawie Groenewald  
 Piet Heymans  
 Pat Kuhn  
 Monde Tabata  
 Tobie Titus  
 Jurie Roux (CEO)  
 Basil Haddad (CFO)  
 Dr Ismail Jakoet (Company secretary)

## 2. SARU SUB-COMMITTEES

### AUDIT AND RISK COMMITTEE

Mputumi Damane (Chairman)  
*appointed on 4 April 2013*  
 Monde Tabata (Chairman)  
*redeployed on 4 April 2013*  
 Raymond Fenner (Independent)  
 Keith Parkinson (Independent)  
*resigned on 16 October 2013*

Ms Edna van Harte (Independent)  
*appointed on 5 December 2013*  
 Pat Kuhn  
 Piet Heymans *term expired on 4 April*

#### Other invited members;

Basil Haddad (CFO)  
 Jurie Roux (CEO)

#### By invitation:

#### External Auditors

- Ernest Carelse (PWC)
- Ian Jonker (PWC)

#### Internal Auditors

- Glen Ho (KPMG)
  - Gareth Ferrell (KPMG)
- Sesi Sekhosana (SARU Finance Manager)  
 Dr Ismail Jakoet (Secretary)

### HUMAN RESOURCES AND REMUNERATION COMMITTEE

Monde Tabata (Chairman)  
*appointed on 4 April 2013*  
 Peter Hassard (Chairman)  
*resigned on 4 April 2013*  
 Victor Christian (Independent)

Jonathan Goldberg (*Independent*)  
*appointed on 5 December 2013*  
 Ms Nadia Mason (*Independent*)  
*appointed on 5 December 2013*  
 Ms Arness Siame (*Independent*)  
*resigned on 11 June 2013*  
 Ayanda Mjekula (*Independent*)  
*resigned on 28 October 2013*  
 Jurie Roux (*CEO*)  
 Basil Haddad (*CFO*)  
 Dr Ismail Jakoet (*Secretary*)  
 Ingrid Mangcu (*HR manager*)

#### FINANCE COMMITTEE

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Boet Fick (*Chairman*)  
 Mark Alexander  
 Monde Tabata  
 Jurie Roux (*CEO*)  
 Basil Haddad (*CFO*)

#### NATIONAL JUDICIAL COMMITTEE

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Judge Lex Mpati (*Chairman*)  
 Koos Basson  
*deceased 14 September 2013*  
 Adv. Jannie Lubbe  
*appointed on 5 December 2013*  
 Peter Ingwersen  
*appointed on 4 October 2013*  
 Christo Ferreira (*Secretary*)

#### GAMES AND POLICIES COMMITTEE

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Dawie Groenewald (*Chairman*)  
 James Stoffberg  
 Randall September  
 Vivian Lottering  
 Louis Nel  
 Lindsay Mould  
 Hennie van der Merwe  
*Invited members*  
 Jurie Roux (*CEO*)  
 Rassie Erasmus  
 (*GM: High performance*)  
 Andy Marinos  
 (*GM: Commercial and Marketing*)  
 Christo Ferreira (*Manager: Legal*)  
 Steven Roos (*Secretary*)

### 3. SARU AD HOC COMMITTEES

#### ELITE PLAYER DEVELOPMENT COMMITTEE

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James Stoffberg (*Chairman*)  
 Kevin De Klerk  
 Francois Davids  
*Invited members*  
 Jurie Roux  
 Rassie Erasmus  
 Dr. Ismail Jakoet (*Secretary*)

#### GAME DEVELOPMENT AND TRANSFORMATION COMMITTEE

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Tobie Titus (*Chairman*)  
 Hennie Baartman  
 Thelo Wakefield  
 Graham Mackenzie  
 Pumlanzi Mkolo  
 Cheeky Watson  
*Invited members*  
 Jurie Roux (*CEO*)  
 Mervin Green (*Secretary*)

#### CONSTITUTIONAL SUBCOMMITTEE

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Mark Alexander (*Chairman*)  
 Oregan Hoskins  
 James Stoffberg  
 Hein Mentz  
 Adv. Andre May  
*Invited members*  
 Jurie Roux  
 Dr. Ismail Jakoet  
 Christo Ferreira

#### NATIONAL WOMEN'S COMMITTEE

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Pat Kuhn (*Chairman*)  
 Alta Botha - Blue Bulls  
 Siphokazi Njani - Border  
 Gloria Sullivan - Western Province  
 Zilungile Ntombela - KZN  
 Devendra Easthorpe - Valke

# SUSTAINABILITY REPORT: WORKPLACE HIV/AIDS POLICY

## 1. Scope

This policy applies to all South African Rugby Union (“SARU”) permanent and contracted employees.

## 2. Purpose

The purpose of this policy is to promote a non-discriminatory working environment for employees living with HIV/AIDS and ensuring that their rights are fully protected.

## 3. Acronyms

**AIDS:** Acquired Immunodeficiency Disease Syndrome

**EEA:** Employment Equity Act

**HCT:** HIV Counselling and Testing

**HIV:** Human Immunodeficiency Virus

**LRA:** Labour Relations Act

## 4. Policy Objectives

- 4.1 To ensure committed leadership and facilitate decision making at a high level to drive a strong response to HIV/AIDS;
- 4.2 To establish a policy that helps create a healthy and safe environment for all staff of SARU;
- 4.3 To strengthen a coordinated, integrated and holistic response to the pandemic

## 5. Confidentiality

All persons living with HIV/AIDS have the constitutionally entrenched right to privacy. An employee is therefore not legally required to disclose his/her HIV/AIDS status to the employer or other employees. Where an employee chooses to voluntarily disclose his/her HIV/AIDS status to the employer, this information may not be disclosed to others without the infected employee’s express consent.

## 6. Guidelines

### 6.1 Support Services

- 6.1.1 SARU’s Wellness Partners (ICAS and Discovery Health) will provide voluntary pre-testing and post- testing counseling;
- 6.1.2 They will offer their services to employees who wish to be tested for routine HIV and HCT, driven by the Human Resources Department on Wellness Days;
- 6.1.3 For cases that need ongoing emotional support and specialized services beyond the scope of SARU facilities, referral sources and material will be available e.g specific legal matters around infected staff.

### 6.2 Employment Conditions

- 6.2.1 An HIV test shall not be required, nor shall be a prospective employee be required to reveal his/her HIV/AIDS status as a precondition of employment;
- 6.2.2 Prospective employees with HIV/AIDS shall be treated the same as those with comparable life threatening conditions such as cancer. According to medical opinion, the HIV/AIDS virus cannot be transmitted in ordinary working or social contact like shaking hands, sharing cups, glasses or crockery, hugging or kissing, using a toilet seat, washing facilities, exchanging money, coughing or sneezing, breathing, receiving mosquito or insect bites;
- 6.2.3 Employees with HIV/AIDS shall not be unfairly discriminated against with the employment relationship or within any employment policy or practice, but shall

be governed by the same contractual obligations as all other employees;

6.2.4 Employees with HIV/AIDS shall be treated in a just, humane and life-affirming way;

### 6.3 Non-Discrimination

6.3.1 No employee may be directly or indirectly discriminated against based on his/her HIV status. Unfair discrimination against HIV positive employees by any employee within SARU, based on their HIV status, will not be condoned. Such action will render employees involved subject to disciplinary action in accordance with the SARU's disciplinary code and procedure;

6.3.2 Refusal to work with a person who has HIV/AIDS is neither an acceptable nor a valid reason for non-compliance with work requirements nor other reasonable instructions from the SARU.

### 6.4 Management of Employees with HIV/AIDS

6.4.1 Employees infected with HIV/AIDS are expected to meet the same performance requirements that apply to all other employees of SARU, with reasonable accommodation where necessary within the context of this policy;

6.4.2 In accordance with Section 187 of the Labour Relations Act 66 of 1995 ("LRA"), no employee shall suffer adverse consequences, whether dismissal or denial of appropriate employment opportunities, merely on the basis of having HIV/AIDS. However, where there are valid reasons related to incapacity, and the appropriate procedure in terms of the LRA has been followed, the services of an employee with HIV/AIDS may be terminated;

6.4.3 Reasonable accommodation within the organization will be made for those employees infected with HIV/AIDS. If medically indicated, SARU will make every reasonable effort to provide alternative work;

6.4.4 If an employee is no longer able to work and/or a suitable alternative position cannot be found, the appropriate ill health and/or incapacity procedures will be applied;

6.4.5 Employees living with HIV/AIDS will have access to the applicable SARU benefits in line with the rules of The Rugby Pension Fund and Medical Aid scheme;

6.4.6 SARU recognizes that employees with HIV/AIDS may live full and active lives and therefore employees with HIV/AIDS will be treated no differently to employees with any other serious illness or condition in terms of statutory and/or SARU benefits.

### 6.5 Working Environment

6.5.1 SARU will make reasonable accommodation to eliminate any direct or substantial harm that an employee infected with HIV/AIDS may pose to himself/herself or to other employees or other persons;

6.5.2 SARU is not obliged to retain the services of an employee if SARU's objective assessment indicates that the employee may expose others in the working environment, including SARU stakeholders, to a substantial health risk where:

6.5.2.1 there is no reasonable means to mitigate such risk; or

6.5.2.2 reasonable operational requirements allow;

6.5.3 SARU will, however, as an alternative to dismissal attempt to reasonably accommodate the employee concerned in terms of the provisions of paragraph 6 of this policy.

### 6.6 Alternatives to Dismissal

#### 6.6.1 Disciplinary Action

6.6.1.1 SARU will not subject any employee infected with HIV/AIDS to arbitrary disciplinary action solely on the basis of the employee's HIV/AIDS status;

6.6.1.2 Any employee living with HIV/AIDS who engages in acts of misconduct or poor performance (other than in the sense of paragraph 6.6.1.3 below) will, however, be subject to the same disciplinary action as other employees of the SARU;

6.6.1.3 Where an employee's poor performance is as a result of HIV/AIDS, SARU will not take disciplinary action as a result thereof, but will inves-

tigate the extent of the employee's incapacity, and consider possible alternatives short of dismissal. In the process of the investigation, the employee should be allowed the opportunity to state his/her case and to be assisted by a fellow employee. SARU may also require an employee to undergo an independent medical examination in order to establish the extent of his/her incapacity;

- 6.6.1.4 SARU may, after conclusion of the investigation and on the basis that the employee concerned cannot continue with normal employment due to his/her medical condition, implement the provisions of paragraph 6.7.1 below as an alternative to dismissal.

#### **6.7 Dismissal**

- 6.7.1 SARU may only dismiss an employee with HIV/AIDS in accordance with appropriate fair procedures and on fair grounds. This may be as a result of poor work performance or incapacity, and after alternatives to dismissal have been considered;
- 6.7.2 An employee living with HIV/AIDS who engages in an act of misconduct may be dismissed if the sanction of dismissal is warranted in the circumstances;
- 6.7.3 If an employee has become incapacitated as a result of being infected with HIV/AIDS, then SARU will be obliged to follow any relevant guidelines and/or code prescribed regarding dismissal for incapacity;
- 6.7.4 The degree of the employee's incapacity will be relevant in determining whether dismissal is appropriate under the circumstances.

### **7. Compliance with SARU policies**

All employees are required to comply with all SARU policies and procedures. For further information or advice regarding this policy, please contact the Human Resources department or visit the HR page on the intranet.

### **8. Annexure A**

#### **HIV/AIDS – facts about the disease**

- 8.1 HIV/AIDS is contracted and not inherited;
- 8.2 HIV/AIDS is caused by a virus, so called because it attacks and destroys the immune system. A person with HIV/AIDS does not die of the virus but dies of one or more of the opportunistic infections that occur as a result of the damage to their immune system;
- 8.3 Medical opinion is that during the period leading to the full-blown status of AIDS, a person looks and feels healthy, even after being tested positive. During this period a person is referred to as a "carrier" and can infect others. A person is seen to have AIDS when symptoms and signs appear. Early signs include weight loss, diarrhoea, fevers and skin loss;
- 8.4 Without appropriate care and treatment most people will deteriorate further and develop severe and often fatal illnesses.  
HIV testing will only take place where such testing is allowed in terms of the law, having regard to prevailing medical standards and protocols and other relevant and required standards;

The Company may facilitate the HIV testing of an employee who has consented to or requested a HIV test, which shall take place in accordance with the following:

- 8.4.1 within a health care worker and employee-patient relationship;
- 8.4.2 with the informed consent and pre- and post-test counselling.
- 8.4.3 with clear procedures relating to confidentiality.

### **9. Annexure B**

#### **Testing for HIV/AIDS Antibodies**

Testing for HIV/AIDS can only be undertaken on a voluntary basis, when requested by employees. Should employees request to be tested, SARU will endeavor to identify an appropriate counseling service. No employee shall be discriminated against based on his/her HIV/AIDS status.

## 10. Annexure C

### Employees identified as HIV/AIDS positive

- 10.1** Employees who are aware that they are HIV/AIDS positive can elect to inform SARU of their HIV/AIDS status. Unless there are special circumstances either in the employee's own interest or in the interest of fellow employees, the diagnosis of HIV/AIDS is confidential;
- 10.2** As long as infected employees are able to meet acceptable standards of work performance and work attendance and given that medical opinion indicates that their condition is not a threat to others, their treatment should be sensitive and consistent with treatment of other employees. SARU has an obligation to provide a safe working environment for all employees and clients. Thus, precautions should be taken to ensure that an employee's condition does not present a health and/ or safety hazard to other employees or clients.

# 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 Meetings, Executive Council and sub-committee meetings have been kept and are available for inspection by members.

## 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.

*Springbok mascot, Bokkie, with school kids attending the SARU Coaching symposium at the Rotary Sports Stadium, Mthatha.*



# TERMS OF REFERENCE FOR AUDIT & RISK COMMITTEE

## INTRODUCTION

The Audit and Risk Committee (“the Committee”) is constituted as a committee of the South African Rugby Union (“SARU”) and is appointed by the executive council.

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

## PURPOSE OF THE TERMS OF REFERENCE

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

## COMPOSITION OF THE COMMITTEE

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

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

An “Independent member”, in the context of the Committee is any member of a subcommittee of SARU who is not a current member of the executive council of any of the governing structures of a member of SARU. The chairman shall be an independent non-executive director as per King III guidelines and shall be appointed by the executive council.

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

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

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

## ROLE

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

## RESPONSIBILITIES

The Committee has the following specific responsibilities:

### Integrated reporting

The Committee oversees integrated reporting, and in particular must:

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

### Combined assurance

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

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

### Internal audit

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

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



*Vulisano Solomon (left), Siya Kolisi, Bjorn Basson and Delvian Samuels during the Chris Burger Petro Jackson Fund "For the love of the Game" Charity Banquet in Cape Town.*

**Risk management**

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

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

**External audit**

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

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

**Authority**

The Committee has no decision-making authority in regard to its duties and is accountable in this respect to both the executive

council and the general meeting.

On all responsibilities delegated to it by the executive council, the Committee makes recommendations for approval by the executive council.

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

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

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

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

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

## MEETINGS AND PROCEDURES

### Frequency

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

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

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

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

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

### Attendance

The chief executive officer, chief financial officer, representatives from the external auditors, representatives from the internal audit service provider, other assurance providers, professional advisors and executive council members may be in attendance at Committee meetings, but by invitation only, without the right to vote.

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

The company secretary is the secretary to the Committee.

If the incumbent chairman of the Committee is absent from a meeting, the mem-

bers present must elect one of the members present to act as chairman.

### Agenda and minutes

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

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

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

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

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

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

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

### Quorum

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

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

### Evaluation

The executive council must perform an evaluation of the effectiveness of the Committee every year.

### Approval of these terms of reference

These terms of reference were approved by the executive council and the Chairman of the Committee.

*OPPOSITE PAGE:  
Griquas eightman  
Leon Karemaker  
during a Vodacom  
Cup match between  
GWK Griquas and  
the Leopards in  
Kimberley.*



# TERMS OF REFERENCE FOR NATIONAL JUDICIAL COMMITTEE

## 1. MEMBERSHIP

- 1.1 The Committee shall comprise of not fewer than three (3) members and no more than six (6) members. The chairman is to be 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: The executive council must establish a national judicial committee where members should be independent of SARU. The executive council may delegate its disciplinary powers to the national judicial committee or an ad hoc committee, either of which shall have the right, notwithstanding the provisions of this constitution, to further delegate such powers, and may for this purpose issue rules regarding –
- 3.3 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;
- 3.4 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;
- 3.5 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;

- 3.6 interpret any of the provisions of the Constitution, Regulations or Rules of the Union; and
- 3.7 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.
- 6.4 Furthermore all members are under the obligation of the SARU Communications Protocol

*Hluma Zondani  
of the Blue Bulls  
celebrates his try  
on day three of the  
Coca-Cola Under-16  
Grant Khomo Week.*



# TERMS OF REFERENCE OF THE HUMAN RESOURCES & REMUNERATIONS COMMITTEE

## 1. ROLE AND COMPOSITION OF THE COMMITTEE

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

- 1.1 To evaluate and 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 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.

### Composition

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

## 2. FUNCTIONING

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

## 3. CONFIDENTIALITY AND GOVERNANCE

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

ber of the Committee may make statements to the media.

- Furthermore all members are under the obligation of the SARU Communications Protocol

#### 4. REMUNERATION

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

## TERMS OF REFERENCE FOR THE FINANCE COMMITTEE

### 1. STATUS OF THE COMMITTEE

- 1.1 SARU's constitution provides for the establishment and operation of a Finance Committee, as a sub-committee of the executive council, whose members shall be members of the executive council.
- 1.2 The Finance Committee has no decision making powers, but is required to make recommendations to the executive council on all matters included in its terms of reference.
- 1.3 The committee's chairman should give at least an oral summary of the committees' deliberations at the executive council meeting following the committee meeting. The minutes of the committee meeting's proceedings should be included in the board pack for the executive council's information as soon as they have been approved.

### 2. ROLE, COMPOSITION AND TERM OF THE COMMITTEE

- 2.1 The role of the committee is to assist the executive council in fulfilling its responsibility for overseeing SARU's financial affairs in terms of clause 16.12.3.4 of its constitution.
- 2.2 The committee shall comprise of no fewer than four (4) members and no more than six (6) members, all of whom shall be members of the executive council.
- 2.3 The committee shall serve for a period of two years.

### 3. ROLE OF THE CHIEF FINANCIAL OFFICER

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

### 4. TERMS OF REFERENCE OF THE COMMITTEE

- 4.1 To ensure that appropriate financial policies are established and implemented
- 4.2 To ensure that appropriate systems of internal control are established and implemented
- 4.3 To ensure that appropriate levels of authority are established and implemented
- 4.4 To review the draft annual operating and capital expenditure budgets as prepared by management
- 4.5 To deal with any other matter assigned to it from time to time by the executive council

# TERMS OF REFERENCE FOR GAMES POLICIES & PROCEDURES COMMITTEE

## 1. INTRODUCTION

- The Game Policies and Procedures Committee has all the formal delegated authorities and mandates from the Executive Council as are necessary to perform its role and responsibilities.
- Administratively, the Game Policies and Procedures Committee is a delegated function of the SA Rugby Union.
- The Game Policies and Procedures Committee will have full access to any information it needs to fulfil its responsibilities, and all employees of SARU are required to co-operate with requests made by the Game Policies and Procedures Committee in the course of its duties.
- The Game Policies and Procedures Committee may obtain such internal or independent external professional advice as it considers necessary to carry out its duties.
- These Terms of Reference may from time to time be amended as required, subject to the approvals of the Executive Council.

