



# SOUTH AFRICAN RUGBY UNION ANNUAL REPORT 2020





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*Design: Ryan Manning ([themanningequation.com](http://themanningequation.com))*



# SA RUGBY PARTNERS IN 2020

## PRINCIPAL PARTNERS



## ASSOCIATE PARTNERS



## OFFICIAL SUPPLIERS



## TOURNAMENT PARTNERS



Duane Vermeulen was named SA Rugby Player of the Year for a second time in 2020, after also taking top honours in 2014.



RUGBY PLAYER OF THE YEAR

- 1992 Eben Beukes
- 1993 Eben Beukes
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- 2019 Eben Beukes
- 2020 Eben Beukes





# PRESIDENTIAL REPORT

**With the coronavirus outbreak sweeping across the globe, sport has not been spared. The sports industry has been heavily impacted and, in many ways, paralysed by the pandemic. Sporting events at international, regional, and national levels have either been cancelled or postponed.**

**A**LL parties that have been impacted – players, unions, clubs, competitions, sponsors, and the media – are facing not only sporting and financial challenges but are also having to take a hard look at their legal and contractual covenants.

Along with many other sports, SA Rugby was severely affected by the inevitable revenue losses from broadcasting rights, tickets, sponsorship, and advertising sales.

South Africa's rugby industry responded to the pandemic situation as one – by pulling together and working to support those most in need. This created focus in several key areas:

- › Assessing and addressing the most urgent funding needs of member unions severely hit financially by Covid-19
- › Streamlining our costs to maximise financial support to member unions
- › Generating and sharing intelligence and lessons on the Covid-19 pandemic as it has spread around the world

- › Creating Return to Play protocols and guidance in partnership with stakeholders
- › Managing effective communication and correspondence with member unions.

We once again demonstrated that by working together we are stronger as a sport.

## **COMPETITIONS – LOCAL AND INTERNATIONAL**

We were disappointed by the way the Vodacom Super Rugby tournament concluded after 25 years. The tournament was suspended in March, but in mid-year, New Zealand unilaterally announced that they would not be contesting the tournament in 2021 and were seeking a new direction.

Fortunately, our investment in nurturing a relationship with PRO Rugby allowed us to transition quickly into a conversation to secure four new places in what had been the Guinness competition for 2021. The impact of the Covid-19 pandemic also decimated plans around the Tokyo 2020 Olympic Games, which had to move to 2021. We are hopeful

SA Rugby President, Mr Mark Alexander (middle) at the unveiling of Carling Black Label as the new Currie Cup sponsor.



that the hard work to prepare the Springbok Sevens will result in honours from the Games.

Our competitions have not experienced such severe impact since the Second World War more than 75 years ago. Schools and club rugby was stopped, players did not form a scrum or take a lineout for the year, and our senior elite teams had a six-month hiatus imposed in their schedules.

The Springboks were the only Tier One nation in World Rugby not to play a match in 2020 with their last test being the RWC 2019 Finals on 2 November 2021. The challenges presented by the pandemic and the quarantine barriers it threw up around the world meant that the Castle Lager Incoming and Outgoing Series were cancelled, while the complexities and high-performance considerations meant we were unable to compete in the Castle Lager Rugby Championship.

As far as school and university rugby is concerned, it is governed and controlled by the education department, and their regulations must be enforced.

Community rugby and semi-professional rugby did not take place in 2020 due to the cost of implementing the necessary Covid-19 controls at that level to be compliant, while there was also no government permission to continue community participation during 2020.

The rugby department worked tirelessly on several options for our 2021 domestic and international

competitions, taking the following considerations into account:

- › High performance outcomes
- › Travel regulations and restrictions
- › Safety regulations and costs
- › Player welfare and availability

We are not out of the woods by a long way. The pandemic remains real and will continue impacting on us in some form or shape. The only certainty we have is that on both the rugby front and financially, we will continue facing a moving target. We are going to have to continue being vigilant and remain focused as a group on those matters that we have control over while continuously adapting to those circumstances over which we have no control.

In addition, the rugby department has already commenced with operational plans around our Rugby World Cup 2023 campaign, a drive to improve the Women's Rugby product, while also embarking on an Elite Coaches project.

## FINANCE

I am grateful to report that our financial position remains stable despite the very challenging environment we operate in. Our Annual Financial Statements were released on time, and we received a clean and unqualified audit opinion.

I do want to thank everyone involved in the management of our finances for a strong effort to hold the finances of SARU in good standing. I



would also like to thank our members for participating in a collaborative effort to reach this outcome. Everyone made sacrifices and it all paid off in the end. It would also be remiss of me not to acknowledge the support from key stakeholders, including World Rugby, our broadcasting partners, and our sponsors, who all contributed to this achievement. We can be proud of the achievement of a positive outcome for the year, with positive equity.

Having said that, the challenges of 2020 continued into 2021 as we worked on finalising our budgets for the current year. With difficult trading conditions continuing, we will have to ensure that some of the austerity measures agreed on when we embarked on the Industry Savings Plan in 2020, will remain in place. Irrespective of how we go about dealing with the monthly distribution of funds, the pandemic is not over and we cannot rule out adjustments later in the year. Let's remain cautious in our spending. Not only do we need to change our strategy to deal with a new normal, but we also have to change how we manage and administer our business.

I believe we can improve how we conduct financial affairs, and crucially, how we go about contracting players. As the saying goes, we must cut our coat according to our cloth. I urge our members to journey with us as we explore the opportunities of equity investments in our game. In 2020 we saw how pressure on revenue streams can have a profound impact on the business of rugby. It is therefore essential that we establish new revenue streams to allow the game to grow.

Last year the rugby industry had to join hands to navigate the crises, and the CEO and his team did

a fantastic job securing some of the funding from the sponsors and broadcasters, considering our non-delivery of the rights sold.

Unfortunately, this year our rights partners are not as generous and sympathetic as last year, and funds for the rights will be directly linked to rights delivery ('no play, no pay').

The fact is that travel restrictions, additional safety regulations and costs are dependent on government directives both locally and internationally and are beyond direct control. While we have all the planning and scheduling in place, the abnormal environment we are currently operating in changes daily, which makes long-term planning impossible.

We need to adapt further to the global environment. Springbok and international franchise activities are responsible for 82% of all broadcast and sponsor income. If we don't participate in these events, our revenue, budget and distribution are severely impacted, which in turn affects rugby as a whole, as well as all our projects, competitions and unions.

While SA Rugby must ensure that the revenue drivers are sustainable and performing, this cannot be at the risk of killing the rest of our structures that contribute to the healthy elite development continuum (talent pipeline). This also means that all members have a role to play in our rugby system.

### **STRATEGIC TRANSFORMATION PLAN 2030**

SA Rugby's Transformation Plan is a strategic imperative for us and for the overall growth of the game to ensure we are relevant as an organisation in 2030.

If the statistics are correct, we have a shrinking coloured and white player base in our country, and if we fail to attract the rest of the population group-

**Last year the rugby industry had to join hands to navigate the crises, and the CEO and his team did a fantastic job securing some of the funding from the sponsors and broadcasters, considering our non-delivery of the rights sold.**



The Springboks will face the British & Irish Lions in a unique jersey, featuring a vintage colourway and special commemorative 3D logo.

ings to our sport, we will have a small pool of players on which to draw.

When the success of transformation is determined by budget allocation, one must, unfortunately, ask the question whether it is a symptom of a system that has not changed at its core.

Transformation asks for our business to be done differently; it is a process of fundamentally restructuring the very basis of our business with different priorities, and the re-allocation of current resources that will contribute to a conscious, deliberate, planned, and goal-directed change with the sustainable growth of rugby being at the heart of it.

The enabler is not necessarily more money, but rather how we differently use the monetary resources that we have, smarter and more effectively.

### BRITISH AND IRISH LIONS TOUR 2021

SA Rugby has been in intensive planning for this event since 2018. We entered into a joint venture structure with the British and Irish Lions Company to deliver the first joint venture event. Through potential marketing of the events jointly on a global basis the financial projections at the time were very lucrative for both partners.

Unfortunately, in 2020 the world was impacted by the pandemic and our plans were completely derailed.

In 2020 we had to look at alternative options to save the event and our substantial investment thus far. We explored different venues around the world in an effort to save the event and revenue stream, and through negotiations with global governments, international rugby unions and our government, we thoroughly researched ways to deliver the event.



For every option, the project team developed and delivered draft plans and budgets and secured an event underwriter.

Then in March this year, we jointly agreed to confirm the hosting of Castle Lager Lions Series at home. This was a mammoth task performed by the project team at such short notice. Well done.

The details of the event are still being finalised, but under the circumstances, being able to host this once-in-a-career experience for our players is accepted as a major victory.

### FUTURE OF OUR SPORT AND GLOBAL TRENDS

In considering the future of rugby in South Africa in relation to global trends, a review of the analysis and recommendations in the Association of Summer Olympic International Federation's publication, *Future of Global Sport* (2019) publication is of tremendous value. Extracts with special relevance for our business are as follows:

#### DIGITAL TRANSFORMATION OF MEDIA

The international trends of 'live broadcast', whether traditional or digital, will continue to play a significant role in our sports commercial strategies in the coming years, particularly in new and emerging markets. Live events with enough riding on the result seem to be the only way to guarantee 'eye-balls and engagement' and are key to our revenue model as we know it today.



That said, the way fans consume and experience sports is undergoing widespread change. While traditional viewing figures are in decline in most geographies, this does not mean that fans are consuming less sports content; rather, they are doing so in different formats and through a broader array of platforms. Viewers now expect flexible viewing options and are increasingly likely to use over-the-top (OTT)/digital and social channels to keep up to date.

This has increased the overall competitiveness of the market, making it more challenging for media companies to refinance rights and drive the profitability of sports content across the board.

We have a great opportunity to globalise and monetise at a vast scale. Furthermore, we will be able to collect valuable data by interacting directly with our audiences. As advertising spend migrates from traditional television to online, we can build direct relationships with a global fan base that will be highly sought after by brands, sponsors, and other commercial entities.

Direct-to-consumer (D2C) solutions require significant investment and expertise and need time and experimentation to perfect. Partnering with experienced technology providers and content creators has proven to be a logical way forward.

Beyond D2C, we can also use mainstream social networks to expand our fan bases by reaching new audiences and live-streaming our content for free.

In summary, innovation does not spring from a defensive mindset. We must be open to a new way of pushing out our content that prioritises learning through experimentation.

#### EVOLUTION OF SPONSORSHIP

Sponsorship models are also undergoing a deep transformation. Most sponsors are no longer satisfied with providing financing to rights-holders merely in exchange for exposure on official perim-



SA Rugby launched a successful podcast series in 2020 as a new way of communicating with supporters.

eter boards or logos on uniforms. They are now looking to engage with specific target audiences in specific territories. This requires close collaboration between sponsors and properties and increasingly strong analytics capabilities to understand what makes their consumers really 'tick'.

Without a demonstrable case that a



return on investment (ROI) can be achieved, many sponsors are just not willing to part with their cash. The onus is therefore on us to have a compelling offering to achieve this.

In recent times, the number of consumption channels and sectors looking to market themselves with the help of sports content has increased dramatically. This is a double-edged sword. On one hand, this has led to an increase in the sponsorship opportunities a sports property can offer, while on the other, and despite overall growth, the sponsorship landscape has become more fragmented, making it difficult for any individual sponsor to stand out in the eyes of consumers.

A key success factor here is the closeness of the

entities that they sponsor. In a world where media and sponsorship are converging, success or failure can be determined by the extent to which these partnerships can deliver content that is tailored, and therefore relevant, to their respective (often overlapping) audiences. Ultimately, a close collaboration is more likely to lead to a more sophisticated interaction with both parties' end consumers, creating win-win scenarios in terms of monetisation. In the attention economy, therefore, we must accept that they are in the content game.

In this game, personalisation is everything. Key trends in this space include virtual advertising as well as virtual and augmented reality, increased consumer targeting, and an enhanced fan experi-



The Vodacom Bulls celebrate after lifting the Vodacom Super Rugby Unlocked trophy late last year.



Our commercial partners played a valuable role in the trying times we faced in 2020.

ence, all of which will be extremely valuable parameters going forward. Investments in these areas and the integration of new content will be required to keep up the pace in a fast-changing environment.

#### ENTREPRENEURIALISM – PRIVATE EQUITY IN OUR COMMERCIAL RIGHTS

SA Rugby must utilise technological advancements, either in-house through direct-to-consumer content distribution, or by partnering with technology providers, digital platforms, and online influencers, to gain direct access to, understand the consumption behaviour of, engage with, and grow our global fan base.

We must harness the data we obtain from engaging with our fans/consumers to tailor their content and distribution strategy and to drive other business decisions.

We must also remain open to innovating our competition and broadcast formats to ensure our content is attractive to both the modern and traditional fan and keeping up with the rapid pace of innovation in sports content distribution.