## 2. ROLES AND RESPONSIBILITIES

To manage the various issues involved in realising the objectives of the SARU “Competitions” strategy. Specifically, the Committee is required to:

- Conceptualise new Competitions;
- Plan and utilise age group competitions so as to provide a “stepping stone” from high school up to senior and professional rugby for the best young players, and thereby to create opportunities to develop the next generation of elite talent;
- Ensure the maintenance and development of interest in matches among lower level clubs, among lower age groups and for players outside the main geographic centres;
- Plan and implement a tiered competition structure which will provide a natural upwards progression of players, thereby supporting the development of Super Rugby and National teams;
- Conduct feasibility studies and stakeholder surveys, where appropriate;
- Liaise with the relevant Departments of SARU to arrange for sponsorships, media coverage and marketing as and when appropriate;
- Co-ordinate all stakeholders within specific Competitions and between different Competitions;
- Develop the Competition schedule in conjunction with the needs of broadcasters, sponsors and the IRB schedules;
- Develop measures to measure the quality of the Competitions, as well as their performance in respect of developing market share, increasing revenues and increasing customer (spectator) satisfaction;
- Plan, organise and manage actual events;
- Ensure that the timing of the various Competitions does not clash or overlap, and that they are held in a sequence which is conducive to the success of the national teams and other national priorities;
- Perform any other activity as may be specifically requested of it by the Executive Council of SARU from time to time.



### 3. COMPOSITION

- The Game Policies and Procedures Committee will be chaired by an independent non-executive director, to be appointed by the Executive Council.
- Various individuals having appropriate expertise and resources will be appointed by the Executive Council onto the Game Policies and Procedures Committee from time to time.
- The Committee shall comprise of no fewer than six (6) members and no more than eight (8) members and members shall serve for a period of two years
- the various members of the Committee will be allocated specific responsibilities from time to time, according to the changing needs of the Committee and of SARU. The specific responsibilities shall be communicated in writing to the members of the Committee, for their information and against which their performance shall be measured.

### 4. FUNCTIONING

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

*Willie le Roux (left), Jean de Villiers and Eben Etzebeth at the SARU Season Launch and Awards Banquet at the Lyric Theatre, Gold Reef City.*

## 5. CONFIDENTIALITY AND GOVERNANCE

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

## 6. REMUNERATION

- Independent professionals as requested to assist or consult to the Game Policies and Procedures Committee on occasions, are eligible to receive such remuneration in respect of their time and contributions to the business of the Game Policies and Procedures Committee as may be determined by formal resolution of the Remuneration Committee of SARU from time to time.
- The members and attendees may 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 Game Policies and Procedures Committee, on such basis as the Remuneration Committee of SARU may determine from time to time.

## 7. COMMITTEE EFFECTIVENESS

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

## 8. REVIEW

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

*The final of the National Inter-Provincial Sevens between Border and EP was held at GWK Stadium in Kimberley.*



# TERMS OF REFERENCE OF ELITE PLAYER DEVELOPMENT COMMITTEE

## TERMS OF REFERENCE OF ELITE PLAYER DEVELOPMENT COMMITTEE

### 1. PREAMBLE

- The Elite Player Development Committee has all the formal delegated authorities and mandates from the Executive Council as are necessary to perform its role and responsibilities.
- Administratively, the Elite Player Development Committee is a delegated function of the Executive Council of SARU.
- The Elite Player Development Committee will have full access to any information it needs to fulfill its responsibilities, and all employees of SARU are required to co-operate with requests made by the Elite Player Development Committee via the office of the CEO in the course of its duties.
- The Elite Player Development Committee may obtain such internal or independent external professional advice, as it considers necessary to carry out its duties.
- These Terms of Reference may from time to time be amended as required, subject to the approvals of the Executive Council.

### 2. ROLES AND RESPONSIBILITIES

To continually monitor and assess international developments, trends and rugby best practices, so as to keep South Africa at the cutting edge of World Rugby. Specifically, the Committee would be required to:

- Think about rugby, study and set trends for the technological and philosophical development of the game, develop new knowledge of the game and disseminate such new knowledge to all levels of coaching in South Africa;
- Identify deficiencies in our game and develop and implement responses to such deficiencies;
- Assess, evaluate, guide, advise & monitor in particular the national & Super Rugby Coaches on all coaching matters, and provide them with a sounding board;
- Devise appropriate coaching educational programmes at all levels, and oversee the arrangement and implementation of these programmes;
- Develop, constantly review and implement growth and development opportunities for all coaches in South Africa, including mentorship of coaches, especially for the various national and Super Rugby squads;
- Oversee, monitor and co-ordinate the process of transformation throughout SA Rugby's coaching structures;
- Identify emerging coaching talent and nurture, advise and monitor the career-development and fast-tracking of said coaching talent;
- Liaise with referees re coaching structures; where appropriate;
- Liaise with the SARU Coaching and Hi Performance Department;
- Develop, constantly review and implement a performance management system for all coaches in the employ of SARU;
- Oversee criteria for appointments, assessment and evaluation of coaches;
- Conduct coaching forums at all levels, to share information and ideas;
- Ensure the effective utilisation of elite coaches outside of competition time, by facilitating training and mentoring of coaches at the next level of coaching (provincial age group coaches, top club and top school coaches);
- Each member would develop a blue print for his/her portfolio that would be distributed at all levels of rugby, each leader will ensure that his portfolio stays at the forefront in world rugby

- Each member must look to develop SARU branded products, systems, etc. that could be marketed outside of SARU – this should be the preferred system, product, etc. worldwide. This could generate huge revenue possibilities for SARU
- The same program must be developed for Sevens
- Perform any other activity as may be specifically requested of it by the Executive Council from time to time.

### 3. COMPOSITION

- The Elite Player Development Committee will be chaired by an appropriate member of the SARU, to be appointed by the Executive Council.
- Various individuals having appropriate expertise and resources will be appointed as leaders for each portfolio by the Executive Council onto the Elite Player Development Committee from time to time on the recommendation of the chairman and the GM: High Performance
- The Elite Player Development Committee will be coordinated the General Manager High Performance SARU,
- Members of the Springbok Management Team would not be considered
- Specialist coaches/consultants to the Springbok Team would be considered for selection
- The various members of the Committee will be allocated specific responsibilities from time to time, according to the changing needs of the Committee and of SARU. The specific responsibilities shall be communicated in writing to the members of the Committee, for their information and against which their performance shall be measured.

### 4. FUNCTIONING

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

### 5. CONFIDENTIALITY AND GOVERNANCE

- All members of the Elite Player Development Committee, whether or not they are employees of SARU, automatically undertake to be bound in full by the Code of Corporate Practices and Conduct of SARU, its Values and its Code of Ethics (“Unified Code of Ethics”).
- All members of the Elite Player Development 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 CEO of SARU
- Unless specifically authorised by the CEO of SARU, no member of the Elite Player Development Committee may make statements to the media.
- Furthermore all members are under the obligation of the SARU Communications Protocol

### 6. REMUNERATION

- All members of the Elite Player Development Committee, as well as such other independent professionals as may be requested to assist or consult to the Elite Player Development Committee on occasion, are eligible to receive such remuneration in respect of their time and contributions to the business of the Elite Player Development Committee as may be determined by formal resolution of the Remuneration Committee of SARU from time to time. Members excluded from being remunerated include Presidents of Unions, Executive Council mem-

bers and members of SARU's staff who serve on this committee.

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

## 7. COMMITTEE EFFECTIVENESS

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

## 8. REVIEW

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

# TERMS OF REFERENCE OF THE NATIONAL WOMEN'S COMMITTEE

## 1. PREAMBLE

The Women's Rugby Committee has all the formal delegated authorities and mandates from the Executive Council as are necessary to perform its role and responsibilities.

Administratively, the Women's Committee is a delegated function of the Executive Council of SARU.

The Women's Rugby Committee will have access to any information its needs to fulfill its responsibilities, and all employees of SARU are required to co-operate with requests made through the office of the CEO by the Women's Rugby Committee in the course its duties.

The Women's Rugby Committee may obtain such internal or independent external professional advice, as it considers necessary to carry out its duties with the endorsement of the Executive Council for the external professional advice.

These Terms of Reference may from time to time be amended as required subject to the approvals of the Executive Council.

## 2. ROLES AND RESPONSIBILITIES

To recommend policies, strategies and programmes to develop girls/Women's rugby to ensure that South Africa has a strong, healthy participation base and the National teams are performing well on the international stage. The Committee would be required to;

- Identify and recommend programmes and initiatives to enhance the recruitment of players and personnel to the game.
- Recommend policies and procedures to improve governance structures at all the levels of the game.
- Inform and propagate on issues affecting Women in Sport with regards to recognition, diversity and equity.
- Advise on the marketing of the game and its programmes. Contribute towards image building.
- Contribute towards Child Protection and the value systems in Women's rugby.
- Advise and monitor the development of female coaches, administrators and technical officials. Liaise with Provincial Women's structures to give guidance and support.
- Identify emerging trends in female sport and advise in order to keep abreast of development.

- Monitor and assess the performance of the National teams and make recommendations on personnel.
- Present the aspirations and the rights of Women in Rugby to SARU Exco.
- Perform any other activity as may be specifically requested of it by the Executive Council from time to time.

### 3. COMPOSITION

- The Women's Rugby Committee will be chaired by an appropriate member of SARU, to be appointed by the Executive Council.
- Eminent Women from the structures will be appointed by the Executive Council onto the Women's Committee for a period of four (4) years in line with World Cup/Olympic cycles.

### 4. FUNCTIONING

- The Women's Rugby Committee shall meet four (4) times a year.
- A meeting secretary shall be appointed to keep full and proper minutes of all meetings of the Committee.
- The Women's Rugby Committee shall facilitate the establishment of Women's Committees in all provinces.

### 5. CONFIDENTIALITY AND GOVERNANCE

- All the members of the Women's Rugby Committee, whether or not they are employees of SARU, automatically undertake to be bound in full by the Code of Corporate Practices and Conduct of SARU, its Values and its Code of Ethics (Unified Code of Ethics).
- All members of the Women's Rugby Committee automatically read the content of all information which may come to their attention from time to time. No such information may be revealed to persons outside of SARU without the prior authorisation of the CEO of SARU.
- Unless specifically authorised by the CEO of SARU, no member may make statements to the media.
- Furthermore all members are under the obligation of the SARU Communications Protocol

### 6. REMUNERATION

- All members of the Women's Rugby Committee are eligible to receive such remuneration in respect of their time and contributions to the business of the Women's Rugby Committee as may be determined by formal resolution of the Remuneration Committee of SARU from time to time. Members excluded from being reimbursed include Presidents of Unions, Executive Council Members and Members of SARU's staff who serve on this committee.
- The members may also be reimbursed all travelling, hotel and other expenses properly incurred by them in or about the performance of their activities as members or attendees, including those travelling to and from meetings of the Women's Rugby Committee on such basis as the Remuneration Committee of SARU may determine from time to time.

### 7. COMMITTEE EFFECTIVENESS

The Committee shall be subject to evaluation through self-assessment and evaluation by the Provincial Women's structures to determine its effectiveness. The outcome of the evaluations shall be presented to the Executive Council for its consideration.

### 8. REVIEW

- The Terms of Reference shall be reviewed on a periodic basis to determine their effectiveness, by being tabled at a meeting of the Executive Council.

# TERMS OF REFERENCE OF THE DEVELOPMENT AND TRANSFORMATION COMMITTEE

## 1. FUNCTION OF THE COMMITTEE

The primary function of the Committee is to oversee the development and transformation of the game in SA Rugby with regards to the access, growth, skills development, demographic representation, social responsibilities, community involvement and participation at all levels within schools and clubs. This committee needs to make recommendations to the Executive Council in respect of structural changes and new systems, utilization of human resources and programmes to speed up development and transformation in South African Rugby based on the principle of broad-based empowerment.

## 2. ROLE OF THE COMMITTEE

The role of the committee will be to:

- 2.1 Propose and recommend a development and transformation strategy for SA Rugby.
- 2.2 Recommend and propose development and transformation goals that will ensure the long term future of the game.
- 2.3 Monitor and report progress in the achievement of recommendations made.
- 2.4 Approve and recommend the design and implement a Performance Management system to guide fund allocation for Development and transformation related initiatives.
- 2.5 Assist provinces in implementing the development and transformation strategy and developing their own plans and strategies where necessary.
- 2.6 Approve and monitor systems to collect, manage and analyze data collected from Provinces.
- 2.7 Provide feedback to all stakeholders with respect to Development and Transformation progress.

## 3. CONFIDENTIALITY AND GOVERNANCE

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

# EXECUTIVE COUNCIL REPORT

## GENERAL MEETING

In compliance with clause 12.1 of the SARU Constitution the General Meeting assembled for an Annual General Meeting in April and two Ordinary General Meetings in August and December. SARU held three Special General Meetings in which the format of the ABSA Currie Cup for 2014 and 2015 and the participation in Vodacom Super Rugby in 2014 and 2015 were debated extensively.

As per clause 13.2 of the SARU Constitution, the General Meeting approved SARU's annual budget for 2014 at the meeting held on 6 December 2013.

## EXECUTIVE COUNCIL

The Executive Council complied with clause 15.1 of the Constitution by having thirteen meetings of which eight of these were scheduled meetings and five were held via teleconference.

The attendance by members of the Executive Council was as follows for the period 1 January 2013 until 31 December 2013:

Oregan Hoskins	12
Mark Alexander	13
James Stoffberg	12
Mputumi Damane	10
Dawie Groenewald	13
Piet Heymans	13
Boet Fick	7 ( <i>absent due to illness</i> )
Pat Kuhn	12
Monde Tabata	12
Tobie Titus	12
Jurie Roux	13
Basil Haddad	13
Dr I Jakoet	12

## SUB COMMITTEES AND AD HOC COMMITTEES

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

The sub-committees are:

- **Audit & Risk Committee** – had three meetings  
**Attendance at meetings:**
  - Monde Tabata (*Chairman*) - 1 meeting
  - Mputumi Damane (*Chairman*) – 2 meetings
  - Mr Parkinson - 2 meetings
  - Mr Kuhn – 3 meetings
  - Mr Fenner – 3 meetings
  - Piet Heymans – 1 meeting
- **Human Resources and Remuneration Committee** – had two meetings  
**Attendance at meetings:**
  - Mr Monde Tabata (*Chairman*) – 2 meetings
  - Ms. Siame - 0 meetings (*resigned on 11 June 2013*)
  - Mr. Christian - 2 meetings
  - Mr. Mjekula - 0 meetings (*resigned on 28 October 2013*)
- **Finance Committee** – had one meeting with a 100% attendance
- **National Judicial Committee** – had two meetings with 100% attendance at each one
- **Games and Policies Committee** - had three meetings with 100% attendance at each one

OPPOSITE PAGE:  
*The Sharks squad celebrate winning the Absa Currie Cup in 2013.*







2013 ANNUAL REPORT

# AUDIT & RISK COMMITTEE

*For the year 31 December 2013*

*The audit and risk committee has pleasure in submitting this Audit and Risk Report for the year under review:*

## FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

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

The Committee has discharged the functions in terms of its charter and ascribed 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:
  - takes appropriate steps to ensure that the financial statements are prepared in accordance with the applicable accounting framework in SA and in the manner required by the Companies Act of South Africa
  - considers and, when appropriate, makes recommendations on internal financial controls; and
  - deals with concerns or complaints relating to accounting policies, the auditing or content of annual financial statements, and internal financial controls.
- Reviewed the external audit reports on the annual financial statements
- Recommended the appointment of the internal auditors
- Recommended the risk-based internal audit plan
- Reviewed the internal audit and risk management reports, and, where relevant, recommendations being made 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

*OPPOSITE PAGE:  
Simphiwe Ncwina  
representing  
Border during the  
Coca-Cola U18  
Craven Week at  
the Old Peter  
Mokaba Stadium  
in Polokwane.*

- Recommended the audit fees, the engagement terms of the external auditor, the audit plan and
- 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.

## MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

The audit and risk committee consists of non-executive members which have been listed (refer to governance structures) and meets at least three times a year in accordance with the Audit and Risk Committee Charter.

During the year under review the following four meetings were held:

DATE OF MEETINGS	FOCUS AREA
18 March 2013	Financial Statements
19 July 2013	Internal Audit
22 October 2013	Audit plan and engagement letters for External and Internal Auditors & Combined Assurance

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

## TERMS OF REFERENCE

The audit and risk committee has adopted a formal terms of reference that has been approved by the Executive Council. The terms of reference have been determined taking into account the statutory responsibilities and the duties assigned to it by the Executive Council. The committee's terms of reference are reviewed annually and have been reviewed and updated during the year.

## ATTENDANCE

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

## FINANCIAL STATEMENTS

The audit and risk committee has discharged the functions in terms of its charter and ascribed to it 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:
  - takes appropriate steps to ensure that the financial statements are prepared in accordance with the applicable accounting framework in SA and in the manner required by the Companies Act of South Africa
  - considers and, when appropriate, makes recommendations on internal financial controls
- deals 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

## INTERNAL AUDIT

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

Furthermore, the audit and risk committee oversees co-operation between the internal and external auditors, and serves as a link between the Executive Council and these functions.

The Audit and Risk Committee in consultation with executive management recommended the appointment of KPMG as its outsourced internal audit service provider.

The Audit and Risk Committee reviewed the Internal Audit plan and recommended that the plan be approved by the Executive Council. The Internal Auditors have issued an assurance report for the year under review. In addition, the Committee reviewed the Combined Assurance plan prepared by the Internal Auditors and recommended the Combined Assurance plan to the Executive Council for approval.

## EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

PricewaterhouseCoopers Inc. (PWC) served as SARU's designated auditors for the 2013 financial year.

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

The Audit and Risk Committee recommended the approval of the terms of engagement and the external audit fees paid to the external auditors.

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

The Audit and Risk Committee has recommended the re-appointment of PricewaterhouseCoopers Inc. as auditors for the 2014 Financial Year.

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

## INFORMATION TECHNOLOGY

In accordance with the terms of reference, the audit and risk committee also reviewed the risks relating to the Information Technology (IT). The audit and risk committee is of the view that the Information Technology controls are improving and has assigned a responsible executive to manage and co-ordinate the information technology risks. The Committee recommended that management improve the controls over the disaster recovery process as a matter of urgency.

## RISK MANAGEMENT

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

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

Based on the risk assessment done in previous years and highlighted and discussed at meetings, it is clear that the risk profile of SARU is improving and it is clear that Management and the Executive Council is giving the requisite attention to the identified risk year on year.

The internal auditors identified certain weaknesses and the Committee is satisfied that the management approach of assigning an executive to the identified weakness(es) and the performance management of such executives in relation to their risk area (s) provides adequate direction to ensure that the organisation is focused on resolving weaknesses that are identified.

Furthermore, the risk assessment was used as a basis for the risk-based internal audit plan.





2013 ANNUAL REPORT

# OPERATIONS & FINANCE

## OPERATING RESULTS

SARU reported a group profit before taxation of R5.1 million for the year ended 31 December 2013, which is lower than the R6.2 million achieved in the previous financial year.

In a very difficult economic environment, this is considered a satisfactory operating result. A write back of taxation charges of R6 million boosted the after tax profit to R11.1 million (2012: R2.3 million).

Group revenue rose to R795 million, up 14% from the 2012 level of R700 million, due mainly to increases in broadcasting rights and sponsorships revenues.

However, group operating expenditure increased by 12%, largely due to an increased charge for broadcasting rights and other allocations to provinces, rugby development projects and national teams' costs.

## FINANCIAL POSITION

The Group's financial position remains reasonably healthy, with total equity of R80 million. However, a negative net cash flow, attributable mainly to the loan to the South African Rugby Heritage Trust, to establish the Springbok Experience museum, and an increase in accounts receivable and advances to provincial unions, resulted in a bank overdraft of R27 million at year-end. A fund-raising project is to be launched in 2014 in an effort to recover the loan to the Trust over the next two to three years.

The ratio of current assets to current liabilities was 1.2 to 1.0 (2012: 1.4 to 1.0) at year-end.

## PROSPECTS FOR 2014

While revenue from broadcasting rights and sponsorships is secure and will rise moderately in 2014, expenditure is expected to increase by a similar level, resulting in another modest profit before taxation in 2014.

## STRUCTURE

The Operations & Finance division consists of Finance, Legal (non-commercial) and Asset Care as its component departments, and continues to have responsibility for the IT and Travel functions, which are presently outsourced.

## FINANCE DEPARTMENT

The Finance department continued in its quest to improve financial systems and controls, in order to provide efficient and effective financial services to its customers, both internal and external.

## LEGAL DEPARTMENT

The Legal department (non-commercial) attends to all ongoing judicial affairs including player and agent regulations, player movements and disciplinary matters.

# SOUTH AFRICA RUGBY UNION

VOLUNTARY ASSOCIATION OF PERSONS

## *CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2013*

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### EXECUTIVE COUNCIL

O Hoskins (President)

M Alexander (Deputy President)

J Stoffberg (Vice President)

J Roux (Chief Executive Officer)

B Haddad (Chief Financial Officer)

M Damane

N Fick

D Groenewald

P Heymans

P Kuhn

M Tabata

T Titus

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

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## STATUTORY INFORMATION

### Business address

SARU House  
Tygerberg Park  
163 Uys Krige Road  
Platteklouf  
7500  
Cape Town

### Postal address

PO Box 15929  
Panorama  
7506  
Cape Town

### Auditors

PricewaterhouseCoopers Inc.  
Registered Auditor  
Cape Town

### Bankers

ABSA Bank Ltd  
INVESTEC Bank Ltd

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# EXECUTIVE COUNCIL'S RESPONSIBILITIES AND APPROVAL

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

The Executive Council is responsible for the system of internal financial control established by the group and places considerable importance on maintaining a strong control environment. To enable it to meet these responsibilities, the Executive Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to minimise the level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group.

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

The Executive Council has reviewed the group's cash flow forecast for the year to 31 December 2014 and, in light of this review and the current financial position, it is satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated financial statements. The consolidated financial statements have been examined by the group's external auditors and their report is presented on pages 6 to 7.

The consolidated financial statements set out on pages 4 to 39, which have been prepared on the going concern basis, were approved by the Executive Council on \_\_\_\_\_ and were signed on its behalf by:

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**O Hoskins (President)**

---

**J Roux (Chief Executive Officer)**

## EXECUTIVE COUNCIL'S REPORT

---

The Executive Council submits its report for the year ended 31 December 2013.

### 1. Review of activities

#### Main business and operations

The group is involved in the administration, development and promotion of the game of rugby in South Africa.

The results and state of affairs of the group are fully set out in the attached consolidated financial statements. The group financial statements comprise those of the South African Rugby Union and Springbok Supporters Club Proprietary Limited, associate companies: Eastern Province Rugby Proprietary Limited, SANZAR Proprietary Limited, SANZAR Europe S.a.r.l and a joint venture, IRB HSBC World Sevens Series: SA Event.

Net profit of the group was R 11,136,567 (2012: R 2,347,385), after taxation gain of R 5,995,316 (2012 (loss): R 3,825,089).

### 2. Going concern

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

### 3. Events after the reporting period

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

### 4. Membership control

The group is controlled by 14 Provincial Unions, each of which is a member of the Union. Each Provincial Union has the right to designate two persons to represent them at general meetings of members, and each such representative has one vote. The only other person entitled to vote at general meetings of members is the President, who in the case of an equality of votes, shall be entitled to a second or casting vote, provided that he has used his deliberate vote. The Union's business and activities are overseen by the members in general meeting, which has the ultimate authority in respect of, and responsibility for, its affairs.

# EXECUTIVE COUNCIL'S REPORT *(continued)*

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### 5. Subsidiary company, associate company and joint venture

The Union has the following interests:

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

A 50% shareholding in Eastern Province Rugby Proprietary Limited which conducts the business of professional rugby and related activities within the jurisdiction of the Eastern Province Rugby Union. The remaining shares are held by the Eastern Province Rugby Union. No control existed during the year under review over this entity, but there was significant influence and therefore this entity has been accounted for as an associate. Due to the company having an accumulated loss, the investment is not equity accounted for by the Group. The Union's share of losses of the associate as reported in their 2013 annual financial statements was R 4,293,361 (2012 loss: R 3,078,204).

A 33.3% shareholding in SANZAR Proprietary Limited which manages the Super Rugby and The Rugby Championship competitions played in the Southern Hemisphere. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union. The company is equity accounted for by the group. All income from the broadcasting rights agreements relating to these competitions, other than the rights sold to European broadcasters, is derived directly by the Unions. The Union's share of losses of the associates, as reported in their 2013 annual financial statements was R 604,864 (2012: R604,864 (gain)).

A 33.3% shareholding in SANZAR Europe S.a.r.l., a Luxembourg based company which owns and manages the sales of broadcasting rights for the Super Rugby and The Rugby Championship competitions, to Europe broadcasters. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union. Due to the company historically having an accumulated loss, the investment is not equity accounted for by the Group. The Union's share of accumulated profits as reported in its 2013 annual financial statements was R 162,936 (2012: R 708,282 loss).

A 50% interest in the IRB HSBC World Sevens Series: SA Event joint venture, which stages and conducts all related activities for the tournament played annually at the Nelson Mandela Bay Stadium, Port Elizabeth. Eastern Province Rugby Proprietary Limited and Nelson Mandela Bay Metropolitan Municipality hold the remaining interest. All profits are distributed annually to its members. The Union's share of profit as reported in the joint venture's 2013 annual financial statements was R 4,000,000 (2012: R 6,644,513).

Further details relating to these entities are given in notes 6, 7 and 25 of the annual financial statements.

### 6. Executive Council

The members of the Executive Council of the Union during the year and to the date of this report are as follows:

**Name**

O Hoskins (President)  
M Alexander (Deputy President)  
J Stoffberg (Vice President)  
J Roux (Chief Executive Officer)  
B Haddad (Chief Financial Officer)  
M Damane  
N Fick  
D Groenewald  
P Heymans  
P Kuhn  
M Tabata  
T Titus

## PWC - INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTH AFRICAN RUGBY UNION

---

We have audited the consolidated financial statements of the South African Rugby Union set out on pages 4 to 39, which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### *Executive Council's Responsibility for the Financial Statements*

The Executive Council is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and for such internal control as the Executive Council determines 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 about 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 management, 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 consolidated financial statements present fairly, in all material respects, the financial position of the South African Rugby Union as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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*PricewaterhouseCoopers Inc., No 1 Waterhouse Place, Century City 7441, P O Box 2799, Cape Town 8000  
T: +27 (21) 529 2000, F: +27 (21) 529 3300, www.pwc.co.za*

Africa Senior Partner: S P Kana  
Management Committee: H Boegman, T P Blandin de Chalain, B M Deegan, J G Louw, P J Mothibe, N V Mletwa, T D Shango, S Subramoney, A R Tilakdari, F Tonelli  
Western Cape region – Partner in charge: D J Fölscher  
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

## SOUTH AFRICAN RUGBY UNION

Voluntary Association of persons

# PWC - INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTH AFRICAN RUGBY UNION

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### *Other reports required by the Companies Act*

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2013, we have read the Executive Council's Report for the purpose of identifying whether there are material inconsistencies between this report and the audited consolidated and separate financial statements. This report is the responsibility of the preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited consolidated and separate financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

PricewaterhouseCoopers Inc.

Director: EJ Carelse

Registered Auditor

Cape Town

Date: \_\_\_\_\_

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*as at 31 December 2013*

	Notes	Group		Union	
		2013 R	2012 R	2013 R	2012 R
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	16,198,845	13,579,679	16,181,169	13,572,611
Intangible assets	5	1,641,667	1,741,667	1,641,667	1,741,667
Investment in subsidiary	6	-	-	51	51
Investments in associates	7	-	604,864	-	-
Deferred income tax	8	18,831,985	13,412,877	18,733,453	13,374,374
Trade and other receivables	9	18,245,323	11,635,401	18,245,323	11,635,401
		<b>54,917,820</b>	<b>40,974,488</b>	<b>54,801,663</b>	<b>40,324,104</b>
<b>Current Assets</b>					
Inventories	10	433,659	3,106,662	433,659	3,102,705
Current income tax receivable		-	6,143,854	-	6,110,509
Trade and other receivables	9	183,830,023	127,693,671	183,394,379	127,333,639
Cash and cash equivalents	11	1,395,716	10,319,293	50,957	10,254,264
		<b>185,659,398</b>	<b>147,263,480</b>	<b>183,878,995</b>	<b>146,801,117</b>
<b>Total Assets</b>		<b>240,577,218</b>	<b>188,237,968</b>	<b>238,680,658</b>	<b>187,125,221</b>
<b>Equity and Liabilities</b>					
<b>Equity Attributable to Equity Holders of Parent</b>					
Retained income		79,790,456	68,723,249	79,727,286	68,044,287
		79,790,456	68,723,249	79,727,286	68,044,287
Non-controlling interest		211,815	142,455	-	-
		<b>80,002,271</b>	<b>68,865,704</b>	<b>79,727,286</b>	<b>68,044,287</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Deferred income	12	8,666,668	17,333,333	8,666,668	17,333,333
<b>Current Liabilities</b>					
Other financial liabilities	13	1,455,955	-	1,455,955	-
Current income tax payable		31,935	-	-	-
Trade and other payables	14	108,453,854	70,970,701	107,081,724	70,679,371
Deferred income	12	15,349,673	31,068,230	15,132,163	31,068,230
Bank overdraft	11	26,616,862	-	26,616,862	-
		<b>151,908,279</b>	<b>102,038,931</b>	<b>150,286,704</b>	<b>101,747,601</b>
<b>Total Liabilities</b>		<b>160,574,947</b>	<b>119,372,264</b>	<b>158,953,372</b>	<b>119,080,934</b>
<b>Total Equity and Liabilities</b>		<b>240,577,218</b>	<b>188,237,968</b>	<b>238,680,658</b>	<b>187,125,221</b>

The notes on page 53 to 80 are an integral part of these financial statements.

## SOUTH AFRICAN RUGBY UNION

Voluntary Association of persons

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2013

	Notes	Group		Union	
		2013 R	2012 R	2013 R	2012 R
Revenue	15	794,790,236	699,511,102	788,989,500	693,237,004
Other income	16	4,404,202	8,199,253	5,678,270	9,219,253
Operating expenses	17	(793,997,079)	(708,560,835)	(789,561,222)	(703,485,160)
<b>Operating profit/(loss)</b>	17	<b>5,197,359</b>	<b>(850,480)</b>	<b>5,106,548</b>	<b>(1,028,903)</b>
Investment revenue	18	2,189,142	6,492,903	2,142,773	6,460,573
Income from equity accounted investments		(604,865)	604,864	-	-
Interest paid	19	(1,640,385)	(74,813)	(1,640,385)	(74,813)
<b>Profit before taxation</b>		<b>5,141,251</b>	<b>6,172,474</b>	<b>5,608,936</b>	<b>5,356,857</b>
Taxation	20	5,995,316	(3,825,089)	6,074,063	(3,757,753)
<b>Profit for the year</b>		<b>11,136,567</b>	<b>2,347,385</b>	<b>11,682,999</b>	<b>1,599,104</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>11,136,567</b>	<b>2,347,385</b>	<b>11,682,999</b>	<b>1,599,104</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		11,067,207	2,208,126	11,682,999	1,599,104
Non-controlling interest		69,360	139,259	-	-
		<b>11,136,567</b>	<b>2,347,385</b>	<b>11,682,999</b>	<b>1,599,104</b>
<b>Profit attributable to :</b>					
Owners of the parent		11,067,207	2,208,126	11,682,999	1,599,104
Non-controlling interest		69,360	139,259	-	-
		<b>11,136,567</b>	<b>2,347,385</b>	<b>11,682,999</b>	<b>1,599,104</b>

The notes on page 53 to 80 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Retained income	Non- controlling interest	Total equity
	R	R	R
<b>Group</b>			
<b>Balance at 01 January 2012</b>	<b>66,515,123</b>	<b>3,196</b>	<b>66,518,319</b>
Total comprehensive income for the year	2,208,126	139,259	2,347,385
<b>Balance at 01 January 2013</b>	<b>68,723,249</b>	<b>142,455</b>	<b>68,865,704</b>
Total comprehensive income for the year	11,067,207	69,360	11,136,567
<b>Balance at 31 December 2013</b>	<b>79,790,456</b>	<b>211,815</b>	<b>80,002,271</b>
<b>Union</b>			
<b>Balance at 01 January 2012</b>	<b>66,445,183</b>	-	<b>66,445,183</b>
Total comprehensive income for the year	1,599,104	-	1,599,104
<b>Balance at 01 January 2013</b>	<b>68,044,287</b>	-	<b>68,044,287</b>
Total comprehensive income for the year	11,682,999	-	11,682,999
<b>Balance at 31 December 2013</b>	<b>79,727,286</b>	-	<b>79,727,286</b>

The notes on page 53 to 80 are an integral part of these financial statements.

## SOUTH AFRICAN RUGBY UNION

Voluntary Association of persons

### CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2013

	Notes	Group 2013 R	Group 2012 R	Union 2013 R	Union 2012 R
<b>Cash flows from operating activities</b>					
Cash used in operations	21	(37,595,727)	(17,659,391)	(38,917,959)	(16,695,601)
Interest received		2,189,142	6,492,903	2,142,773	6,460,573
Interest paid		(1,640,385)	(74,813)	(1,640,385)	(74,813)
Tax received (paid)	22	6,751,997	(6,091,988)	6,825,493	(6,113,912)
<b>Net cash from operating activities</b>		<b>(30,294,973)</b>	<b>(17,333,289)</b>	<b>(31,590,078)</b>	<b>(16,423,753)</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(5,884,808)	(12,669,075)	(5,869,433)	(12,662,176)
Sale of property, plant and equipment	4	639,342	1,166,087	639,342	1,170,997
<b>Net cash from investing activities</b>		<b>(5,245,466)</b>	<b>(11,502,988)</b>	<b>(5,230,091)</b>	<b>(11,491,179)</b>
<b>Total cash, cash equivalents and bank overdrafts movement for the year</b>		<b>(35,540,439)</b>	<b>(28,836,277)</b>	<b>(36,820,169)</b>	<b>(27,914,932)</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year		10,319,293	39,155,570	10,254,264	38,169,196
<b>Total cash, cash equivalents and bank overdrafts at end of the year</b>	11	<b>(25,221,146)</b>	<b>10,319,293</b>	<b>(26,565,905)</b>	<b>10,254,264</b>

The notes on page 53 to 80 are an integral part of these financial statements.

## ACCOUNTING POLICIES

*for the year ended 31 December 2013*

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### 1. Basis of preparation

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

These accounting policies are consistent with the previous period.

#### 1.1 Consolidation

##### Basis of consolidation

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

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

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

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

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

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

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

##### Investment in associates

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

## ACCOUNTING POLICIES *(continued)*

*for the year ended 31 December 2013*

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### 1.1 Consolidation (continued)

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

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

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

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

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

### 1.2 Significant judgements and sources of estimation uncertainty

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

#### 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.

#### Trade receivables

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

#### Estimates of residual values and useful lives of property, plant and equipment

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

### 1.3 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Office furniture and equipment	3 - 8 years
Computer software and equipment	3 years
Motor vehicles	3 - 5 years
Leasehold improvements	10 years (period of the lease)

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

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

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

### 1.4 Intangible assets

Intangible assets are initially recognised at cost.

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

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

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

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

**ACCOUNTING POLICIES (continued)***for the year ended 31 December 2013***1.4 Intangible assets (continued)**

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

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

<b>Item</b>	<b>Useful life</b>
Trademarks	20 years

**1.5 Investment in subsidiary**

In the Union's separate consolidated financial statements, investment in subsidiary are carried at cost less any accumulated impairment.

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

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

**1.6 Investments in associates**

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

**1.7 Financial instruments****Classification**

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

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

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category.

**Initial recognition and measurement**

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

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

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

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

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

## **1.7 Financial instruments (continued)**

### **Impairment of financial assets**

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

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

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

Impairment losses are recognised in profit or loss.

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

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

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

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

### **Trade and other receivables**

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

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

Trade and other receivables are classified as loans and receivables.

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

## **ACCOUNTING POLICIES** *(continued)*

*for the year ended 31 December 2013*

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### **1.7 Financial instruments (continued)**

#### **Trade and other payables**

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

#### **Cash and cash equivalents**

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

### **1.8 Income tax**

#### **Current income tax assets and liabilities**

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

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

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

#### **Deferred income tax assets and liabilities**

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

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

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

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

#### **Income tax expenses**

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

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

## **1.8 Income tax (continued)**

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

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

## **1.9 Leases**

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

### **Operating leases – lessee**

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

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

## **1.10 Inventories**

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

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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

## **1.11 Impairment of non-financial assets**

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

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

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

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

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

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

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

### ACCOUNTING POLICIES *(continued)*

*for the year ended 31 December 2013*

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#### **1.11 Impairment of non-financial assets (continued)**

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

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

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

#### **1.12 Employee benefits**

##### **Pension Obligations**

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

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

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

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

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

The liability recognised in the 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.

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

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

##### **Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

### 1.12 Employee benefits (continued)

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

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

#### Termination benefits

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

#### Other post-employment obligations

The group provides post-retirement healthcare benefits to its 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 other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

### 1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

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

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

Contingent assets and contingent liabilities are not recognised.