To the extent possible, we should invest resources to adapt our culture to one that embraces innovation, creativity, experimentation, ‘fast failure’ and learning from mistakes. Crucial in this regard will be our ability to set forward a vision and mission that attracts the talent that is required to achieve true entrepreneurialism.

We should open ourselves up to investment from risk-sharing, collaboration, and partnership with both the private sector and the appropriate levels of government to maximise the commercial potential of our assets (competitions) and to optimise the benefits for all interested.

As rights values are consolidated among premium rugby properties, we will need to shift our commercial strategies towards using our own digital channels to create awareness of our sport, reach new audiences and create a data-driven value proposition for sponsors.

To attract new people to participate in and consume our sport, we will have to adapt our strategies to how society is changing and in particular to how people will discover and consume content.

#### SARU'S RESPONSE

In response to the position we find ourselves in, as well as to the changing trends in global sport, SA Rugby is proposing private equity participation in the commercial rights of the organisation for reasons of growth and sustainability. Outcomes for SARU include:

- Raising a significant amount of external capital to invest in our objectives over the long term
- Placing SARU in a stronger financial position in the immediate and long term
- Utilising capital to build and accelerate larger revenue streams for the immediate and longer term,

Siya Kolisi (left) and Wandisile Simelane in the colours of the Green team during the Castle Lager Springbok Showdown.

such as digital

- › Providing the capability and financial support that creates leverage in all SA Rugby commercial negotiations with broadcasters, sponsors, and licencing partners
- › Fast tracking the association of our products with the best brands in the world.

With this new capital and partnerships, SA Rugby will be positioning itself to commercialise future growth, which will deliver the best international capability in sports media and entertainment (OTT, digital, sponsorships, and licensing) while being strategically, commercially, and culturally aligned with SARU. Further key features include the ability for SARU to attract and incentivise strong talent, the capacity to provide significant access to capital, and the maximising of our commercial rights with the largest rugby properties in the world – Premier League Rugby, Six Nations, PRO Rugby – by associated bundling.

### THANK YOU'S

My personal and sincere thanks must go to many who adapted so readily to the demands and pressures that the pandemic placed on us and contributed so much to ensure the sport could ride out the storms of 2020. These include MyPlayers, SAREO, member unions, broadcasters and sponsors. Your attitude of #StrongerTogether and your contributions are deeply appreciated.

In particular, I must also express my gratitude and appreciation to the CEO, the Executive Council, and the players and staff of SARU. Every one of you has demonstrated your individual and collective dedication and commitment to guiding our organisation during the unprecedented period in the history of the modern world. You have made a difference – and I thank you.

### IN CLOSING

Unless new challengers emerge, it is expected that SARU will remain widely accepted as a unique body effectively capable of governing and administering our sport on a national and international basis.

### Mark Alexander

*President*

*South African Rugby Union*



“Create your future  
from your future,  
not your past.”

Werner Erhard



# CEO'S REPORT

SA Rugby appeared on the threshold of a golden era at the start of 2020. We entered the year as the World Champions and defenders of the Castle Lager Rugby Championship title; a tour by the British & Irish Lions was already coming into sight and the popularity of rugby and the Springboks among the broader South African population may have been at an all-time high.

**W**HAT should have been a year of bounding optimism and increasing opportunities between Rugby World Cups was plunged, as hardly needs saying, into a storm-tossed fight for survival.

The COVID-19 virus had no impact in rugby in the first two months of the year but once it began to reach across the globe, the dominoes of cancelled, compromised, and re-formatted competitions began to fall with shocking speed.

By the end of the year it was a triumph of sorts to still be in business; our dreams of January were a smoking wreck, but we were still in business. For the record and to demonstrate both the speed and the impact of the pandemic it is worth noting the chronology of rugby's shutdown in 2020:

- › **12 March:** Guinness PRO14 season is suspended indefinitely
- › **13 March:** World Rugby cancels the women's HSBC World Rugby Sevens Challenger Series tournament set for Stellenbosch
- › **13 March:** The Junior Springboks' home and away internationals in April and May are cancelled
- › **14 March:** SANZAAR suspends Vodacom Super Rugby for the foreseeable future
- › **16 March:** All national team training camps and business travel is suspended
- › **16 March:** The SuperSport Rugby Challenge is suspended indefinitely
- › **18 March:** All rugby is suspended until the end of April (in the first instance)
- › **20 March:** World Rugby cancels the Junior World Championship scheduled for Italy in June
- › **24 March:** IOC postpones the 2020 Tokyo Olympic Games to 2021
- › **21 April:** The SA Rugby Youth Weeks; SA Rugby Provincial U13 and U17 Sevens; SA Schools U18 Competition; SA Rugby Provincial U19 Week; SA Rugby Provincial Sevens Competition are cancelled
- › **15 May:** World Rugby cancels July internationals – the Springboks were due to meet Scotland (twice) and Georgia
- › **2 June:** Rugby Africa Women's Cup is cancelled
- › **29 July:** The HSBC Cape Town Sevens – set for December – is cancelled
- › **16 October:** The Springboks are withdrawn from the Castle Lager Rugby Championship



Playing in empty stadiums became the norm in 2020 as our provincial sides returned to action after months of inactivity due to the COVID-19 pandemic.

## Without matches we have nothing to sell and the audience – both commercial and public – loses interest.

It meant that by the end of the year the Springboks were the only Tier One rugby nation not to have played a Test match – all others managed – and, indeed, we were one of the few professional sports teams in any discipline to have remained in competitive hibernation.

The year also underlined what we have always known (but has not always been grasped by all stakeholders) that SA Rugby is first and foremost in the entertainment business and our product is rugby matches and the 365-day-year story that surrounds it. Without matches we have nothing to sell and the audience – both commercial and public – loses interest.

As the lights figuratively went out all over South African rugby it required an extraordinary response for the entire sport not to succumb to the financial challenges brought on by the virus. On 11 March, the day before the first event was suspended a working group made up of the employers, players representatives and trades union met for the first time.

Over the following weeks that group expanded into an industry-wide COVID management committee to manage rugby's response to the pandemic's impacts. It meant that on 1 May an Industry Finan-

cial Impact Plan came into operation to essentially set a budget for all entities within the sport to ensure all reached year-end without going under. The plan was formulated in a collaboration between SA Rugby, MyPlayers (the players' representative organisation), Sport Employees' Unite (employees' trade union) and the South African Rugby Employers' Organisation (SAREO – representing the provincial unions). Its output was a plan to cut up to R1.2bn from the sport's budget by reducing expenditure following the cancellation of competitions (49.7 percent of savings), cuts in other operational budgets (37.3 percent) and in salary reductions (13 percent).