## ACCOUNTING POLICIES *(continued)*

*for the year ended 31 December 2013*

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### **1.14 Revenue**

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

#### **Sale of goods**

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

#### **Sponsorship income**

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

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

#### **Sales of broadcasting rights**

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

#### **Interest income**

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

#### **Royalty income**

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

### **1.15 Borrowing costs**

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

### **1.16 Translation of foreign currencies**

#### **Functional and presentation currency**

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

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

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**1.16 Translation of foreign currencies (continued)****Foreign currency transactions**

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

At the end of the reporting period:

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*for the year ended 31 December 2013*

### 2. New Standards and Interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

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

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>
• IAS28 (Revised 2011), Associates and joint ventures	01 January 2013
• IFRS 10 Consolidated Financial Statements	01 January 2013
• IAS 27 Separate Financial Statements	01 January 2013
• IFRS 11 Joint Arrangements	01 January 2013
• IFRS 12 Disclosure of Interests in Other Entities	01 January 2013
• IFRS 13 Fair Value Measurement	01 January 2013
• IAS 1 Presentation of Financial Statements	01 July 2012
• IAS 19 Employee Benefits Revised	01 January 2013
• Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	01 January 2013
• Government Loans (Amendment to IFRS 1)	01 January 2013
• IFRS 1 – Annual Improvements for 2009 – 2011 cycle	01 January 2013
• IAS 1 – Annual Improvements for 2009 – 2011 cycle	01 January 2013
• IAS 16 – Annual Improvements for 2009 – 2011 cycle	01 January 2013
• IAS 32 – Annual Improvements for 2009 – 2011 cycle	01 January 2013
• IAS 34 – Annual Improvements for 2009 – 2011 cycle	01 January 2013
• Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance.	01 January 2013

#### 2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2014 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>
• IFRS 9 Financial Instruments	01 January 2015
• Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	01 January 2014

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

### 3. Risk management

#### Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate 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.

#### 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 R 149,114 (2012: R501,375) change in the interest.

The table below analyses the group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

#### Group

At 31 December 2013	Less than 1 year
Trade and other payables	108,453,854
Bank overdraft	26,616,862
At 31 December 2012	Less than 1 year
Trade and other payables	70,970,701

#### Union

At 31 December 2013	Less than 1 year
Trade and other payables	107,081,724
Bank overdraft	26,616,862
At 31 December 2012	Less than 1 year
Trade and other payables	70,679,371

#### Credit risk

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

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

	Group - 2013 R	Group - 2012 R	Union - 2013 R	Union - 2012 R
Financial instrument				
Trade and other receivables	202,075,346	139,329,072	201,639,702	138,969,040
Cash and cash equivalents	1,395,716	10,319,293	50,957	10,254,264

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2013

### 3. Risk management (continued)

#### Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency 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 2013, if the currency had weakened/strengthened by 11% against the British Pound with all other variables held constant, post-tax (loss)/profit for the year would have been R 129,640 (2012: R 251,649) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Pound denominated trade receivables.

At 31 December 2013, if the currency had weakened/strengthened by 11% against the US Dollar with all other variables held constant, post-tax (loss)/profit for the year would have been R 32,096 (2012: R46,229) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD denominated trade receivables.

#### Fair value estimation

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

### 4. Property, plant and equipment

Group	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and equipment	5,044,384	(1,546,747)	3,497,637	6,246,196	(1,449,041)	4,797,155
Motor vehicles	928,947	(75,635)	853,312	266,947	(22,246)	244,701
Computer software and equipment	10,392,714	(5,111,665)	5,281,049	9,177,105	(7,562,739)	1,614,366
Leasehold improvements	7,326,802	(759,955)	6,566,847	6,981,637	(58,180)	6,923,457
<b>Total</b>	<b>23,692,847</b>	<b>(7,494,002)</b>	<b>16,198,845</b>	<b>22,671,885</b>	<b>(9,092,206)</b>	<b>13,579,679</b>

Union	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and equipment	4,935,592	(1,512,018)	3,423,574	6,211,147	(1,415,499)	4,795,648
Motor vehicles	928,947	(75,635)	853,312	266,947	(22,246)	244,701
Computer software and equipment	10,357,665	(5,020,229)	5,337,436	9,083,689	(7,474,884)	1,608,805
Leasehold improvements	7,326,802	(759,955)	6,566,847	6,981,637	(58,180)	6,923,457
<b>Total</b>	<b>23,549,006</b>	<b>(7,367,837)</b>	<b>16,181,169</b>	<b>22,543,420</b>	<b>(8,970,809)</b>	<b>13,572,611</b>

**4. Property, plant and equipment (continued)**
**Reconciliation of property, plant and equipment - Group - 2013**

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	4,797,155	94,210	(591,521)	(802,207)	3,497,637
Motor vehicles	244,701	662,000	-	(53,389)	853,312
Computer software and equipment	1,614,366	4,783,434	-	(1,116,751)	5,281,049
Leasehold improvements	6,923,457	345,164	-	(701,774)	6,566,847
	<b>13,579,679</b>	<b>5,884,808</b>	<b>(591,521)</b>	<b>(2,674,121)</b>	<b>16,198,845</b>

**Reconciliation of property, plant and equipment - Group - 2012**

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	1,407,368	4,538,955	(461,550)	(687,618)	4,797,155
Motor vehicles	434,130	266,947	(295,809)	(160,567)	244,701
Computer software and equipment	2,060,668	881,536	(118,689)	(1,209,149)	1,614,366
Leasehold improvements	-	6,981,637	-	(58,180)	6,923,457
	<b>3,902,166</b>	<b>12,669,075</b>	<b>(876,048)</b>	<b>(2,115,514)</b>	<b>13,579,679</b>

**Reconciliation of property, plant and equipment - Union - 2013**

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	4,795,648	20,467	(591,521)	(801,020)	3,423,574
Motor vehicles	244,701	662,000	-	(53,389)	853,312
Computer software and equipment	1,608,805	4,841,802	-	(1,113,171)	5,337,436
Leasehold improvements	6,923,457	345,164	-	(701,774)	6,566,847
	<b>13,572,611</b>	<b>5,869,433</b>	<b>(591,521)</b>	<b>(2,669,354)</b>	<b>16,181,169</b>

**Reconciliation of property, plant and equipment - Union - 2012**

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	1,404,105	4,538,955	(462,294)	(685,118)	4,795,648
Motor vehicles	434,131	266,947	(295,810)	(160,567)	244,701
Computer software and equipment	2,056,663	874,637	(122,854)	(1,199,641)	1,608,805
Leasehold improvements	-	6,981,637	-	(58,180)	6,923,457
	<b>3,894,899</b>	<b>12,662,176</b>	<b>(880,958)</b>	<b>(2,103,506)</b>	<b>13,572,611</b>

**5. Intangible assets**

Group	2013			2012		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademark	2,000,000	(358,333)	1,641,667	2,000,000	(258,333)	1,741,667

## SOUTH AFRICAN RUGBY UNION

Voluntary Association of persons

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for the year ended 31 December 2013

### 5. Intangible assets (continued)

Union	2013			2012		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademark	2,000,000	(358,333)	1,641,667	2,000,000	(258,333)	1,741,667

#### Reconciliation of intangible assets - Group - 2013

	Opening balance	Amortisation	Total
Trademark	1,741,667	(100,000)	1,641,667

#### Reconciliation of intangible assets - Group - 2012

	Opening balance	Amortisation	Total
Trademark	1,841,667	(100,000)	1,741,667

#### Reconciliation of intangible assets - Union - 2013

	Opening balance	Amortisation	Total
Trademark	1,741,667	(100,000)	1,641,667

#### Reconciliation of intangible assets - Union - 2012

	Opening balance	Amortisation	Total
Trademark	1,841,667	(100,000)	1,741,667

### 6. Investment in subsidiary

Name of company	Carrying amount 2013	Carrying amount 2012
Springbok Supporters Club Proprietary Limited	51	51

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

### 7. Investments in associates

	Group		Union	
	2013 R	2012 R	2013 R	2012 R
Eastern Province Rugby Proprietary Limited	-	-	-	-
SANZAR Proprietary Limited	-	604,864	-	-
SANZAR Europe S.a.r.l	-	-	-	-
	<u>-</u>	<u>604,864</u>	<u>-</u>	<u>-</u>

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

**7. Investments in associates (continued)**

The gross results, of the Union's unlisted principal associates and of their assets and liabilities, which are based on the unaudited management accounts as at 31 December 2013, are as follows:

	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Loss / (profit)</b>	<b>Accumulated loss / (profit)</b>
Eastern Province Rugby Proprietary Limited (50%)	6,874,601	38,444,459	66,649,107	8,586,722	31,580,818
SANZAR Proprietary Limited (33.3%)	12,439,025	(12,439,025)	29,199,514	-	-
SANZAR Europe S.a.r.l (33.3%)	238,297,620	(237,808,813)	81,153,995	(4,575,902)	(488,807)
	<b><u>257,611,246</u></b>	<b><u>(211,803,379)</u></b>	<b><u>177,002,616</u></b>	<b><u>4,010,820</u></b>	<b><u>31,092,011</u></b>

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

**8. Deferred income tax**
**Deferred tax asset**

Accounts receivable	21,000	21,000	21,000	21,000
Prepayments	-	(72,479)	-	(72,479)
Provisions	133,312	1,863,733	95,964	1,845,533
Deferred revenue	12,264,547	11,622,247	12,203,364	11,601,944
Fixed assets	(15,248)	(21,624)	(15,248)	(21,624)
Assessed loss	6,428,374	-	6,428,373	-
	<b><u>18,831,985</u></b>	<b><u>13,412,877</u></b>	<b><u>18,733,453</u></b>	<b><u>13,374,374</u></b>

**Reconciliation of deferred tax asset**

At beginning of the year	13,412,877	20,232,108	13,374,374	20,079,138
Income statement charge	5,419,108	(6,819,231)	5,359,079	(6,704,764)
	<b><u>18,831,985</u></b>	<b><u>13,412,877</u></b>	<b><u>18,733,453</u></b>	<b><u>13,374,374</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
*for the year ended 31 December 2013*

	Group		Union	
	2013 R	2012 R	2013 R	2012 R
<b>9. Trade and other receivables</b>				
Trade receivables	89,304,100	43,490,286	88,867,456	43,130,254
Impairment on trade receivables	(100,000)	(100,000)	(100,000)	(100,000)
	<u>89,204,100</u>	<u>43,390,286</u>	<u>88,767,456</u>	<u>43,030,254</u>
Amounts receivable from provincial Unions	5,849,340	10,014,162	5,849,340	10,014,162
Loans to provincial Unions	35,626,247	24,609,808	35,627,247	24,609,808
IRB Sevens PE - JV loan account	-	7,943,604	-	7,943,604
Prepayments	9,274,687	33,950,975	9,274,687	33,950,975
Loan to The South African Rugby Heritage Trust	36,901,751	-	36,901,751	-
Accrued income	16,290,669	12,512,839	16,290,669	12,512,839
Other receivables	8,928,552	6,907,398	8,928,552	6,907,398
	<u><b>202,075,346</b></u>	<u><b>139,329,072</b></u>	<u><b>201,639,702</b></u>	<u><b>138,969,040</b></u>
Total trade and other receivables	202,075,346	139,329,072	201,639,702	138,969,040
Less: non current portion of loans to provincial Unions	(18,245,323)	(11,635,401)	(18,245,323)	(11,635,401)
	<u><b>183,830,023</b></u>	<u><b>127,693,671</b></u>	<u><b>183,394,379</b></u>	<u><b>127,333,639</b></u>

The bank overdraft is secured by the General Cession by the borrower in respect of receivables, refer to note 11

All non-current receivables are due within two to five years. The non-current receivables are unsecured and interest is charged, based on the prime interest rate less 2%. Prepayments includes R 1,800,000 (2012: R 27,800,000) relating to payments to provincial Unions for broadcasting rights.

Included in trade and other receivables is a loan to The South African Rugby Heritage Trust. The loan is broken down as follows:

**The South African Rugby Heritage Trust**

Fixed assets	32,408,272		32,408,272	
Merchandise	1,657,085	-	1,657,085	-
Working capital	2,836,394	-	2,836,394	-
	<u><b>36,901,751</b></u>	<u>-</u>	<u><b>36,901,751</b></u>	<u>-</u>

**Trade and other receivables past due but not impaired**

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 December 2013, R 10,181,979 (2012: R 2,462,559) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Up to 3 months	3,453,910	589,581	3,453,910	589,581
3 to 6 months	6,728,069	1,872,978	6,728,069	1,872,978
	<u><b>10,181,979</b></u>	<u><b>2,462,559</b></u>	<u><b>10,181,979</b></u>	<u><b>2,462,559</b></u>

	Group		Union	
	2013 R	2012 R	2013 R	2012 R

## 9. Trade and other receivables (continued)

### Trade and other receivables impaired

At 31 December 2013, trade and other receivables of R - (2012: R -) were impaired and provided for. The individually impaired receivables mainly relate to recoverable expenditure which is now considered to be doubtful of recovery.

### Currencies

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

South African Rand	97,732,323	135,568,024	97,732,323	135,207,992
US Dollar	291,780	583,662	291,780	583,662
British Pound	1,178,549	3,177,386	1,178,549	3,177,386
	<u>99,202,652</u>	<u>139,329,072</u>	<u>99,202,652</u>	<u>138,969,040</u>

### Reconciliation of provision for impairment of trade and other receivables

Opening balance	100,000	1,500,329	100,000	1,500,329
Provision for impairment	-	100,000	-	100,000
Amounts written off	-	(1,500,329)	-	(1,500,329)
	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

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

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

## 10. Inventories

Merchandise	<u>433,659</u>	<u>3,106,662</u>	<u>433,659</u>	<u>3,102,705</u>
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## 11. Cash and cash equivalents

For the purpose of the statement of cash flows, cash, cash equivalents and bank overdrafts include total cash assets less bank overdrafts:

Cash	50,957	46,359	50,957	46,359
Bank and short term bank deposits	1,344,759	10,272,934	-	10,207,905
Net bank overdraft	(26,616,862)	-	(26,616,862)	-
	<u>(25,221,146)</u>	<u>10,319,293</u>	<u>(26,565,905)</u>	<u>10,254,264</u>
Current assets	1,395,716	10,319,293	50,957	10,254,264
Current liabilities	(26,616,862)	-	(26,616,862)	-
	<u>(25,221,146)</u>	<u>10,319,293</u>	<u>(26,565,905)</u>	<u>10,254,264</u>

The bank overdraft is secured by the General Cession by the borrower in respect of receivables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2013

	Group		Union	
	2013 R	2012 R	2013 R	2012 R
<b>11. Cash and cash equivalents (continued)</b>				
<b>Credit quality of cash at bank and short term deposits, excluding cash on hand</b>				
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates:				
<b>Credit rating</b>				
ABSA (A-)	1,344,759	10,060,939	-	9,995,910
Investec Bank Limited (BBB)	-	211,995	-	211,955
	<b>1,344,759</b>	<b>10,272,934</b>	<b>-</b>	<b>10,207,865</b>
<b>12. Deferred income</b>				
Deferred income comprise of the following:				
Sponsorships	2,761,159	2,612,604	2,761,159	2,612,604
Broadcasting rights	17,411,413	26,000,003	17,411,413	26,000,003
Grants	3,843,769	19,788,956	3,626,259	19,788,956
	<b>24,016,341</b>	<b>48,401,563</b>	<b>23,798,831</b>	<b>48,401,563</b>
Non-current liabilities	8,666,668	17,333,333	8,666,668	17,333,333
Current liabilities	15,349,673	31,068,230	15,132,163	31,068,230
	<b>24,016,341</b>	<b>48,401,563</b>	<b>23,798,831</b>	<b>48,401,563</b>
<b>13. Other financial liabilities</b>				
<b>At fair value through profit or loss - designated</b>				
Foreign exchange contract	1,455,955	-	1,455,955	-
<b>Current liabilities</b>				
Fair value through profit or loss	1,455,955	-	1,455,955	-

### Other financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

The following classes of financial liabilities at fair value through profit or loss are measured to fair value using quoted market prices:

- FEC's

The amount of change during the period, and cumulatively, in the fair value of the financial liability that is attributable to changes in the credit risk determined either:

- As the amount of change in its fair value that is not attributable to changes in market condition that give rise to market risk; or
- Using an alternative method the entity believes more faithfully represents the amount of change in its fair value that is attributable to changes in the credit risk of the liability.

	Group		Union	
	2013 R	2012 R	2013 R	2012 R
<b>13. Other financial liabilities (continued)</b>				
The differences between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.				
<b>Fair value hierarchy of financial liabilities at fair value through profit or loss</b>				
For financial liabilities recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.				
Level 1 represents those assets which are measured using unadjusted quoted prices for identical liabilities.				
Level 2 applies inputs other than quoted prices that are observable for the liabilities either directly (as prices) or indirectly (derived from prices).				
Level 3 applies inputs which are not based on observable market data.				
<b>Level 1</b>				
FEC's	1,455,955	-	1,455,955	-
<b>Transfers into level 1</b>				
FEC's	1,455,955	-	1,455,955	-
<b>14. Trade and other payables</b>				
Trade payables	27,686,022	28,593,836	27,679,046	28,593,836
VAT	9,339,474	1,999,876	9,650,128	2,173,027
Amounts payable to provincial Unions	14,015,304	6,031,703	14,015,304	6,031,703
Amounts payable to related parties	1,406,519	95,968	-	-
IRB Sevens PE - JV loan account	11,299,970	-	11,299,970	-
Accrued expenses	38,517,562	32,430,100	38,208,518	32,061,587
Other payables	6,189,003	1,819,218	6,228,758	1,819,218
	<b>108,453,854</b>	<b>70,970,701</b>	<b>107,081,724</b>	<b>70,679,371</b>
<b>15. Revenue</b>				
Broadcasting rights	340,864,209	307,140,378	340,864,209	307,140,378
Sponsorships	339,243,194	272,315,371	339,204,999	272,315,371
Grants from IRB Trust	22,711,766	23,742,133	22,711,766	23,742,133
Gate revenue - Junior World Cup	-	1,840,436	-	1,840,436
Home Tests	52,230,000	68,655,340	52,230,000	68,655,340
Merchandising royalties	11,713,546	18,747,977	11,713,546	18,747,977
Government grants	2,049,757	553,870	2,049,757	553,870
Lottery grants	20,215,223	241,499	20,215,223	241,499
Springbok supporters membership fees	5,762,541	6,274,098	-	-
	<b>794,790,236</b>	<b>699,511,102</b>	<b>788,989,500</b>	<b>693,237,004</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
*for the year ended 31 December 2013*

	Group		Union	
	2013 R	2012 R	2013 R	2012 R
<b>16. Other income</b>				
Share profits - IRB Sevens	4,000,000	6,644,513	4,000,000	6,644,513
Other income	356,381	1,264,701	1,630,449	2,284,701
Profit on sale of equipment	47,821	290,039	47,821	290,039
	<b>4,404,202</b>	<b>8,199,253</b>	<b>5,678,270</b>	<b>9,219,253</b>
<b>17. Operating profit/(loss)</b>				
Operating profit/(loss) for the year is stated after accounting for the following:				
Auditors remuneration	1,113,000	1,152,736	1,113,000	1,152,736
Auditors remuneration - other services	538,271	216,050	538,271	216,050
Legal fees	613,675	2,389,444	613,675	2,389,444
Internal audit fees	1,052,324	469,750	1,052,324	469,750
Consulting fees	726,450	674,189	726,450	674,189
	<b>4,043,720</b>	<b>4,902,169</b>	<b>4,043,720</b>	<b>4,902,169</b>
Operating lease charges				
Premises				
• Contractual amounts	5,790,026	6,218,459	5,790,026	6,218,459
Equipment				
• Contractual amounts	1,015,182	1,255,207	1,015,182	1,255,207
	<b>6,805,208</b>	<b>7,473,666</b>	<b>6,805,208</b>	<b>7,473,666</b>
Profit on sale of equipment	(47,821)	(290,039)	(47,821)	(290,039)
Depreciation and amortisation	2,774,121	2,215,513	2,769,354	2,203,506
Loss on foreign exchange	1,347,598	473,549	1,347,598	473,549
Staff costs	68,779,939	60,786,701	67,165,259	59,629,002
<b>Staff costs consist of:</b>				
Salaries etc.	60,121,180	52,932,394	58,506,500	51,774,695
Contributions	8,377,790	7,636,394	8,377,790	7,636,394
Leave pay	280,969	217,913	280,969	217,913
<b>Operating expenses</b>				
Broadcasting rights and other allocations to provinces	170,212,582	151,289,798	170,212,582	151,289,798
Commercial and marketing	229,664,733	236,669,234	227,886,371	231,593,559
Corporate affairs	13,042,248	12,279,956	13,042,248	12,279,956
Development	94,691,639	68,478,559	92,122,019	68,478,559
Governance	10,714,202	10,712,136	10,714,202	10,712,136
High performance	194,084,503	149,269,660	194,012,502	149,269,660
Human resources	6,330,441	5,066,212	6,279,574	5,066,212
Office of the CEO	9,089,586	8,844,510	9,089,586	8,844,510
Operations and finance	32,010,954	31,751,551	32,006,192	31,751,551
Referees	34,156,191	34,199,219	34,195,946	34,199,219
	<b>793,997,079</b>	<b>708,560,835</b>	<b>789,561,222</b>	<b>703,485,160</b>

	Group		Union	
	2013 R	2012 R	2013 R	2012 R
<b>18. Investment revenue</b>				
<b>Finance income</b>				
Bank	862,268	5,352,295	862,268	5,319,965
Loans to provincial Unions	1,326,874	1,140,608	1,280,505	1,140,608
	<u>2,189,142</u>	<u>6,492,903</u>	<u>2,142,773</u>	<u>6,460,573</u>
<b>19. Interest paid</b>				
Bank	<u>1,640,385</u>	<u>74,813</u>	<u>1,640,385</u>	<u>74,813</u>
<b>20. Income tax expense</b>				
<b>Major components of the income tax (income) expense</b>				
<b>Current</b>				
Local income tax - current period	86,618	715,889	-	713,994
Local income tax - recognised in current tax for prior periods	(662,826)	(3,710,031)	(714,984)	(3,661,005)
	<u>(576,208)</u>	<u>(2,994,142)</u>	<u>(714,984)</u>	<u>(2,947,011)</u>
<b>Deferred</b>				
Originating and reversing temporary differences	3,526,278	2,307,223	3,551,208	2,183,127
Arising from prior period adjustments	(8,945,386)	4,512,008	(8,910,287)	4,521,637
	<u>(5,419,108)</u>	<u>6,819,231</u>	<u>(5,359,079)</u>	<u>6,704,764</u>
	<u>(5,995,316)</u>	<u>3,825,089</u>	<u>(6,074,063)</u>	<u>3,757,753</u>
<b>Reconciliation of the income tax expense</b>				
Reconciliation between accounting profit and income tax expense.				
Accounting profit	5,141,251	6,172,474	5,608,936	5,356,857
Tax at the applicable tax rate of 28% (2012: 28%)	1,439,550	1,728,293	1,570,502	1,499,920
<b>Tax effect of adjustments on taxable income</b>				
Donations not deductible	1,957,441	554,216	1,957,441	554,216
Legal fees	-	7,981	-	7,981
Prior year under/(over) provision for current tax	(662,826)	(3,719,660)	(714,984)	(3,661,005)
Prior year under/(over) provision for deferred tax	(8,945,386)	4,521,637	(8,910,289)	4,521,637
Other	46,543	901,984	23,267	835,004
Tax on income from equity accounted investments	169,362	(169,362)	-	-
	<u>(5,995,316)</u>	<u>3,825,089</u>	<u>(6,074,063)</u>	<u>3,757,753</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
*for the year ended 31 December 2013*

	Group		Union	
	2013 R	2012 R	2013 R	2012 R
<b>21. Cash used in operations</b>				
Profit before taxation	5,141,251	6,172,474	5,608,936	5,356,857
<b>Adjustments for:</b>				
Depreciation and amortisation	2,774,121	2,215,513	2,769,354	2,203,506
Profit on sale of assets	(47,821)	(290,039)	(47,821)	(290,039)
Income from equity accounted investments	604,865	(604,864)	-	-
Interest received	(2,189,142)	(6,492,903)	(2,142,773)	(6,460,573)
Interest paid	1,640,385	74,813	1,640,385	74,813
Foreign exchange adjustment on FEC's	1,455,955	-	1,455,955	-
<b>Changes in working capital:</b>				
Inventories	2,673,003	442,741	2,669,046	441,451
Trade and other receivables	(62,746,274)	(46,932,543)	(62,670,662)	(46,674,471)
Trade and other payables	37,483,152	19,569,358	36,402,353	20,466,796
Deferred income	(24,385,222)	8,186,059	(24,602,732)	8,186,059
	<b>(37,595,727)</b>	<b>(17,659,391)</b>	<b>(38,917,959)</b>	<b>(16,695,601)</b>
<b>22. Tax received (paid)</b>				
Balance at beginning of the year	6,143,854	(2,942,276)	6,110,509	(2,950,414)
Current tax for the year recognised in profit or loss	576,208	2,994,142	714,984	2,947,011
Balance at end of the year	31,935	(6,143,854)	-	(6,110,509)
	<b>6,751,997</b>	<b>(6,091,988)</b>	<b>6,825,493</b>	<b>(6,113,912)</b>
<b>23. Commitments</b>				
<b>Operating leases – as lessee (expense)</b>				
<b>Minimum lease payments due</b>				
- within one year	4,967,135	6,084,406	4,967,135	6,084,406
- in second to fifth year inclusive	20,274,511	25,711,821	20,274,511	25,711,821
- later than five years	21,451,263	38,063,382	21,451,263	38,063,382
	<b>46,692,909</b>	<b>69,859,609</b>	<b>46,692,909</b>	<b>69,859,609</b>
<b>24. Retirement benefits</b>				

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

The last actuarial valuation of the defined benefit fund was performed on 31 December 2013, using the projected unit method.

	Group		Union	
	2013 R	2012 R	2013 R	2012 R
<b>24. Retirement benefits (continued)</b>				
<b>Principal actuarial assumptions at the reporting date:</b>				
Discount rate			10.30%	9.25%
Inflation rate			7.40%	7.00%
Salary increase rate			8.40%	8.00%
Expected return on scheme's assets			10.30%	9.25%
Pension increase allowance			5.92%	5.60%
Mortality pre-retirement: SA85-90 (Light) table.				
Mortality: post-retirement: PA(90) ultimate table rated down 2 years plus 1% improvement p.a.				
The expected return has been set equal to the discount rate as required under the revised IAS19 (AC116).				
<b>The movement in the defined benefit obligation over the year is as follows:</b>				
Beginning of the year	637,000	1,322,000	637,000	1,322,000
Current service cost	32,000	56,000	32,000	56,000
Member contributions	10,000	13,000	10,000	13,000
Interest cost	61,000	115,000	61,000	115,000
Expenses	(2,000)	-	(2,000)	-
Risk premiums	(4,000)	(3,000)	(4,000)	(3,000)
Actuarial (gain)/loss	(189,000)	(408,000)	(189,000)	(408,000)
Benefits paid	-	(458,000)	-	(458,000)
<b>At the end of the year</b>	<b>545,000</b>	<b>637,000</b>	<b>545,000</b>	<b>637,000</b>
<b>The movement in the fair value of the scheme's assets over the year is as follows:</b>				
Beginning of the year	754,000	(147,000)	754,000	(147,000)
Expected return on the scheme's assets	71,000	127,000	71,000	127,000
Actuarial gain/(loss)	(79,000)	(302,000)	(79,000)	(302,000)
Expenses	(2,000)	-	(2,000)	-
Member contributions	10,000	13,000	10,000	13,000
Employer contributions	20,000	25,000	20,000	25,000
Risk premiums	(4,000)	(3,000)	(4,000)	(3,000)
Benefits paid	-	(458,000)	-	(458,000)
<b>At the end of the year</b>	<b>770,000</b>	<b>(745,000)</b>	<b>770,000</b>	<b>(745,000)</b>
<b>Estimated contributions for 2014 is as follows:</b>				
Member contributions	11,000	10,000	11,000	10,000
Employer contributions	21,000	21,000	21,000	21,000
Risk premiums	(4,000)	-	(4,000)	-
Expenses	(2,000)	-	(2,000)	-
	<b>26,000</b>	<b>31,000</b>	<b>26,000</b>	<b>31,000</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

for the year ended 31 December 2013

	Group		Union	
	2013 R	2012 R	2013 R	2012 R
<b>24. Retirement benefits (continued)</b>				
<b>The assets of The Rugby Pension Fund were invested as follows:</b>				
Cash	13.68%	13.28%	13.68%	13.28%
Equity	34.81%	33.50%	34.81%	33.50%
Bonds	21.69%	16.91%	21.69%	16.91%
Property	5.58%	4.68%	5.58%	4.68%
International	23.3%	24.59%	23.3%	24.59%
Other	0.94%	7.04%	0.94%	7.04%
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

Current service cost	32,000	56,000	32,000	56,000
Interest cost	-	115,000	-	115,000
Net interest on net defined benefit obligation	(10,000)	-	(10,000)	-
Expected return on the scheme's assets	-	(127,000)	-	(127,000)
Unrecognised due to limit	-	-	-	-
Net actuarial (gain)/loss	-	11,000	-	11,000
Paragraph 58A (gain)/loss	-	-	-	-
	<b>22,000</b>	<b>55,000</b>	<b>22,000</b>	<b>55,000</b>

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

**Funded status**

Defined benefit obligation	(545,000)	(637,000)	(545,000)	(637,000)
Assets at fair value	770,000	(458,000)	770,000	(458,000)
Unrecognised net (gain)/loss	(188,000)	207,000	(188,000)	207,000
<b>Asset/(liability) recognised on the statement of financial position</b>	<b>37,000</b>	<b>(888,000)</b>	<b>37,000</b>	<b>(888,000)</b>

**25. Related parties**

Relationships	
Subsidiaries	Refer to note 6
Associates	Refer to note 7
Executive Council	Refer to Executive Council's Report

**Related party balances**

**Amounts receivable from provincial Unions**

Included in trade and other receivables	5,849,340	10,014,162	5,849,340	10,014,162
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	Group		Union	
	2013 R	2012 R	2013 R	2012 R
<b>25. Related parties (continued)</b>				
<b>Amounts payable to provincial Unions</b>				
Included in trade and other payables	14,015,304	6,031,703	14,015,304	6,031,703
<b>Amount recoverable from HSBC IRB Sevens Series Joint Venture</b>				
Included in trade and other receivables	-	7,943,604	-	7,943,604
<b>Loans receivable from provincial Unions</b>				
Included in trade and other receivables	35,626,247	24,609,808	35,627,247	24,609,808
<b>Loans receivable from The South African Rugby Heritage Trust</b>				
Included in trade and other receivables	36,901,751	-	36,901,751	-
<b>Loans payable to Treble Entertainment (Pty) Ltd</b>				
Included in trade and other payables	1,406,519	95,968	-	-
<b>Related party transactions</b>				
<b>Transactions with subsidiary</b>				
Royalties accrued	-	-	-	(1,020,000)
<b>Transactions with associates</b>				
Distribution of profits	(604,865)	604,864	-	-
<b>Distribution to Unions</b>				
Distribution of broadcasting rights to provinces	160,212,582	130,623,798	160,212,582	130,623,798
Distribution of home test profits	10,000,000	10,000,000	10,000,000	10,000,000
	<b>170,212,582</b>	<b>140,623,798</b>	<b>170,212,582</b>	<b>140,623,798</b>
<b>Receipts from Unions</b>				
Home Test hosting fees	39,300,000	27,100,000	39,300,000	27,100,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*for the year ended 31 December 2013*

	Group		Union	
	2013 R	2012 R	2013 R	2012 R
<b>26. Executive Council Members Remuneration</b>				
<b>Non executive</b>				
Fees	4,200,168	3,935,171	4,200,168	3,935,171
Allowances	178,500	295,197	178,500	295,197
Retirement Annuity contributions	120,788	115,956	120,788	115,956
	<b>4,499,456</b>	<b>4,346,324</b>	<b>4,499,456</b>	<b>4,346,324</b>
<b>Executive</b>				
Salaries	3,961,408	3,378,834	3,961,408	3,378,834
Bonuses	1,923,295	1,591,098	1,923,295	1,591,098
Medical Aid contributions	77,904	40,884	77,904	40,884
Pension Fund contributions	587,722	498,772	587,722	498,772
	<b>6,550,329</b>	<b>5,509,588</b>	<b>6,550,329</b>	<b>5,509,588</b>

**27. Going concern**

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

**28. Events after the reporting period**

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



*The Springboks produced one of their best performances of 2013 at the Nelson Mandela Sport and Culture Day in Soweto, beating Argentina 73-13 in the Castle Lager Rugby Championship, outscoring the visitors nine tries to one.*







2013 ANNUAL REPORT

# HIGH PERFORMANCE

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## HIGH PERFORMANCE 2013 SUMMARY

2013 WAS A SIGNIFICANT YEAR FOR THE HIGH PERFORMANCE DEPARTMENT FOR A NUMBER OF REASONS:

- Record breaking year for the Springboks
- Roll-out of Footprint and Stratus Analytical programmes
- Appointment of new Sevens coach
- Women's Rugby qualifying for the Women's Rugby World Cup in 2014
- Roll-out of BokSmart 3 programme
- Statistical analysis and national involvement of High Performance's Mobi-unit

# SPRINGBOKS

**W**hilst 2012 was a transitional year for the Springboks with a new coach at the helm, 2013 saw the Springboks winning 10 of their 12 tests and coming agonisingly close to take the Castle Lager Rugby Championship, going down to New Zealand in an all-time epic at Ellispark in the Championship decider.

For the Springboks' 2013 campaign, Heyneke Meyer called up 44 players with 38 making a test appearance whilst giving debuts to seven players namely Trevor Nyakane, Willie le Roux, Siyamthanda Kolisi, Lourens Adriaanse, Piet van Zyl, Jan Serfontein and Pieter-Steph du Toit.

Five players also achieved the milestone of having represented the Springboks in 50 tests during the 2013 season:

- **Bismarck du Plessis** on 24 August 2013 against Argentina
- **Jannie du Plessis** on 29 September 2013 against Australia
- **Mornè Steyn** on 29 September 2013 against Australia
- **Tendai Mtawarira** on 5 October 2013 against New Zealand
- **Jon-Paul Pietersen** on 17 November 2013 against Scotland

With a season winning percentage of 83.33%, the Springboks are ranked second by the IRB with the South Africans have made tremendous gains to close the gap on and dominance of the top-ranked New Zealand in World Rugby.

The Castle Lager Incoming Series in June afforded Meyer with an excellent opportunity to give some youngsters and fringe players a chance to play at international level, as well as a perfect opportunity to build towards the Castle Lager Rugby Championship campaign. As expected, the Springboks took honours against Italy, Scotland and Samoa and were well set to make their mark in the Rugby Championships. Initial home and away victories against Argentina, including a nine-try romp at FNB Stadium, were the perfect setup for the contest against Australia in Brisbane.

This venue proved unkind to South Africa on previous occasions, but the Springboks made history at Suncorp Stadium with an impressive bonus point victory.

It set up a mouth-watering contest against New Zealand at Eden Park that failed to live up to expectation following the sending off of Bismarck du Plessis in a decision that was later wiped off his record by the IRB.

A good win at Newlands against Australia set up the Championship decider against New Zealand at Ellis Park, but the Boks just

*Bismarck du Plessis was part of a handful of Springboks that earned their 50th test cap during 2013*



came up short.

The Springbok embarked on their Northern Hemisphere campaign, looking for a second undefeated tour and Meyer returned with the Springboks doing just that. The tour to the Northern Hemisphere saw the team not only preventing Wales from scoring a try for only the second time in their 24-15 win over the Six Nations Champions, but

also kept Scotland scoreless for the first time since 1952 and beat France in France for the first time in 16 years.

With the foundation now firmly in place for Meyer and his team, the 2014 season will provide the Springboks with the opportunity to unseat the All Blacks as the premier team in the world as well as building towards the all-important Rugby World Cup in 2015.

## 2013 SPRINGBOK TEST MATCHES

DATE	VENUE	OPPONENT	RESULT	SCORE	SCORERS
June 08	Growthpoint KINGS PARK, Durban	Italy	Won	44-10	T: Strauss, Engelbrecht, Habana, De Villiers, Basson. C: Steyn (4), Lambie. P: Steyn (3).
June 15	Mbombela Stadium, Nelspruit	Scotland	Won	30-17	T: Penalty try, Engelbrecht, Serfontein. C: Steyn (2), Lambie. P: Steyn (2), Lambie.
June 22	Loftus Versfeld, Pretoria	Samoa	Won	56-23	T: Habana (2), Louw (2), Engelbrecht, Basson, Steyn, Nyakane. C: Steyn (3), Lambie (2). P: Steyn (2)
Aug 17	FNB Stadium, Soweto	Argentina	Won	73-13	T: Penalty try, Engelbrecht, Strauss, Alberts, De Villiers, Du Preez, Habana, Vermeulen, B du Plessis. C: Steyn (8). P: Steyn (4).
Aug 24	Estadio Malvinas Argentinas, Mendoza	Argentina	Won	22-17	T: Basson. C: Steyn. P: Steyn (5).
Sept 07	Suncorp Stadium, Brisbane	Australia	Won	38-12	T: Oosthuizen, De Villiers, Kirchner, Le Roux. C: Steyn (3). P: Steyn (4).
Sept 14	Eden Park, Auckland	New Zealand	Lost	15-29	T: B du Plessis, Lambie. C: Steyn. P: Steyn.
Sept 28	DHL Newlands, Cape Town	Australia	Won	28-08	T: Strauss, Kirchner, Le Roux. C: Steyn (2). P: Steyn (3).
Oct 05	Ellis Park, Johannesburg	New Zealand	Lost	27-38	T: Habana (2), Le Roux, De Villiers. C: Steyn (2). P: Steyn.
Nov 09	Millennium Stadium, Cardiff	Wales	Won	24-15	T: De Villiers, B du Plessis, Du Preez. C: Steyn (2), Lambie. P: Steyn
Nov 17	Murrayfield, Edinburgh	Scotland	Won	28-00	T: Alberts, Le Roux, Pietersen, Oosthuizen. C: Lambie (4).
Nov 23	Stade de France, Paris	France	Won	19-10	T: Pietersen C: Steyn. P: Steyn(3), Lambie.