The salary cuts amounted to 25 percent of total remuneration across the industry, including all employees, players and officials although persons earning below R20 000 per month were exempted from any cuts. Higher earners agreed to cuts on a sliding scale of up to 43 percent.



It was a complex process to find alignment with entities representing 1 396 people in the South African rugby industry. However, the unique collaboration allowed the group to identify collective areas of financial risk and what savings had to be made to mitigate those risks.

In all it meant the industry was positioned and resourced to get back to action as soon as it was permitted, with one unfortunate exception. The board of SA Super Rugby (Pty) Ltd – which traded as the Southern Kings – placed the insolvent company into voluntary liquidation to secure the longer-term financial future of rugby in Eastern Province.

The shareholders – the Eastern Province Rugby Union (EPRU) and SA Rugby – took the decision in the face of an accumulated deficit of R55m and with zero income forecast for the remainder of 2020 because of the pandemic.

SA Rugby's members had invested heavily in the Kings project since its creation in 2005. However, it failed to fulfil either the commercial or high-performance promises made and had twice been taken into SA Rugby management. The EPRU, as minority shareholder, fully supported the decision and preferred to build rugby in the region through the platform of the Elephants, having put the union back on a financial even keel.

For most rugby players in South Africa, rugby did not materialise at all in 2020. A small group of elite, senior players returned to non-contract training in June but had to wait for clearance to resume contact training before match play resumed at the end of September, a wait of 203 days.

By then the southern hemisphere rugby landscape had been turned on its head. New Zealand unilaterally announced they would not contest Vodacom Super Rugby in 2021 and were seeking expressions of interest to join their own tournament. It was the death knell for 25 years of regional Super Rugby.

Fortunately, as one door closed, another opened.



The Springboks were the only Tier 1 nation that didn't play any Test rugby in 2020, but the Castle Lager Springbok Showdown was a big success.

SA Rugby's exploration of a northern hemisphere future with the inclusion of the Southern Kings and Toyota Cheetahs into Guinness PRO14 had established a bridgehead for further exploration. Conversations were accelerated and an in-principle agreement was reached to re-format the competition to include four South African teams in the competition.

In September, a Special General Meeting voted to explore the opportunity with the membership selecting the four existing Vodacom Super Rugby franchises – the Vodacom Bulls, the Emirates Lions, the Cell C Sharks and the DHL Stormers – to make the transition.

While all this and more was going on off-the-field, domestic rugby resumed for the final two months of the year and extended into the new year with the final of the Carling Currie Cup not taking place until February.

It featured the seven teams who had contested the Vodacom Super Rugby Unlocked competition which was designed to offer mitigation to broadcast and commercial partners for the loss of 'content' during the six-month shutdown. In addition, a Springbok Green v Springbok Gold match was created to kick off the resumed season and offer further new rights to commercial partners.

However the loss of matches had a corollary effect on the bottom line with gross broadcast and sponsorship income declining to R669m from the forecast R1.3bn, although the Industry Financial Impact Plan meant that the after tax loss was held to only R7.9m.

The income prospects for 2021 are more





Pieter-Steph du Toit, John Smit and Tendai Mtawarira at the launch of Castle Lager's sponsorship of the British & Irish Lions tour in November.

predictable and we forecast revenues of marginally more than R1bn, but some way off a return to the pre-Covid levels. The impact on the sponsorship market has been profound while international broadcasters have tightened budgets considerably. We are very fortunate to have such a strong relationship with SuperSport to be able weather such a storm in a collaborative way.

SA Rugby will also be pursuing conversations with potential equity investors into our commercial properties. They have become a significant player in northern hemisphere rugby and as much as an investment would help re-capitalise the business, it is the expertise, the vision, and the connections they offer that is as exciting.

The new year will also see the return of recreational rugby for clubs and schools, of member unions who did not appear at all in 2020, and the 'Super' teams heading north into a whole new future for our franchise teams.

And, finally, after much scenario planning, sleepless nights and wringing of hands, the British & Irish Lions will return to South Africa for the Castle Lager Lions Series. Unfortunately, we will not have the packed stadiums we all imagined but any kind of Series amid this crisis is a victory.

And so, our sport emerges in 2021 to a damaged and a changed landscape, but not one without considerable opportunity and hope as well as challenges.

**Jurie Roux**

CEO

South African Rugby Union

And, finally, after much scenario planning, sleepless nights and wringing of hands, **the British & Irish Lions will return to South Africa for the Castle Lager Lions Series**



# INTEGRATED REPORT

## PREAMBLE:

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

## GOVERNANCE

The relevant extracts from Section 8 of the SARU Constitution provide as follows:

- 8.1** Subject to this constitution, SARU's business and activities will be overseen by the general meeting, which shall have the ultimate authority in respect of, and responsibility for, its affairs.
- 8.4** Subject to the constitution, all of SARU's affairs shall be governed by the executive council, which may exercise all such powers and perform all such functions which are not required by this constitution to be exercised or performed by the general meeting. Provided that the general meeting retains the authority to exercise such powers and perform such functions if the executive council is, for whatever reason, unwilling or unable to do so.
- 8.5** Without derogating from the generality of the foregoing, the Executive Council shall determine a policy framework for and oversee SARU's governance and exercise the powers and perform the functions necessary to achieve and promote the main and ancillary objects.
- 8.7** The provisions in the Act and the rules of the common law which define the nature and extent of the powers and functions of members of the board of directors of a public company, govern the exercise of powers and performance of their functions; govern the relationship between such directors and such company, whether fiduciary or otherwise, as well as the personal liability, criminal or delictual, of such members flowing from fraudulent or negligent acts or omissions in relation to such members' aforesaid powers and functions, apply *mutatis mutandis*, and to the extent that it is consistent with SARU's status, to the members of the executive council as if SARU were a public company.
- 8.8** The principles and the best practice recommendations set out in the Code of Governance Principles for South Africa - 2009 King IV, as augmented and amended from time to time, shall apply as a guideline to the governance of SARU.

The Springbok Sevens team were named runners up after the HSBC World Rugby Sevens Series was cut short due to the COVID-pandemic.





# GOVERNANCE STRUCTURES

## 1. MEMBERS OF THE EXECUTIVE COUNCIL (“EXCO”)

NAME	POSITION	DATE OF APPOINTMENT
NON-EXECUTIVE MEMBERS		
Mark Alexander	President	Elected 6 April 2018
Francois Davids	Deputy President	Elected 6 April 2018
Lindsay Mould	Union representative	Elected 6 April 2018
Pat Kuhn	Union representative	Elected March 2016
*Tobie Titus	Union representative	Elected March 2016
**Ilhaam Groenewald	Independent Member	Appointed May 2017
***Monde Tabata	Independent Member	Appointed May 2017
John Smit	SARPA representative	Appointed January 2018
Sam Ngumeni	Independent Member	Appointed November 2017
Louis von Zeuner	Independent Member	Appointed March 2018
Mary-Anne Musekiwa	Independent Member	Appointed 5 June 2020
Schalk Liebenberg	Independent Member	Appointed 5 June 2020
Jannie Louw	Independent Member	Appointed 5 June 2020
Mimi Tau	Independent Member	Appointed 30 November 2020
EXECUTIVE MEMBERS		
Jurie Roux	CEO	Appointed 1 October 2010
Abubakar Saban	CFO	Appointed 1 August 2016
COMPANY SECRETARY		
Vanessa Doble	Company Secretary	Appointed 1 August 2016
INVITED MEMBERS		
Andy Colquhoun	GM: Communications	Appointed April 2008
REAPPOINTMENTS		
Francois Davids	Deputy President	Re-elected 5 June 2020
Pat Kuhn	Union representative	Re-elected 5 June 2020
Louis von Zeuner	Independent Member	Co-opted October 2017
***Monde Tabata	Independent Member	Re-elected 5 June 2020

### NOTES:

*Tobie Titus	Union representative	Term ended 5 June 2020
**Ilhaam Groenewald	Independent Member	Term ended 5 June 2020
***Monde Tabata	Independent Member	Re-elected 5 June 2020 and then passed September 2020

## 2. SARU SUB-COMMITTEES

### AUDIT & RISK COMMITTEE

	POSITION
Mary-Anne Musekiwa	Chairman
Louis von Zeuner	Exco Member
Professor Edna van Harte	Independent
Sinoxolo Jodwana	Independent
Raymond Fenner	Independent

#### INVITED MEMBERS

Jurie Roux	CEO
Abubakar Saban	CFO
Vanessa Doble	Company Secretary
Brendan Deegan	External Auditor - PWC
Asanda Majola	External Auditor - PWC
Ashley Smith	Internal Auditor - KPMG
Gareth Farrell	Internal Auditor - KPMG

### HUMAN RESOURCES & REMUNERATION COMMITTEE

	POSITION
Sam Ngumeni	Chairman
Evelyn Motsatsing	Independent
Melody Lekota	Independent
Lwanda Jongilanga	Independent

#### INVITED MEMBERS

Jurie Roux	CEO
Abubakar Saban	CFO
Ingrid Mangcu	GM: HR
Vanessa Doble	Company Secretary

### FINANCE COMMITTEE

	POSITION
Louis von Zeuner	Chairman
Francois Davids	Deputy President
Jannie Louw	Exco Member

#### INVITED MEMBERS

Mark Alexander	President
Jurie Roux	CEO
Abubakar Saban	CFO
Vanessa Doble	Company Secretary

### NATIONAL JUDICIAL COMMITTEE

	POSITION
Judge Lex Mpati	Chairman
Peter Ingwersen	Independent
Deker Govender	Independent
*Adv Jannie Lubbe	Independent
Nozipho Mngomezulu	Independent
Christo Ferreira	Senior: Legal Manager Policy and Regulations (Secretary)
Vanessa Doble	Head of Legal and Compliance

\*Mr Lubbe's term ended January 2021

\*\*Ms Mngomezulu was appointed March 2021

### FRANCHISE COMMITTEE

	POSITION
Mark Alexander	President
Francois Davids	Deputy President
John Smit	SARPA Representative
Jannie Louw	Exco Member
Franchise committee comprising of not fewer than six (6) unions and not more than eight (8) unions	CEOs

#### INVITED MEMBERS

Jurie Roux	CEO
Rassie Erasmus	Director of Rugby
Charles Wessels	GM: Rugby (Secretary)

### NON-FRANCHISE COMMITTEE

	POSITION
Francois Davids	Deputy President (Chairperson)
Mark Alexander	President
Schalk Liebenberg	Exco Member
Lindsay Mould	Exco Member
Boland Rugby Union (Pty) Ltd	CEOs
Border Rugby Union (BRU)	
Valke Rugby Union (VRU)	
Griffons (Pty) Ltd	
Leopards (Pty) Ltd	
South Western Districts	
Rugby Football Union (SWDRFU)	

Jurie Roux	CEO
Ian Schwartz	GM: Strategic Performance (Secretary)

#### INVITED MEMBERS

Jurie Roux	CEO
Ian Schwartz	GM: Strategic Performance (Secretary)

### TRANSFORMATION COMMITTEE

	POSITION
Mimi Tau	Independent Exco Member (Chairperson)
Mark Alexander	President
Francois Davids	Deputy President
Pat Kuhn	Exco Member
Zilungile Ntombela	Independent Member
Siphokazi Njani	Independent Member
Devendra Easthorpe	Independent Member
Gloria Sullivan	Independent Member
All 14 Provincial Union Presidents	Presidents and /or according to the SARU constitution
Jurie Roux	CEO
Ian Schwartz	GM: Strategic Performance Management
Samantha McDonald	Strategic Performance Management Administrator (Secretary)
Morne Nortier	Project Manager: Strategic Performance Management



### 3. SARU AD HOC COMMITTEES

#### CONSTITUTIONAL COMMITTEE

	POSITION
Mark Alexander	President (Chairperson)
Francois Davids	Deputy President
Mervyn Taylor	Leopards (Non-Franchise representative)
Hennie Baartman	SWD (Non-Franchise representative)
Willem Strauss	BBRU (Franchise representative)
Neville Jardine	GLRU (Franchise representative)

#### INVITED MEMBERS

Jurie Roux	CEO
Vanessa Doble	Company Secretary

#### WOMEN'S RUGBY COMMITTEE

	POSITION
Patrick Kuhn	Exco Member (Chairperson)
Mark Alexander	President
Francois Davids	Deputy President
Mimi Tau	Independent Exco Member
Mary-Anne Musekiwa	Independent Exco Member
All 14 Union Women's Rugby Representative	Representatives