*The Springboks made history at Suncorp Stadium with an impressive bonus point victory setting up a mouth-watering contest against New Zealand at Eden Park only for the referee to hold sway*



# SEVENS

The core focus of the Sevens department was the success of Springbok Sevens team and the development of Sevens coaches within South Africa. The Springbok Sevens team participated in the HSBC Sevens World Series and the 2013 Rugby World Cup Sevens tournament. The team had a very inconsistent year, winning three World Series tournaments but also producing the lowest placed tournament finish in history. Overall the team finished second on the HSBC Sevens World Series log, but was knocked out in the quarter-finals of the Rugby World Cup Sevens tournament.

The Springbok Sevens team won three tournaments in the 2012/2013 HSBC World Sevens Series, with back-to-back victories in Tokyo and Glasgow. The success of team was based primarily on the emergence of exciting young players that broke into the squad through their experience gained in the Springbok Sevens Academy structures. Cheslin Kolbe, Seabelo Senatla and Justin Geduld provided X-factor to compliment the experience of the established core of senior players.

A significant achievement in 2013 was Frankie Horne becoming the first player in the history of Sevens rugby to play 50 consecutive IRB tournaments.

The Springbok Sevens coaching staff also used the services of the SARU Mobi-unit with Pieter de Villiers providing valuable scrummaging input and Louis Koen assisting with the kickers.

The inconsistency in performance can be attributed to the injuries sustained through the year. In the 2012/2013 season, a total of 23 players were used for the nine tournaments in the HSBC Sevens World Series, the most ever in a season (and six more 6 more used in the Series winning 2008/2009 season). The lack of consistency in selections and player availability contributed to inconsistent performances.

The 2013 Rugby World Cup Sevens summarized the season for the Springbok Sevens team. In a campaign involving the co-operation of all 6 Super Rugby franchises, one player from each Super Rugby team (not including the 32 players in the Springbok group), were invited to trial for the Springbok Sevens World Cup team. The final team selected was made up predominantly of

the Springbok Sevens contracted group, but Ryno Benjamin (Toyota FS Cheetahs), Sampie Mastriet (Vodacom Blue Bulls) and Sibusiso Sithole (Sharks) were also selected.

They started magnificently, finishing the pool stages of the competition as top of their pool, winning all three matches and not conceding a point. In the Cup Quarter-final of the competition, the Springbok Sevens team drew Fiji and subsequently lost 10-12.

The first IRB Sevens Level 2 Coach workshop and IRB Educator course was held in Stellenbosch, with 15 Sevens coaches accredited as IRB educators in April 2013. The courses were held at the Stellenbosch Academy of Sport, facilitated by Hilton Adonis and the SARU coach development team. The course allowed aspiring Sevens coaches to learn more about the game, and more importantly, become educators, thus spreading sound coaching principles to the players and coaches that they will interact with in the future.

The key driver for elevating the profile for Sevens is the success of the National team and player progression from Sevens to suc-

***The Springbok Sevens coaching staff also used the services of the SARU Mobi-unit with Pieter de Villiers providing valuable scrummaging input and Louis Koen assisting with the kickers.***

cessful Vodacom Super Rugby, Absa Currie Cup and Under-20 campaigns. In 2013, the team won three HSBC tournaments and finished second overall. Cheslin Kolbe, Seabelo Senatla and Justin Geduld represented South Africa at Under-20 level, with Kolbe representing DHL Western Province in the 2013 Absa Currie Cup final.

In August 2013, Paul Treu and SARU parted ways through mutual consent. Treu subsequently became the head coach of the Kenyan Sevens team, recruiting the Springbok Sevens assistant coach, Vuyo Zangqa to join him.

Neil Powell, the Academy head coach, was appointed as the Springbok Sevens head

*Branco du Preez lifts the Las Vegas Sevens trophy in January 2014, the second title won by the Springbok Sevens team in the current 2013/14 HSBC Sevens World Series. The team also won in Las Vegas in 2013.*

*Lorinda Brown and Shona-Leah Weston in action at the Amsterdam Sevens Invitational Tournament in the Netherlands in May.*

coach and Renfred Dazel, the Springbok Sevens Academy Assistant coach, was appointed as the Women's Sevens head coach.

Regarding players, the Springbok Sevens team management continues to build a world-class contracted Sevens squad that is successful in the HSBC Sevens World Series, while building to Olympic Games qualification in 2015 and the Olympic Games competition in 2016.

The loss of coaches confirmed the need for the coach development pathway to be greater than ever. The biggest challenge in the future is to develop a coach and player pathway that will ensure intellectual property is not lost when coaches are replaced.

By using SARU's Footprint system next year, we hope to up-skill a number of coaches using the distance learning capabilities, contained within the system.



# WOMEN'S RUGBY

2013 proved to be a very busy year for Women's Rugby with many highs, some lows, but most importantly, many lessons learned which we can now apply in 2014 and beyond.

All three Women's National teams participated in international tournaments in 2013. The Sevens team competed in the IRB Sevens World Cup in Moscow and the Women Senior XV and the Under-20's competed in their respective Nations Cups.

## SEVENS WORLD CUP – MOSCOW

A disappointing overall performance made us realize what is needed (and lacking) for our teams to compete on the international stage. Every single nation that competed there has fulltime professional players and coaching staff, and the divide between South Africa, who did not any, and them was glaringly obvious.

The decision was taken to change our policies and to employ fulltime professional athletes, a fulltime dedicated coach, biokineticist and physiotherapist from 2014 until 2016. It is a huge leap forward for Women's Rugby and one we are positive will pay dividends as soon as the 2014 season kicks off.

## NATIONS CUP TOURNAMENTS

The senior Women's XV side competed in the IRB Nations Cup hosted in the USA and the Under-20's in the Nations Cup held in England.

The Under-20 team acquitted themselves well compared to their first tournament in 2011. Some narrow losses were followed up by an impressive victory over Women's Rugby powerhouse, England.

The Springbok Women's team qualified for the IRB Women's Rugby World Cup (to be hosted in France in 2014) with an impressive 63-3 win over Uganda in East London on the 7th of September 2013.

## AGE-GROUP TOURNAMENTS

Both the Under-16 and Under-18 girls' tournaments were a success with the games

ending up being great spectacles with a massive amount of talent on display. The tournaments painted a bright future for the game of Women's Rugby if we are able to invest and nurture the talent we have available.

## INTERPROVINCIAL LEAGUE (IPL)

Border was crowned the IPL champions after defeating the defending champions, Western Province, in the final hosted in East London.

Griqualand West won the B-Section of the IPL with an impressive win over Limpopo in the final.

## PARTNERSHIP WITH THE EASTERN CAPE DEPARTMENT OF SPORT, RECREATION, ARTS AND CULTURE

SARU has formed a partnership with the Department for the preparation of the Women's Sevens team for the Olympics in 2016. The partnership includes a residential programme that has been established where 18 women players are housed in Port Elizabeth and trained and conditioned at the Nelson Mandela Metropolitan University and their impressive and state of the art High Performance Center with access to world class expertise and equipment.

## THE FUTURE OF WOMEN'S RUGBY

In a sport dominated by men we will never enjoy the same sponsorship and financial benefits of the men's national teams and have to find ways that will give us the necessary exposure in the public domain.

We believe our programmes are far more advanced than any other women's codes in South Africa and with the structures and programmes we have established over the last year will see a marked improvement in our overall results.

One of our key objectives will be to raise the profile of women's rugby in South Africa through more positive results and more international competitions we are planning to host.

***We believe our programmes are far more advanced than any other women's codes in South Africa and with the structures and programmes we have established over the last year will see a marked improvement in our overall results.***

# MEDICAL AND BOKSMART

In 2013, under the strategic objective of Rugby Safety and Player Welfare, the department rebranded, edited, finalized, mass produced and rolled out the 3rd Edition of BokSmart, including relevant educational DVD's, hard copy manuals, and concussion guides for prevention of head, neck and spine rugby injuries.

Two-day workshops were provided at the 14 Provincial Rugby Unions, where nominated trainers were educated on presenting the programme, and were assessed on their presentation competency. Those who passed the assessment were accredited as BokSmart Trainers. BokSmart

The implementation of the School Age-banding regulations was a serious challenge, as many schools were struggling to come to terms with the new regulations, but with this teething period now at an end, it is hoped that in 2014, this will be properly applied across all 14 Provinces. Since implementation of the Amateur Scrum Laws, there has only been one permanent catastrophic scrum injury outcome, which was in the very early part of the year from a scrum collapse.

No 'impact on engagement' injuries have been recorded since the new Laws have been applied; this shows a huge improvement

in the British Medical Journal and the South African Journal of Sports Medicine and wrote a case study on BokSmart for an international book on Rugby Science. This enhances the credibility and international footprint of the programme, and established BokSmart as one of the world leaders in sporting injury prevention initiatives.

A research and communications portal called BokSurveys.com was launched where we can communicate directly with all of our stakeholder coaches and referees.

The department has also been working hard on getting all 14 Provincial Unions on board in performing regular random safety audits

Serious catastrophic head, neck and spine rugby related injuries are down on average by three a year since BokSmart came about in 2008; from an average of 15 per year from 2001-2007 to an average of 12 a year from 2008-2013

Spinal cord injuries have shown the most change from an average of 14 in 2001-2007 to an average of 10 since 2008.

The Department has become an influential part of rugby's business, especially when it comes to player safety, health and well-being. Not only has it influenced how the game is played, it has also influenced local rugby regulations. It has furthermore contributed substantially both nationally and internationally to injury prevention in rugby and to sports medicine globally.

***No 'impact on engagement' injuries have been recorded since the new Laws have been applied; this shows a huge improvement in the scrum injury situation in SA, as this was originally the main contributor to permanent scrum-related spinal cord injuries before the Laws were in place.***

3 will continue to roll out around the country until late in 2015.

The new course was considerably shortened and is available in English, Afrikaans and Xhosa. This has the potential to increase the buy-in and implementation at grass-root level rugby where it is most needed.

Other new initiatives include SARU's new School Age-banding Regulations and the modified South African Rugby Amateur Scrum Laws.

in the scrum injury situation in SA, as this was originally the main contributor to permanent scrum-related spinal cord injuries before the Laws were in place.

The department provided a proudly South African session on BokSmart at the world-renowned American College of Sport Medicine Congress in Indianapolis, USA, and had a dedicated Rugby Medicine track at the SASMA congress in SA.

We published scientific papers

# TECHNICAL

In 2013 the Technical Support Department focused on developing a proudly South African analysis system called Stratus, establishing a coding centre within SARU, acquiring an athlete management system (whereby especially the medical department can manage their players on a daily basis), develop and maintain systems which enable the collection, summary and distribution of accurate statistical, individual, team and video information (notational analysis). All this formed part of the vision and mission of the department to be at the forefront of Performance Analysis and providing a centre of analysis to promote, develop and manage analysis for all National Teams.

Significant for the department was the signing of the contract between SARU and Mobii on the 14th of May 2013, with Mobii becoming the software developer for the South African Rugby Union in term of the Stratus development until 31 December 2018. On the 6th of June 2013 a contract was signed between SARU and Edge10 (athlete management system). Both parties agreed to a mini-

imum term for the subscription of three years and a termination date of 30 April 2016. The department also managed to compile various reports during the year and managed to equip the national teams with the technical requirement needed to perform.

The biggest challenge for Stratus this year was getting the event and match coding module right. It was designed from scratch and had to find the best approach to ensure that events are captured, stored and reported correctly. The match coding module also proved crucial to ensure that games can be coded in the quickest possible time. Funding will always be a challenge but an increase in the development team from two to four is crucial to ensure the success of the project and have SARU's product compete in the market space.

The design philosophy (**figure 1**) of Stratus is to create a cloud-based system that can store and manage data centrally, connect users with the ability to share and access content, expand with new functionality by feeding off same data set and accessible to grassroots level organisations.



*Dr Craig Roberts is now able to manage Springbok players on a daily basis due to the Technical Support Department developing an analysis system called Stratus.*

OPPOSITE PAGE:  
Siya Kolisi on the charge against the New Zealand Super Rugby franchise, the Chiefs.

**Figure 1 - Stratus**

The following development path was followed in the design of Stratus:

- **Market Evaluation**
- **Event codes and match coding development**
- **Reports and playlists**
- **Video capture and streaming**
- **Sharing**
- **Portal**

The department set a goal of signing up a maximum of 12 clients for the 2014 rugby season and although always challenged with available resources to produce a working product, we successfully managed to sign up a confirmed nine clients (including two Super Rugby franchises) with a further thirteen still negotiating terms. This ensures that Stratus, which went live in January 2014, will become a self-sustainable product for SARU.

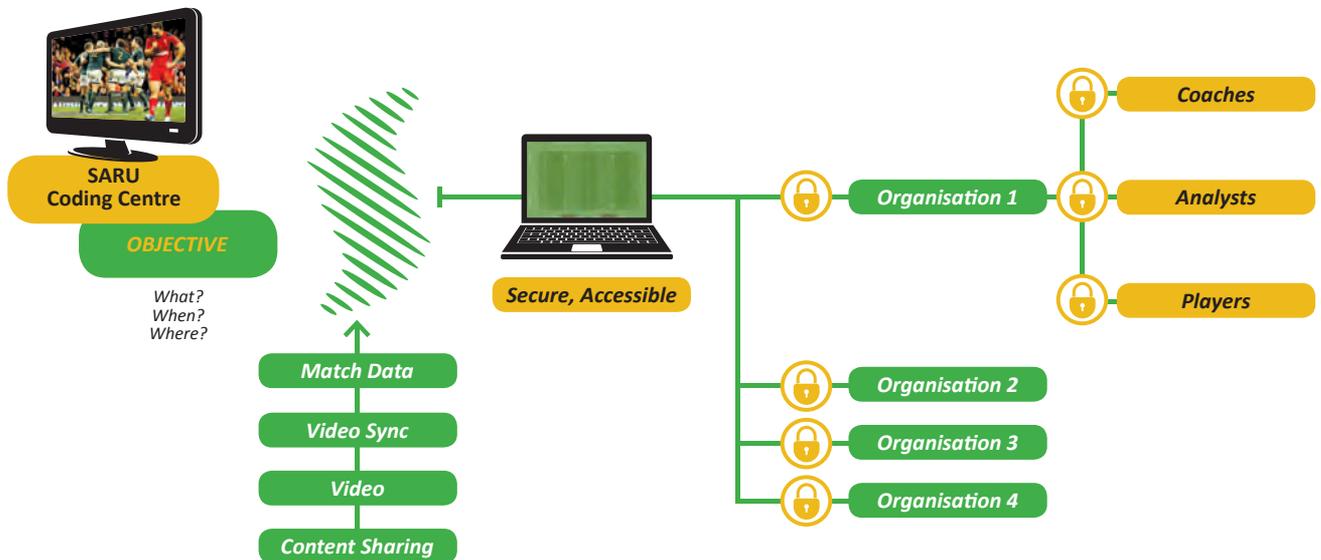
High Performance has identified the medical department as a critical component of the division which prompted the acquisition of Edge 10. Currently all the players of the various national teams are loaded in the system in order for the medical staff to

detailed score analysis (during the Vodacom Super Rugby, Internationals and Absa Currie Cup), referee profiling (during the Vodacom Super Rugby and Absa Currie), lineout and scrum attack reports in preparation for the Springboks, a KPI report of the South African players in all major competitions and a set piece green report during the Castle Lager Rugby Championship to name only a few.

The Mobi Unit also compiled an in-depth analysis (using the expertise of Chean Roux, Louis Koen and Pieter de Villiers) of the New Zealand teams (and Brumbies and Reds) during the Vodacom Super Rugby competition. This was made available to the South African franchises to assist them with their preparation. This was definitely a first for SARU, but we need to streamline the whole process going forward to secure its success.

With minimal marketing of Stratus and the coding centre to the provincial teams, franchises, varsity cup teams, etc. the system exceeded expectations in the manner it was received.

The department made significant strides in 2013 and will not only expand with the opening of the coding centre but also con-



capture and monitor the relevant data. This project is currently in its infancy stage and will grow as time goes on.

During the year the department - through the Mobi-unit - compiled various reports and ensured that the national teams are equipped with the necessary tools (within the budget constraints) to ensure that they perform to the best of their capabilities. Some of the reports compiled included a

tinue with the development of Stratus in ensuring that it becomes the analysis system of choice. Our focus will also be to look at the current reports and refine them for next year with a bigger emphasis on trend analysis. The role of the department has definitely grown over the last two years and we have become an integral part in ensuring that the various national teams perform at the optimal best.





# FOOTPRINT

In 2013 the High Performance department rolled out a player performance assessment program called Footprint. Footprint allows all National Teams, including teams in national competitions like the Coca-Cola Craven Week, to assess their respective players in the different competitions they took part in during the rugby season.

Assessments were completed for all National teams including the President's XV, Under-18 and Under-20, Sevens, Women and the Senior Springbok team. In addition to the national teams and competitions that were assessed, SARU's High Performance department also registered the majority of Craven Week teams including the Under 13's, Under-16's (Grant Khomo Week), Under-18 Academy teams and Under-18 Craven Week teams. The registration and assessments of the age-group teams and players are significant because for the first time SARU has started to compile a database of players and coaches from all age-groups that participates in our National Elite competitions. This will help track the progress and development of individuals in an aim to create a National Pathway for elite players and coaches.

Apart from the National teams, SARU and the High Performance department, through our partnership with the Department of Sport, Recreation, Arts and Culture of the Eastern Cape (DSRAC), also hosted three clinics in Mthatha, Queenstown and King Williams Town in 2013. At each of these clinics the High Performance department presented Elite coaching methodologies to around 50 to 60 amateur coaches. It included a visit and practical on-field session by the Springbok coaching team and selected Springbok players. Each of these individuals also registered on SARU's Footprint programme where we will assist in their development as coaches through Footprint's Distance Coaching program. The Distance Coaching program allows the High Performance department to upload material (files, videos and presentations) as well as the ability to remotely test and assess each coach's competency and development following the completion of each course module.

The High Performance department has already registered over 3500 users on the programme since June 2013 and aim to increase to 15 000 in 2014. Footprint V.2 launched in January 2014 and we will use the Vodacom Cup competition to increase its profile amongst all 14 unions and assist in the registration, development and tracking of previously disadvantaged players. Footprint V.2 will also be used actively in 2014 by at least two Super Rugby franchises during the Super Rugby competition.

Footprint will play a crucial role in 2014 within our National setup where it will be implemented specifically at Under-20, Sevens and Women's Rugby as a distance coaching tool to assist in the identification, assessment and development of elite coaches and players in an aim to create a national pathway.

Modules that will be developed and rolled out within the Footprint programme in 2014 will include;

- Medical and conditioning assessments
- Scouting application
- Selectors module
- Contract Management module

The High Performance department will also increase its Footprint profile in 2014 at all National Youth Week competitions where all players and coaches from all teams will be registered for assessments.

*Springbok Duane Vermeulen demonstrates a breakdown drill during the SARU coaching symposium at Mthatha Rotary Sport Stadium.*







2013 ANNUAL REPORT

# DEVELOPMENT

**T**HE 2013 calendar year saw the Development Department pick the fruits of its labour from the previous year's efforts, while it also continued to make significant strides in a number of strategic focus areas, including increased grassroots participation, enhanced coaching quality, and improved talent identification.