#### INVITED MEMBERS

Jurie Roux	CEO
Charles Wessels	GM: Rugby
Rassie Erasmus	Director of Rugby
Ingrid Mangcu	GM: HR
Lynne Cantwell	High Performance Manager: Women's Rugby (Secretary)

#### NATIONAL TEAMS

##### STEERING COMMITTEE

	POSITION
Mark Alexander	President (Chairperson)
Francois Davids	Deputy President
John Smit	SARPA Representative
Lindsay Mould	Exco Member
Pat Kuhn	Exco Member

#### INVITED MEMBERS

Jurie Roux	CEO
Rassie Erasmus	Director of Rugby
Jacques Nienaber	Springbok Coach
Samantha McDonald	Strategic Performance Management Administrator
Charles Wessels	GM: Rugby (Secretary)

#### AGENTS COMMITTEE

Nozipho Mngomezulu	Independent Member (Chairperson)
Hennie Baartman	SARU Representative
Barend van Graan	SAREO Representative
Mandisi Tshonti	SARPA Representative
James Adams	Player Agent Representative

#### INVITED MEMBERS

David de Villiers	SARPA Representative
Gerrie Swart	Player Agent Representative
Vanessa Doble	Head of Legal & Compliance
Christo Ferreira	Senior: Legal Manager Policy and Regulations (Secretary)

#### AMATEUR COMMITTEE

	POSITION
Lindsay Mould	Exco Member (Chairperson)
Mark Alexander	President
Francois Davids	Deputy President
Schalk Liebenberg	Exco member
All 14 Union Representatives	CEOs

#### INVITED MEMBERS

Jurie Roux	CEO
Yusuf Jackson	EPD: 4 Community Rugby
Ian Schwartz	GM: Strategic Performance (Secretary)

#### TRANSFORMATION ADVISORY COMMITTEE

Mary-Anne Musekiwa	Independent Exco member (Chairperson)
Mimi Tau	Independent Exco member
Abubakar Saban	CFO
Vanessa Doble	Head of Legal & Compliance
Ian Schwartz	GM: Strategic Performance & Transformation
Samantha McDonald	Strategic Performance Management Administrator (Secretary)

## COMPANY SECRETARY & CFO

Ms. Vanessa Doble and Mr. Abubakar Saban continued to occupy their respective positions in 2020.

## CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as company secretary I hereby confirm that for the year ended 31 December 2020, all governance structures operated as required by the union's constitution, and that the minutes of all General Meetings, Executive Council and sub-committee meetings have been kept for record purposes.

# OUR VISION

## SARU's vision is:

To be the leading rugby nation by providing:

- › Well governed, world class, innovative sporting entertainment; and
- › Sustainable high- performance systems, processes and people

SARU comprises nine (9) provincial members made up of 14 constituent unions' members with Limpopo participating as a non-voting member (because of the current absence of an affiliated union). Members designate two persons from their constituent unions to represent them at general meetings.

The Executive council oversaw the organisation's management and business strategies. SARU continued to have strengthened oversight through independent members on the Executive Council. They brought an independent and objective view distinct from that of members and management and acted as a balancing element in governing body discussions. Within the context of a COVID-19 pandemic year, their knowledge and experience was invaluable. Their agility and responsive decision making supported the organisation in navigating through uncharted waters. With significant developments in the SANZAAR landscape and the pursuit of opportunities in Europe, they provided a rigorous review of SARU's strategic options. Their continued tenure ensured that there was creativity and flexibility in adjusting the focus areas to ensure the ongoing sustainability of the business. Although various strategic priorities had to be adapted, key focus areas were retained to support management in focusing on the long-term goals. The potential equity partner engagements commenced and finality on this is expected to be achieved in the new financial year.

South African Rugby Events Services Company (Pty) Ltd (SARES), established in 2019 to facilitate the operational delivery of the British & Irish Lions tour of South Africa in 2021, continued to manage the considerable logistical challenges created by the onset of the pandemic. Multiple scenarios were modelled to guarantee the delivery of the Series while maintaining focus on the core purpose of maximizing revenues and streamlining management of the commercial rights. Their mandate was extended during the course of the year to include the delivery of the 2022 Rugby World Cup Sevens in Cape Town, to take advantage of the synergies created as a result of the Lions Series delivery and of its resourcing.



## SARU VALUES

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

The compliance department is responsible for legal compliance and governance issues. It supports the business in complying with relevant laws and regulations and internal procedures. The Social and Ethics Committee was integrated into the HR and Remunerations Committee given the overlap in certain oversight areas applicable to the organisation.

The Executive Council members have certified that they did not have any material interest in any transaction of any significance with the union.

## SUSTAINABILITY FOCUS

SARU's responsibilities as a national sporting federation cover all aspects of the playing of the game but its financial sustainability is entirely vested in the fact that it has primarily become a business, since the game turned professional in 1996. It sells content – rugby matches and the associated intellectual property of teams, competitions and players – and the focus is on ensuring that that content is of the highest interest to fans, broadcasters and commercial partners. Achievements such as the winning of the Rugby World Cup in 2019 boost the attractiveness of the whole rugby proposition and justify the investment in team campaigns.

Similarly, the decision to pursue a northern hemisphere option in the Guinness PRO12, was taken with a long-term view to the financial health of the organisation. SARU successfully bid to host the 2022 Rugby World Sevens while events such as the 2021 tour by the British & Irish Lions were expected to materially underpin the sustainability strategy, until the intervention of COVID-19. In parallel to the hosting and design of rugby tournaments and events is an "always-on" digital strategy to engage South African rugby supporters on a near 365-day-year basis as part of a longer term commercialisation strategy.

Since COVID-19 caused unprecedented disruptions, SARU's decision making and risk management processes were strengthened to ensure

sustainable performance for the organisation.

These included increased safety measures and procedures for employees through interventions such as safety equipment in our offices for those employees who needed to access the office during lockdown. Meanwhile behavioural and ergonomic messages were constantly disseminated to ensure that whilst employees are working from home, they maintain safety standards. This resulted in very low numbers of employees who were infected by COVID-19 which ensured sustained performance during this period.

Whilst most employers shed jobs because of COVID-19 impact, SA Rugby retained employees in their jobs by implementing interventions such as reduction in salaries through the COVID Industry Mitigation Strategy which included an Industry Financial Impact Plan and Industry Salary Plan. Through government intervention of UIF TERS, salary cuts were supplemented from the allocated funding. A temporary suspension on pension fund contributions was implemented whilst maintaining contributions towards risk benefits to ensure that employees and their beneficiaries were still covered in case of death or disability.

Employee engagement through online platforms enabled training and development for sustained organisational performance. Awareness programmes on financial and social wellness which were also conducted online not only benefited employees but their families and communities as well.

## EXECUTIVE COUNCIL SUB-COMMITTEES

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



# TERMS OF REFERENCE FOR AUDIT AND RISK COMMITTEE

## INTRODUCTION

The Audit and Risk Committee (“the Committee”) is constituted as a committee of the South African Rugby Union (“SARU”) and is appointed by the executive council to ensure the integrity of the financial statements and oversee the effectiveness of internal financial controls and external and internal audit functions.

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 independent member of a sub-committee of SARU or any of the governing structures of a province of SARU and is independent in character and judgement and has no relationships or circumstances which affects his / her judgement.

The chair can be an independent non-executive member of the executive council as per King III guidelines and shall be appointed by the executive council every two years.

Other members of management may be invited to attend and be heard at the committee meetings at the discretion of the chair.

The President of SARU is not eligible for ap-

pointment 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. The Committee has an oversight role over the governance and key compliance issues.

## RESPONSIBILITIES

The Committee has the following specific responsibilities:

### 1. *Integrated reporting*

The Committee oversees integrated reporting, and in particular must:

- › Consider the factors and risks that may impact on the integrity of the integrated report;
- › Review the annual financial statements;
- › Comment in the annual financial statements on the financial statements in the integrated report, the accounting practices and the effectiveness of



the internal financial controls; and

- › Recommend the integrated report for approval by the executive council
- › Approval of the Complaint policy with respect to accounting practices, content or auditing of the financial statements and internal financial controls.
- › Receive and deal appropriately with any concerns or complaints, whether from within or outside SARU, or on its own initiative, relating to:
  - the accounting practises and internal audit of the organisation
  - the content or auditing of SARU's financial statements
  - the internal financial controls of the company
- › Review of the Reserves Policy
- › Preparing a report to the general meeting at the AGM, to be included in the integrated financial statements:
  - describing how the Committee carried out its functions; and
  - stating whether the Committee is satisfied that the auditor was independent of the company

## 2. Combined assurance

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

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

## 3. Internal audit

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

- › Monitoring and reviewing the effectiveness of the internal audit function in the context of SARU's risk management system;
- › For the appointment and performance assessment of the Internal audit service provider;
- › For reviewing and recommending the approval of the internal audit plan and ensuring that the plan is risk based;
- › Review and approve any required changes to the internal audit scope
- › Review the co-operation and co-ordination



between internal and external audit functions to ensure completeness of coverage;

- › Review the adequacy of management's corrective action taken in response to significant internal audit findings;
- › For ensuring that the internal audit function is subject to an independent quality review, as and when the Committee determines it appropriate.

## 4. Risk management

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

- › Setting the direction and approving policies on how risk should be approached and addressed
- › Approve the annual update to the Risk Statement contained in the Annual Report;
- › Completeness and appropriateness of the insurance portfolio
- › Application and approval of the solvency and liquidity test and going concern status.
- › Financial reporting risks;
- › Internal financial controls;
- › Fraud risks as they relate to financial reporting;



Stedman Gans (right) and Cornal Hendricks formed a brilliant midfield combination for the Vodacom Bulls during Vodacom Super Rugby Unlocked.

and

- › IT risks as they relate to financial reporting.

### 5. External audit

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

- › Review and approve the annual audit plan;
- › Nominate and recommend the external auditor for appointment by the general meeting;
- › Recommend the approval of the terms of engagement and remuneration for the external auditor;
- › Determine the nature and extent of any non-audit services that an auditor may provide to SARU or its subsidiaries or that the auditor must not provide to SARU, its subsidiaries or a related company;
- › Pre-approve any proposed agreement with the auditors for the provision of non-audit services to SARU in the event that it exceeds 30% of the statutory audit fee;
- › Monitor and report on the independence and objectivity of the external audit firm and partner;

- › 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
- › Reviewing the effectiveness of the audit;
- › Consider any material problems, reservations and observations, and or potentially contentious accounting treatments or judgements, or significant unusual transactions or going concern issues arising from the external audit;

### 6. Governance and Organisational Integrity

#### 6.1 The committee shall:

- (a) consider and if deemed necessary shall be entitled to make recommendations to the executive council regarding initiatives to maintain and enhance organisational integrity and this could include:
  - the review of any statements on ethical standards or requirements for SARU and assisting in developing such standards and requirements;



- together with internal and external audit, review developments in corporate governance and best practise and consider their impact and implications for SARU, its processes and structures.

## 7. Conflicts of Interests

### 7.1 The Committee shall:

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

## AUTHORITY

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

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

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

The Committee, in the fulfilment of its duties, may call upon the Chairperson 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 Chairperson 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 Chairperson, 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 Chairperson 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 Chairperson should give at least an oral summary of the Committees' deliberations at the executive council meeting following each Committee meeting. The minutes of the Committee meeting's proceedings should be included in the pack for the executive council's information as soon as they have been approved.

### ATTENDANCE

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

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

The company secretary is the secretary to the Committee.

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

### **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 Chairperson 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 committee must review its own performance and terms of reference to ensure it is operating at maximum effectiveness. The executive council

must perform an evaluation of the effectiveness of the Committee every year.

### **REMUNERATION**

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

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

### **CONFIDENTIALITY AND GOVERNANCE**

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

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

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

### **APPROVAL OF THESE TERMS OF REFERENCE**

» These terms of reference were approved by the Executive Council and the Chairperson of the Committee on 17 October 2018



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

## 1. ROLE AND COMPOSITION OF THE COMMITTEE

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

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

### Composition


- 1.4 The Committee will comprise of no fewer than four (4) and no more than six

(members) as per SARU constitution.

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

## 2. FUNCTIONING

- › The Committee shall meet, adjourn or otherwise regulate its meetings as it deems fit, but it shall

A photograph showing Springbok coach Jacques Nienaber, wearing a white cap and a blue surgical mask, addressing a group of players. The players are also wearing blue surgical masks and are dressed in green and yellow Springbok kit. The background is a blurred stadium setting.

Springbok coach Jacques Nienaber addresses the players after the Castle Lager Springbok Showdown in Cape Town.

meet at least three times per annum.

- » A meeting secretary shall be appointed to keep full and proper minutes of all meetings of the Committee.
- » In order to perform their responsibilities, the Committee will create such structures and hire such advisors and assistance, as they deem appropriate from time to time.