In addition, the Department delivered on its goal to stage better amateur tournaments while identifying further room for improvement in 2014. Strong showings by the national teams under its control continued to be a feather in the cap of those tasked with ensuring that these sides were expertly prepared and primed to perform when it mattered most.

Performances delivered by the **SA SCHOOLS** and **JUNIOR SPRINGBOKS** teams in 2013 were once again a barometer of the excellent health of the sport in this country at schoolboy and age-group level – with the likes of the **COCA-COLA UNDER-18 CRAVEN WEEK** successfully staged for a 50th time, remaining the envy of the rugby-playing world.

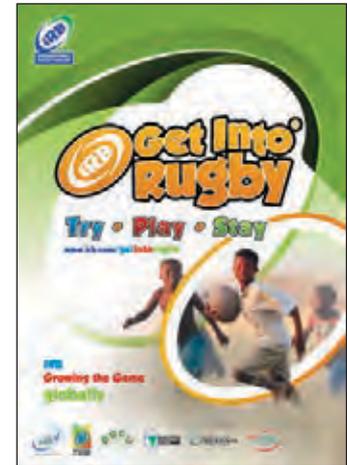
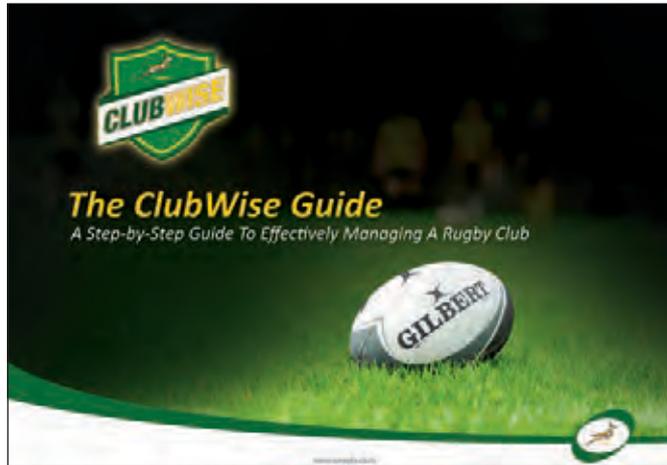
The revival of club rugby has long been regarded as the foundation on which the game is built. It was believed to largely lost its lustre and relevance in the professional era. It took a giant step forward in 2013 with the successful staging of the inaugural **CELL C COMMUNITY CUP**, which replaced the historic but ailing National Club Championships.

Clubs both old and new took their first tentative steps back into the national televised spotlight with a total of 13 matches broadcast live on SuperSport, while a six-part weekly magazine show, aptly titled *Working-Class Heroes*, confirmed what those with their ears to the ground had always known: club rugby is not quite ready to go the way of the dodo just yet.

The Department's 2013 strategic focus area of increased participation achieved success on a number of fronts, most notably in its implementation of a national development model in 45 communities nationwide. It also improved co-operation with provincial and national Government as well as the South African Rugby Legends' Association (SARLA), University Sport South Africa Association (USSA) and TAG South Africa, amongst others.

With a presence in 48 of the country's 53 municipal districts and its effects felt in over a thousand schools and at 100 clubs, the community-based model, if nurtured diligently, will ensure that more South Africans take up the game and, once hooked, do not walk away from it.

Two SARU initiatives to strengthen grassroots rugby: A Clubwise administrators course (left) and the "Get into Rugby" programme.



**A ground-breaking, NQF Level-5 accredited course in club administration, ClubWise, was also launched to much positive reception and its rollout in the coming years – with 14 courses planned for 2014 – can only assist in the revival of club rugby already being witnessed.**

The IRB Get In to Rugby project, an online monitoring programme, is aimed at increasing participation at school level. This programme was successfully piloted in the Western Province region and will be rolled out to the rest of the country in 2014.

A ground-breaking, NQF Level-5 accredited course in club administration, *ClubWise*, was also launched to much positive reception and its rollout in the coming years – with 14 courses planned for 2014 – can only assist in the revival of club rugby already being witnessed.

The Department's 2013 strategic focus area of enhanced coaching quality continued to work towards delivery on a number of goals, including the alignment of coaching accreditation processes with SASCOC, SAQA and CATHSSETA (by June 2014), and improved regional coaching co-ordinator structures.

Over 3,700 coaches received Level 1 and 2 training while the accreditation process of the programme's first 15 Level 3 coaches was completed. Despite the successes, a number of challenges remain, including the quality and sustainability of the provincial coaching workforce. To this end, 2014 will see continued focus to ensure coaching at national and provincial level is enhanced through appropriate and accredited training and education programmes.

Another strategic focus area was player development and performance. This area was instituted to bridge the gap between schoolboy and professional rugby through initiatives such as the Coca-Cola Youth Weeks; Performance workshops and the Coca-Cola Schools of Excellence Programme. Thirty (30) rugby schools from underprivileged communities were supported by this programme during 2013.

SARU established four regional academies in the Boland, Border, Eastern Province and the South Western Districts provinces.



*Players in action during the Coca-Cola Schools of Excellence Programme at Loftus Versfeld.*

The main purpose of these Academies is to ensure that players from the programmes are prepared and developed for the demands of professional rugby.

The success of these academies included numerous players being given the opportunity to compete in the junior Absa Under-19 and Under-21 Competitions. The teams from Boland and Eastern Province competed in the finals of the junior Absa Currie Cup competition. Several black players progressed to compete in the Vodacom Cup, Absa Currie Cup and Vodacom Super Rugby. Two players have graduated to represent the SA Under-20s through this system.

four-year unbeaten record with victories over England, Wales and France, in an International Under-18 Series which continues to grow each year, while the SA Students comprehensively beat Namibia in Windhoek. In addition, amateur competitions including the Cell C Community Cup, Youth Weeks, Amateur Provincial and Sub-Union events, afforded 3,500 players the opportunity to showcase their talent at a representative level.

At senior club level, the inaugural Cell C Community Cup produced a fairytale ending when GAP Management Despatch beat Jonsson College Rovers with the final kick of the match to lift the historic Gold Cup at



*The 50th Coca-Cola Under-18 Craven Week was held at the Old Peter Mokaba Stadium, Polokwane, which saw increased television viewership figures compared to 2012.*

*Jan Serfontein made the step up from Junior Springbok in 2012 to become a part of Heyneke Meyer's Springbok team in 2013.*

Our 2013 strategic focus area on the improved staging of amateur events saw us hosting a total of 24 local and international matches featuring the Junior Springboks, SA Schools and SA Students teams. The SA-Under 20 team, under the guidance of Dawie Theron, won bronze at the IRB Junior World Championship in France, capping off the tournament with a fine victory over New Zealand – the team's second win in as many years over the old enemy. Off the field, the Junior Springbok brand continues to grow, while in the playing arena Jan Serfontein, the JWC player of the tournament in 2012, made his Test debut in 2013 after being seconded from the SA U20 training squad by Springbok coach Heyneke Meyer.

The SA Schools team maintained their



*Junior Springboks captain Ruan Steenkamp on the charge against New Zealand in the bronze final of the 2013 IRB Junior World Championship.*

Outeniqua Park in George – the culmination of 52 matches played in 23 venues across the country, of which 13 were televised live by SuperSport.

And after 158 matches involving 98 teams and 2,168 players, the Coca-Cola Youth Weeks for 2013 – the first to be run under the Department’s draft copy of a new hosting blueprint – concluded in Polokwane with the staging of the 50th Under-18 Craven

Middelburg in Mpumalanga.

In summary, it was a year of memorable milestones for the Development Department as a whole. A number of projects remains a work in progress. There is much work to be done to ensure our national sport one day becomes not only the sport of choice for the majority of South Africans, but crucially, a sport easily accessible to everyone, irrespective of where they live or their economic situation.

South Africa’s rich rugby heritage, its seemingly endless conveyor belt of schoolboy talent, its excellent and ever-evolving competition structures and the dedication of its operational staff, means that the likes of the Junior Springboks will always be contenders for the IRB Junior World Championship title, while the Coca-Cola Craven Week and Cell C Community Cup will, in the years to come, continue to raise the bar when it comes to amateur events.

But all of the above will remain merely the tip of a fast-melting iceberg if we do not continue to actively attract more men and women of all backgrounds and from every corner of the country to the sport, and continue to educate more coaches and referees, without whom we would not have a game worth developing.

Development and transformation will always be high on the SARU agenda. South African Rugby is by no means unique when it



**South Africa’s rich rugby heritage, its seemingly endless conveyor belt of schoolboy talent, its excellent and ever-evolving competition structures and the dedication of its operational staff, means that the likes of the Junior Springboks will always be contenders for the IRB Junior World Championship title**

Week at the Peter Mokaba Stadium, which saw increased television viewership figures compared to 2012.

Looking ahead to 2014, the major change will be how the Junior Springboks prepare for the JWC, with pre-season get-togethers set to be replaced by what is hoped will be more beneficial camps closer to the tournament. From an events perspective, the second edition of the Cell C Community Cup promises much excitement with nine new participants looking to stake their claim, while the Under-18 Craven Week roadshow will head for

comes to its responsibilities towards transforming the game at all levels.

Visits to our fourteen Provincial Unions illustrated that transformation will always present a change of direction on all levels and areas within the broader South African sport – a change not only of how it works, but how it thinks, interacts, participates and performs. It is a process of re-invention. Their willingness to implement the SARU transformation scorecards and their commitment to monitor and evaluate the outcomes was encouraging.







# REFEREES' DEPARTMENT



## INTRODUCTION

One of the department's strategic focus areas was providing a pool of referees to all local competitions and providing training and education to all referees and support officials of the 14 referee societies affiliated to the Union.

The department has shown an increase of 12% in active referees since 2012 and this was achieved through various recruitment initiatives, implementing an Academy program to fast-track black referees and implementing a KPI scorecard measuring tool with the societies Referee Recruitment Education Officer.

### MATCH OFFICIALS IN SA BY GENDER AND RACE

	WM	WF	BM	BF	CM	CF	IM	IF	TOTAL
<b>TOTAL</b>	<b>1262</b>	<b>42</b>	<b>313</b>	<b>28</b>	<b>662</b>	<b>24</b>	<b>4</b>	<b>0</b>	<b>2335</b>
Active Referee	948	27	197	11	555	14	3	0	1755
Active AR/TJ Only	39	3	6	2	9	1	0	0	60
Active Candidates	207	11	109	15	61	7	1	0	411
Active Selector	1	0	0	0	1	0	0	0	2
Active PR	15	0	1	0	13	0	0	0	29
Active Coach	52	1	0	0	23	2	0	0	78

Since its inception the Academy Squad Programme has produced 31 referees to the various SARRA panels and squads and in 2013 alone, 13 Academy Squad referees were promoted.

With the Women Strategy Plan implemented in 2011 the department has produced two women who have serviced nine various IRB tournaments for 2013. In the past our women received around two tournaments a year.

*OPPOSITE PAGE:  
Jason Jaftha in  
action during the  
Absa Currie Cup  
competition in  
2013.*

# DEPARTMENT ACTIVITIES

Various operations were set in motion to increase the number of referees:

- Implemented a recruitment and awareness campaigns as follows:
  - # *Recruitment activities and branding at Easter tournaments & festivals, Coca-Cola Craven Week Under-18, The Castle Lager Rugby Championship and the HSBC Sevens World Series;*
- Media coverage through:
  - # *SuperSport and print media*
  - # *“Know Your Game” rugby Law pocket guides. A mobile application was built and implemented.*
- Shadow The Referee Campaign. Building on the success of last season, the 2013 Shadow the Referee campaign once again proved its importance as tool for the development and retention of young referees in South Africa.
- Website and Social media:
  - # *Use the referee website as a central point for providing relevant information and awareness;*
  - # *The website received a 35 % increase in traffic as compared to 2012*
  - # *The website was the main source of assisting with the recruitment of referees and there was an increase of 44 % interest to become a referee as compared to 2012*
- Using other sporting events such as Cape Argus and 94.7 Cycle Challenge to create awareness.
- Implementing an Academy Squad programme since 2007:
  - # *The main aims of the Academy Squads are to scout and fast track black referees in the main as well as referees from less affluent societies.*
  - # *There are a total of 62 referees on the 2013 Academy squad. They were developed in terms of games being organised at various tournaments where applicable coaching, law education and performances measured in order to nominate for SARU Referee Panels.*
  - # *The most well-known development from the Academy program was Rasta Rasivhenge, who officiated in the 2013 Rugby World Cup Sevens final.*

*With the Women Strategy Plan implemented in 2011 the department achieved the following results:*
- SA women refereed the following finals:
  - # *Bowl Final (Netherlands vs. Fiji) at the IRB Women Rugby World Cup Sevens 2013 in Russia.*
  - # *Final (England vs. Australia) at the RFU Women’s invitational Sevens in London.*
  - # *Final (New Zealand vs. England) at the IRB Women’s Sevens World Series – Guangzhou, China in 2013.*
- Marlize Jordaan was appointed on merit to referee a men’s sevens match in Brazil (Peru vs. Paraguay) to become the first ever female referee to officiate a men’s international sevens match in South America.
- Marlize Jordaan was nominated and won the 2013 SPAR Gsport Women of the Year Award.

Following Craig Joubert who did the Vodacom Super Rugby Final and Rasta Rasivhenge who officiated in the 2013 Rugby World Cup Sevens final, the IRB made the following appointments to serve in internationals (*graph left*)

	Referee	AR's	TMO
6 Nations	3	4	–
Test	11	20	6
CAR	8	1	–
Women Test	2	–	–

# TRAINING AND EDUCATION

The department is involved in the development of match officials from second and third tier nations and through the Maties/SA Rugby Referees Association Academy in Stellenbosch, matches were provided to ten (10) referees who attended the IRB Talent Optimisation Programme. They came from Portugal, Canada, Australia, Tonga, Russia, Argentina, Fiji, Japan, USA and Spain respectively.

*Marius van der Westhuizen, Rasta Rasivhenge and Marelize Jordaan excelled at the Rugby World Cup Sevens in Moscow, with Rasta handling the men's final.*



National courses were conducted for 153 officials and fitness tests applied to 94 referees. The following education programmes & courses were provided in the various provinces by 26 educators:

<b>National Courses</b>	<b>2012</b>	<b>2013</b>
Level 1 Officiating courses	44	40
Level 1 Officiating attendees	893	662
Level 1 Officiating Certificate of Attendance	893	662
Level 2 Officiating courses	5	6
Level 2 Officiating attendees	153	111
Level 2 Officiating accredited	0	47
Level 3 Officiating courses	0	1
Level 3 Officiating attendees	0	7
Level 3 Officiating accredited	0	**
Level 1 CMO courses	7	2
Level 1 CMO attendees	68	24
Level 1 CMO Certificate of Attendance	68	24
Level 2 CMO courses	1	1
Level 2 CMO attendees	9	10
Level 2 CMO Certificate of Attendance	9	**
Educators courses	1	4
Educators attendees (Reference to Referees only)	14	12
Educators accredited (Reference to Referees only)	12	6
Level 1 Sevens Officiating courses	1	3
Level 1 Sevens Officiating attendees	19	52
Level 1 Sevens Officiating Certificate of Attendance	14	52
Level 2 Sevens Officiating courses	3	0
Level 2 Sevens Officiating attendees	47	0
Level 2 Sevens Officiating accredited	0	0
Total Number of Courses	62	56
<b>Total Number of Attendees</b>	<b>1203</b>	<b>866</b>

*Craig Joubert was again rated as one of the top referees in the world and refereed the Vodacom Super Rugby final in 2013.*



The following local match officials appointments were made to:

<i>1 January to 31 October 2013</i>	LOCAL REFEREE	INTERNATIONAL REFEREE	AR'S	TMO	SIDE LINE
ABSA Currie Cup	35	–	70	35	105
ABSA 1st Division	59	–	118	15	221
ABSA u/21	77	–	154	23	285
ABSA u/19	77	–	154	1	307
Vodacom Cup	63	5	126	20	232
Varsity Cup	31		62	17	107
Varsity Shield	21	2	42	1	83
Varsity Young Guns	16	2	32	1	63
Community Cup	40	2	80	1	159
Interprovincial Women	34	–	68	–	136
SARU Tournaments	99	–	–	–	–
Friendlies	28	–	56	–	56
Internationals Local	20	16	24	6	71
Super Rugby - Local	43	6	86	43	129
Super Rugby – Aboard	14	–	–	–	–
<b>Total</b>	<b>643</b>	<b>33</b>	<b>1072</b>	<b>163</b>	<b>1954</b>

AR 4 & 5,  
time keeper and  
statistician

For every SARU fixture a performance reviewer is appointed. The data they provide is captured on the Athlete Management System (AMS) which also grades the individuals for either promotion or demotion. Besides this, various Conference calls, selection and grading meetings are held. The following assessments were done:

Competition	Assessment Reports	Video Analysis (Fairplay)
ABSA Currie Cup	22	22
ABSA 1 Division	43	35
ABSA u/21	66	10
ABSA u/19	67	5
Interprovincial Women	22	
Craven Week U18	21	21
Vodacom Cup	57	20
Varsity Cup & Shield	40	21
Varsity young Guns	11	2
Community Cup	36	13
Friendlies	16	9
Total Local Competition	401	158
Super Rugby	5	123
IRB Tests		30
Total International Competition	5	153

## CONCLUSION

The Referees' Department made significant strides in 2013 and will expand its operations for 2014 to achieve its goals with special emphasis on:

- Refine the Academy Squad Programme to sustain black referees to adhere to the SARU transformation policy.
- As a result of the challenges a serious fast tracking development programme will be enforced and managed to meet SARRA obligations in the development of women officials in rugby.
- Co-ordinate the implementation of the High School Referee Society plan which addresses the training and education (BokSmart & IRB Officiating Level 1) of officials involved in High School Rugby who are not affiliated to a referee society. This will ensure that these referees are organised, developed and retained in the system and hopefully are recruited into the local society structures.





2013 ANNUAL REPORT

# COMMERCIAL & MARKETING

**T**he 2013 year was themed as a year of consolidation for the department. This entailed taking a critical look at the commercial model, competition structures and conducting a full rights audit to ensure that the organisation was aligned and well prepared for the broadcast and commercial sponsorship renegotiations that would commence during second quarter of 2014. The department also undertook an internal realignment to ensure that our current operating structure correctly fits the environment within which we operate.

From an operational delivery point of view, 2013 presented the significant challenge of hosting the first-ever International double-header Test series (Castle Lager Incoming Tours) in June. That not only presented challenges in having to stage two Test matches at the same venue in succession but also against three teams (Scotland, Italy and Samoa) that are not the most commercially attractive offerings to our market. In addition to this we had the unprecedented staging of an International Test Match (part of the Castle Lager Rugby Championship) being preceded by an International Football Match, at the same venue, as part of the inaugural Mandela Sports Day. Both of these events had a significant budgetary

impact that, while unavoidable, contributed to continued budgetary “cuts” across the department to alleviate the impact of these events. On the positive side we were able to grow our revenue base by the introduction of some new commercial partners, pick up a Sports Industry award and were successful in a number of bids that will over time add additional revenue to our structures.

Emerging from our theme of consolidation were some valuable insights into where we are as a commercial organization and where we can improve following a period of thorough research. In addition a comparative analysis of the broadcast audience for the competitions in our landscape was conducted with some useful insights. The

*For the first time South Africa had two different international matches at the same venue on the same day, which proved to be a big success in honour of Nelson Mandela.*

following areas were prioritised for analysis:

- Profile of fans in South Africa
- Level of interest in competitions
- Spontaneous brand awareness across all properties
- Test match ticket prices
- Focus on Absa Currie Cup and Vodacom Super Rugby
- Rights Audit

## PROFILE OF FANS IN SOUTH AFRICA

The interesting outcome of the analysis was that while the greatest concentration of supporters is found in the metropolitan areas of Gauteng, KZN and the Western Cape (73%), there is a fair spread of fans across the country. The LSM ranges between 6 and 10 and 51% of the support base is black with 31% naming English as their first language. Of these, 65% consume rugby on the DSTV platform with the balance on the FTA (Free-to-Air platforms). Overall rugby outstripped both cricket and football as the No 1 watched sport while SA Rugby merchandise is the most consumed, accounting for 24% out of



**Overall rugby outstripped both cricket and football as the No 1 watched sport while SA Rugby merchandise is the most consumed, accounting for 24% out of all sports merchandise purchased in South Africa**

all sports merchandise purchased in South Africa. The research assisted in helping focus on our future target markets and identifying those areas within the country where we have potential for growth.

## SPONTANEOUS BRAND AWARENESS

The analysis on this proved consistent with what we expected in that all the major partners were recognised, reassuring us that a sponsor's return on investment for associating with rugby was in line with our expectations.

## TEST TICKET PRICES

This is always an emotive subject and almost never in the direct control of SARU, as prices are set by the hosting union. However, given the challenge that we faced with both the Castle Lager Incoming Tours and the Mandela Sports Day, coupled with the consistent criticism that we face when Test ticket prices are revealed, the understanding we achieved from this process was invaluable. In highlighting a few aspects of this we established the following:

- A price differential strategy at stadiums was the preference (57%)
- The average mean of ticket price should be between R150- R300 (depending on the quality and ranking of the opposition) escalating to R300 to R500 for Tests against the Top 4 ranked teams.
- In order of importance as a driver to purchase tickets the following was established: Transport built into cost of ticket (either parking or other) Hospitality, City where event is held, Opposition and seat allocation.

## FOCUS ON ABSA CURRIE CUP AND VODACOM SUPER RUGBY

The analysis established that the Absa Currie Cup is still seen as the premier domestic competition in SARU's landscape followed by Vodacom Super Rugby. It is the element of provincial pride and passion that sets the Absa Currie Cup apart, despite Vodacom Super Rugby attaining higher cumulative audience numbers and higher average audiences. Tests continue to outstrip both on a match-by-match basis.

**ABSA CURRIE CUP**

Competition	Platform	2012	2013	% CHANGE
Absa Currie Cup	SS1,SS2,SS3 all HD			
Avail average Audience		4,658m	5,304m	+ 13%
Peak Audience		1,305m	1,174m	- 10%
Hours covered		64:58	64:36	FLAT
Average Audience		544 000	557 000	+ 2.5%

**VODACOM SUPER RUGBY**

Competition	Platform	2012	2013	% CHANGE
Vodacom Super Rugby	SS1			
Avail average Audience		2,999m	3,233m	+ 7.8%
Peak Audience		1,146m	1,052m	- 8.2%
Hours covered		242:35	236:29	- 2.5%
Average Audience		361 000	359 000	- 0.5%

**VODACOM SUPER RUGBY**

Competition	Platform	2012	2013	% CHANGE
Vodacom Super Rugby	SS HD			
Avail average Audience		N/A	2,501M	
Peak Audience		N/A	111 000	-
Hours covered		N/A	236:29	-
Average Audience		N/A	22 000	-

It is worth noting that the Absa Currie Cup attracted a higher peak audience than Vodacom Super Rugby (Sharks v DHL WP 1 174 000 and Super Rugby DHL Stormers v Vodacom Bulls 952 084). In general however Vodacom Super Rugby reached a record of 72,5m viewers of which SA made up 47,7m, Australia 7,8m, New Zealand 14,6m and Europe 2,2m.

**RIGHTS AUDIT**

Although the process was not quite completed (90%) the major learning was clearly that often "less is more". The proliferation of competing brands (clutter) in the stadiums at which the majority of our major events take place has an impact on the exclusivity that a number of provincial and national rights holders acquire. The essence of the audit was to establish the gearing of the sponsorships vs the rights that are afforded against this and to date some of the findings are more of a negative gearing than a positive. With a few minor adjustments I am confident that going into the next cycle of

sponsorships we will get this balance right and be able to deliver a mutually beneficial offering to both parties. A more tangible result was the establishment of a formula that can now be applied to evaluate the value of the perimeter and video board advertising at all Vodacom Super Rugby, Absa Currie Cup and Castle Lager Test Matches.

Despite the challenges posed by the series of double-header Tests (Castle Lager Incoming Tours) and the perceived modest quality of the opposition, the impact on TV audiences was neutral, buoyed by the fact that on two weekends matches were shown on FTA. The Castle Lager Rugby Championship continued to deliver great audiences, especially the last two rounds in South Africa given the exceptional performance of the Springboks on the away leg of the Championship. The Argentina match that was played as part of the Mandela Day was difficult to assess as we had the influence from football as well. However, we did see a downward turn in match-day attendances in comparison to the Australia and

*The Cell C Nelson Mandela Bay Sevens tournament was a huge success, not only because the Springbok Sevens were victorious but also for economic reasons.*

New Zealand game where both venues had sell-out crowds. New initiatives into the Test matches were introduced to try and increase the spectator experience with our commercial partners leveraging well especially at the Ellis Park Test where BMW had amazing match-day activation. In stadia we attempted the augmented reality of the match-day programmes and the introduction of Bokkie character into the Video screen messaging; however the latter was not realised to its full potential due to connectivity problems within stadia. Overall it was a successful International window that saw the final match against New Zealand as one of those special moments in our rugby history.

The end of the year saw us host yet another successful HSBC Sevens World Series event that not only saw the Springbok Sevens team be crowned victors, but also realised our biggest attendance to date, up an impressive 63% on the previous year. There was also an increased revenue inflow for the tournament while a more comprehensive and interactive integrated marketing campaign was undertaken that provided spectators with an enhanced in-stadia experience.

Following the event, an Economic Impact Study was conducted that reported that the tournament had yielded more than R217m in direct and indirect economic impact (in comparison to the R154 achieved in 2012), with in R24,3m of this flowing into low income households, while 700 temporary jobs were created. This was further evidence that our strategy of engaging with municipalities and metropol on the benefits of hosting big rugby events is the correct approach to take.

The notable successes of the year included the launch of a number of new revenue streams in a more comprehensive retail offering from a merchandise perspective.

The *Springbok Lifestyle* collection was introduced with a passive launch towards the end of 2013 through SARU's first retail outlet at the *The Springbok Experience* rugby museum. In addition, we have secured the exclusive retail rights for RWC 2015 that will enable us to offer supporters and fans a wide range of clothing that carries both the Springbok and RWC mark in a dual-branded RWC offering. We also successfully won the exclusive South African rights to the travel programme for RWC 2015 and in so doing





***At the Discovery Sports awards we won the award for the best Social Media Campaign with our 'Shirtless' campaign for the launch of the new Canterbury supporters' jersey.***

have partnered with reputable Travel company, Tourvest, to deliver a wide variety of RWC travel packages through our new Travel Company 'SA Rugby Travel'. This will extend to all forms of sport travel around our teams and properties.

We also launched the SARU Hospitality offering SARU Engage in 2013, that was instrumental in the delivery of hospitality to our partners and supporters through the Castle Lager Incoming tours and Castle Lager Rugby Championship Series as well as the Cell C Nelson Mandela Bay Sevens. Finally, at the Discovery Sports awards we won the award for the best Social Media Campaign with our 'Shirtless' campaign for the launch of the new Canterbury supporters' jersey.

Our commercial programme expanded in other directions with the introduction of new role players in Asics as our new Apparel Partner (2014–2019), Cedarberg Aqua (Water supplier) and Samsung as the new mobile, electronics and computer supplier. Cell C also took over title sponsorship of the Nelson Mandela Bay Sevens as well as title sponsorship of the Cell C Community Cup competition. These new partners, together with our 2013 extension of the Absa Currie Cup agreement for a further three years and our current commercial partners will see us for the first time have our Sponsorship/commercial revenue exceed our broadcast revenue for the first time.

This is a further indication as to the strength of the brand and the success that both partners and we as SARU enjoy in what has been a mutually beneficial relationship. SARU would like to thank all our partners and suppliers for their continued support

and look forward to an exciting 2014 together. All of our new Commercial partners bring a fresh and innovative approach to our sponsorship mix and this together with the new mix of SARU properties in merchandise, travel and hospitality suggests that 2014 will be full of new opportunities.

## IN CONCLUSION,

and against the backdrop of what has been a positive year within the department, there remains a lot of pressure on budgets as the cost bases continues to rise. The planning for a commercial model review of SARU in its entirety will be an interesting exercise in 2014 and one that will set us up for a better revenue landscape as we enter into the renewal phases of our SANZAR agreements and broadcasting rights deals as well as our commercial programme with all our sponsors and suppliers. From a SARU perspective we still need to work on the model around our Test matches and how we present these and the commercial model that will underpin this. We aim in 2014 to ensure that we do things differently at our 'marquee events' to ensure that we provide a great in-stadia experience for our spectators, a more cohesive and integrated approach to our marketing campaigns and how we present our products and brands through a more collaborative approach with our various stakeholders. Finally, the continued support and open-minded approach of the provincial unions during the 2013 season in often difficult circumstances should not go unrecognised, and that of our commercial partners and broadcaster: thank you all for your support and the positive manner in which you continue to leverage your association with South African rugby.

'AS KIDS GROWING UP IN SOUTH AFRICA IN THOSE DAYS, RUGBY WAS LIKE A RELIGION AND YOU ONLY DREAMED OF PLAYING FOR YOUR COUNTRY.'  
- FRED DE VILLIERS



GIANTS  
IN GREEN  
AND GOLD



2013 ANNUAL REPORT

# CORPORATE AFFAIRS

**T**he 2013 calendar year was one of significant growth in the activities of the Corporate Affairs department as it strove to deliver on its headline mission of providing outstanding service to rugby's stakeholders by enhancing the sport's reputation, communicating SARU's activities and preserving the game's heritage.

There was strong growth in the reach and depth of SARU's social media channels and in the promotion of the Union's activities – particularly in the sphere of community and women's rugby – by way traditional media engagement while developments to the [www.sarugby.co.za](http://www.sarugby.co.za) website and the launch of a Springbok 'app' were well advanced by year end.

However, it was in the relatively new areas of Corporate Social Investment (CSI) and heritage management that the most obvious advances were made by SARU, each avenue bearing significant benefits in terms of positive public and media reaction. The launch of the *Boks for Books* schools library campaign and the opening of *The Springbok Experience* rugby museum were significant occasions not just for Corporate Affairs, but also on the wider SARU landscape.

The responsibility for heritage had been placed in the hands of Corporate Affairs dur-

ing the restructuring of late 2011. It came with a clear direction from the CEO to relocate the existing, outmoded museum from the Sports Science Institute of South Africa in Newlands to somewhere more publicly accessible. That challenge came with the additional task of producing a museum that reflected the full, racially diverse story of South African rugby. The first requirement of taking the museum to the people was met by identifying and securing premises at the V&A Waterfront in Cape Town, which receives 23m visitors each year and is one of Africa's most visited tourist attractions.

An 800m<sup>2</sup>, two-storey building called Portswood House was acquired on a ten-year lease, overlooking the main V&A precinct and boasting a front lawn that remains a working croquet pitch. After a period of research, Mather & Co, a Manchester-based world leader in sports museum development, were identified as the ideal designers to bring a

compelling but complex rugby story to life in a new-style museum. The completed facility combines interactive rugby games that challenge kicking, passing, reaction and fitness skills with beautifully displayed historic objects among a panorama of compelling graphics and video screens.

The Springbok Experience was launched with an historic gathering of 43 national captains from all traditions to capture their handprints in bronze for eventual installation as a permanent exhibit outside the museum. The majority returned on Heritage Day, September 24, for the official opening, which was attended by the current Springbok squad.

The facility was an instant hit with the opening audience and with visitors as well as being well supported by the landlord. A new walkway was installed and the stair access was improved by the V&A, while permission was granted to install a full size set of illuminated goalposts on the rim of the croquet lawn.

The completed museum was ten

***The Springbok Experience was launched with an historic gathering of 43 national captains from all traditions to capture their handprints in bronze for eventual installation as a permanent exhibit outside the museum.***

*The Springbok Experience opened to the public on Heritage Day, September 24. The current Springbok squad as well as a large number of former national captains from all traditions attended the event.*





months in development and installation and when finished included 4kms of cabling to support 91 channels of audio visual media and 480m of LED lighting among 230 objects in 19 purpose-built display cases and more than 500m of wall graphics.

Running in parallel with the *Experience* development was the launch of SARU's first CSI initiative to supply fully stocked mobile or refurbished libraries to previously disadvantaged schools as part of the *Boks for Books* campaign. It was launched in Durban in June and by the end of the year libraries had been refurbished and stocked at Gcobani Higher Primary School in Mdantsane in the Eastern Cape and at the Kwamanzini Primary School, in Pinetown, KZN.

The programme was born of rugby's desire to make a different contribution to South African society and underline SARU's commitment to being a caring corporate citizen. Education and literacy were chosen as a focus area as it is priority for national government. South Africa has approximately 12.3 million learners but only 8% of public schools have functional libraries. The majority of these are found in former 'Model C' schools where they have the resources to staff and stock libraries.

*Former Springbok Stefan Terblanche (left) and Pierre Spies (back right) joined the learners of Kwamanzini Primary School in Pinetown, KZN to celebrate SARU's Boks for Books campaign. The CSI campaign aim to refurbish and stock school libraries.*

OPPOSITE: Springbok captain Jean de Villiers during one of his many media sessions during the year.

In 2011 the World Economic Forum ranked South Africa 140th out of 144 nations based on national educational assessments.

Education was also chosen because of the clear synergies with rugby; Springboks are 'made' at schools and players highly value the opportunities they have been given through their schooling. Springbok captain Jean de Villiers attended the launch and pointed out that he was fortunate enough to go to a school, Paarl Gym, that provided every opportunity – both in education as well as on the playing field: "That's why I believe the Boks for Books campaign is so important and why me and my team mates are right behind it," he said. "School made me what I am – I hope this campaign will help other youngsters become all they can be."

The department added to its staffing with addition of a media manager responsible for the important and growing portfolios of Women's, Youth and Community rugby. The result was an upsurge in coverage

of these areas of SARU's endeavour – particularly of women's rugby where media releases leapt from 13 in 2012 to 60 in 2013 – as part of a build-up to important women's rugby events such as the 2014 Rugby World Cup and the inclusion of the Sevens game in the Olympic Games for 2016.

The department issued 730 media releases and social media channels continued to burgeon with the continued growth of the online community. SARU's Facebook page ([www.facebook.com/springboks](http://www.facebook.com/springboks)) grew by 23% to 617 000 'likes' while our Twitter handle @bokrugby showed a 47% growth to 147 000 followers. The channels – as well as the emailed weekly Bokzine newsletter – were used to directly publicise the considerable activities of SARU to the local and international support base.

The majority of the information was generated around national teams. Corporate Affairs staff were dispatched with the Junior Springboks (to France) and with the Sevens team to the Sevens Rugby World Cup (Russia) to generate 'brand journalism' in addition to the travelling Springbok Media Manager. All media houses face severe budgetary challenges and – particularly in the traditional print avenues – and it became increasingly obvious that they have become reliant on the service provided by SARU.

It was a year largely free of significant reputational controversy. The rugby issues of the sixth South African franchise and the format of the Absa Currie Cup were causes of some angst and frustration – while the selection of overseas-based players was an issue debated by rugby writers – but the year was free of the major rows that had dogged the sport in former times.

In summary it was a year of significant advance on all three fronts of Corporate Affairs' key responsibilities. A healthy stream of communications was maintained in a diverse range of growing and successful channels; the organisation's reputation as a premier South African sporting federation was maintained and major new ground was broken in terms of CSI and in the establishment of a world-class rugby heritage centre at *The Springbok Experience*.



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2013 ANNUAL REPORT

# HUMAN RESOURCES

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**S**ARU Human Resources continues its commitment to the development and well-being of its employees. The department also plays a vital role in supporting the business in recruiting and retaining individuals who have the competencies and skills required to implement SARU' objectives.

**For us to achieve this, we set ourselves key focus areas for 2013, whose highlights, at high level were:**

- HR/Payroll integrated system implementation
- Strategic People Plan - with a strong focus on Succession Planning
- HR Basics - An aspect of employee data integrity and effectiveness in other areas of HR Operations

Organisational planning for the future relies on good employee information, which is required by the business leaders. Accordingly, in 2013, we spent most of our time focusing on getting our HR basics right. The implementation therefore of a new HR/Payroll system as a tool to achieve this objective was successfully delivered in January.

The process of People Planning which started three years ago, with the introduction of the Performance Management Plan (PMP) process and Personal Development Plans (PDPs) finally bore its fruit when both these tools were used in our succession planning meetings which were held with each and every department.

From this exercise, individuals were identified as successors for critical roles in the organisation.

For the first time, an Employee Wellness survey was conducted early in the year with the intention of highlighting themes on which to focus our Wellness campaigns during the year.

As a key profession concerned with the people in SARU, the HR function continues to act as the catalyst for maximizing the value that employees can contribute.

## **PAYROLL SYSTEM**

In January we implemented a new HR/Payroll integrated system called Computer Related Systems (CRS), which went live in March. The modules that have been implemented since then are: Payroll, Employment Equity, Training, Employee Relations and Performance Management.

This new development has helped the HR function to manage compliance with South African legislation, streamline processes for training, recruitment and selection, and produce reports for internal and external use.



## **TALENT MANAGEMENT RECRUITMENT**

In 2013 we continued to recruit high calibre staff in our three employee categories; permanent, contractors and seasonal employees. We strive to source individuals who meet and have the potential of growing in our core competencies of understanding our rugby environment, innovation, leadership and emotional intelligence.

## **PERFORMANCE**

Consistent individual performance played



*Siya Kolisi during the SARU's 67 minutes in support of Nelson Mandela Day at Siyabulela Primary School in Cape Town.*

a vital role in our succession planning processes. Employee performance, which is assessed using our Performance management tool, was taken into account when planning for successors to SARU's critical roles.

#### **SUCCESSION PLANNING**

A new talent management tool was implemented during the succession planning process. The tool has now given us an indication of a number of employees who need to be developed and maintained in the

organisation because of the value they bring to their roles, and those we need to invest in, and retain as they are seen to have the potential to fill leadership roles.

#### **STAFF COMPLIMENT**

SARU employees are of a diverse nature. We have permanent, fixed term contractors, seasonal employees and executives. At the end of 2013, SARU had 576 employees of which 143 were women and 433 men.

# NOTES



# NOTES





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