### 3. CONFIDENTIALITY AND GOVERNANCE

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

- » Unless specifically authorised by the Chairman of the Executive Council, no member of the Committee may make statements to the media.

### 4. REMUNERATION

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



# TERMS OF REFERENCE OF THE SOCIAL AND ETHICS COMMITTEE

## 1. INTRODUCTION

SARU's Executive Committee ("Exco") has resolved, in terms of Companies Act 71 of 2008 Section 72 (4) ("the Act") as well the SARU Constitution Section 15.9, to establish a Social and Ethics Committee ("Committee"), whose duties are listed below, in this document.

## 2. PURPOSE OF THE COMMITTEE

The Committee is established to assist Exco with an oversight of social and ethical matters and in ensuring that SARU is and remains a committed socially responsible corporate citizen. To this end, the Committee shall assist the Exco in monitoring the application of the rules and processes set out in SARU's Code of Conduct, SARU policies and South Africa's relevant legislation.

## 3. FUNCTIONS AND SCOPE

As stipulated in the Act, and by way of commitment by SARU, the Committee shall provide advice and guidance in respect of:

- 3.1 Transformation including SARU's standing in respect of goals and purposes of:
  - 3.1.1 *the ten principles set out in the United Nations Global Compact Principles*
  - 3.1.2 *the Organisation for Economic Co-operation and Development (OECD) recommendations regarding corruption;*
  - 3.1.3 *Employment Equity Act;*
  - 3.1.4 *Broad-based Black Economic*

*Empowerment Act.*

- 3.2 Consumer Relationships including the SARU's advertising, public relations and compliance with consumer protection laws;
- 3.3 Environment, health and public safety including the impact of SARU's activities;
- 3.4 Good corporate citizenship, including SARU's
  - 3.4.1 *promotion of equality, prevention of unfair discrimination, and reduction of corruption;*
  - 3.4.2 *contribution to development of the communities in which SARU's activities are predominantly marketed; and*
  - 3.4.3 *record of sponsorship, donations and charitable giving;*
- 3.5 Labour and Employment, including –
  - 3.5.1 *SARU's standing in terms of the International Labour Organisation Protocol on decent work and working conditions; and*
  - 3.5.2 *SARU's employment relationships and its contribution toward the educational development of its employees;*

## 4. POWERS

The Committee is authorised by Exco to:

- 4.1 Investigate any activities within the provision of its Terms of Reference;
- 4.2 Seek outside legal or other independent professional advice at SARU's expense in



line with SARU's developed procedure for such purpose;

- 4.3 Secure the attendance of outsiders with the relevant experience and expertise where necessary at SARU's expense in line with SARU's developed procedure for such purpose;
- 4.4 Seek any information it requires from any employee, to enable the Committee to carry out its responsibility and duties in accordance with the Terms of Reference and all employees are required to cooperate with any reasonable requests made by the Committee;
- 4.5 Delegate duties to SARU management.

## 5. COMPOSITION OF THE COMMITTEE

- 5.1 The Committee will comprise of no fewer than four (4) and no more than six (members) as per SARU constitution.
- 5.2. The Committee should comprise of members of the non-executive directors the majority of whom must be independent non-executive directors.
- 5.3. The Chairman shall always be a non-executive director
- 5.4. An "Independent member", in the context of the Committee is any member who is not a current member of Exco or any of the governing structures of a Province of SARU.

## 6. FUNCTIONING

- 6.1 The Committee shall meet at least once every quarter;
- 6.2 In cases of emergency, a meeting may be held through a teleconference;
- 6.3 The Company Secretary shall be the standing secretary of all meetings, alternatively in their absence, the chairman in consultation with the Chief Executive Officer will assign a meeting secretary
- 6.4 A copy of minutes will be sent to the members of the Committee and Exco;
- 6.5 In order to perform their responsibilities, the Committee may call upon an expert to assist the Committee where assistance is required from time to time.

## 7. CONFIDENTIALITY AND GOVERNANCE

- 7.1 All members of the Committee, whether or not they are employees of SARU, automatically undertake to be bound in full by the SARU's Code of Conduct and its Values.
- 7.2 All members of the Committee automatically undertake to observe full confidentiality about 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 Exco Chairman.
- 7.3. Unless specifically authorised by the Exco Chairman, no member of the Committee may make statements to the media.

## 8. REMUNERATION

- 8.1 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.
- 8.2 The members and attendees may also be reimbursed all travelling, hotel and other expenses properly incurred by them in or about the performance of their activities as members or attendees, including those travelling to and from meetings of the Committee, on such basis as the Committee may determine from time to time.

## 9. ANNUAL ASSESSMENT OF TERMS OF REFERENCE

The Committee shall review and assess the adequacy of these Terms of Reference annually or more frequently if necessary and recommend changes as needed to Exco.



# TERMS OF REFERENCE FOR NATIONAL JUDICIAL COMMITTEE

## 1. MEMBERSHIP

- 1.1 The Committee shall comprise of not fewer than three (3) members and not more than six (6) members, appointed bi-annually by the Executive Council at the first meeting of the Executive Committee after the relevant Annual General Meeting. The Chairperson shall be appointed by the Executive Committee.
- 1.2 The Chairperson and at least two of the members shall have had experience as a judge, practising advocate or practising attorney for at least 10 years and the majority of the members shall have had appropriate experience in rugby.
- 1.3 The majority of the members should be independent of SARU. An “Independent member” is any member of a sub-committee of SARU who is not a current member of the executive council or any of the governing structures of a province of SARU.

## 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 15.9.1.3 of the Constitution of the Union and for which purpose the Executive Council hereby delegates its disciplinary powers in terms of clause

15.11 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 In terms of clause 15.11 of the Constitution 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 –
  - 3.2.1 *Any matter which shall or may be prescribed in terms of the SARU constitution, including the right to further delegate such powers to disciplinary committees of judicial officers;*
  - 3.2.2 *Procedures to be observed in the conduct of hearings;*
  - 3.2.3 *Prescribed sanctions;*
  - 3.2.4 *The right of appeal to an appeal committee;*
  - 3.2.5 *The constitution of such appeal committee; and*
  - 3.2.6 *In general, any other matter which it deems necessary or expedient to prescribe in order to achieve or promote the objects of this clause.*
- 3.3 The Committee shall have the power to



Former Blitzbok Sandile Ngcobo made the transition to coaching when he was named new head coach of the SA Rugby Sevens Academy.

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 –

- 3.3.1 *the Constitution or any of SARU's rules or regulations;*
- 3.3.2 *the constitution or any of the by-laws, rules and regulations of World Rugby, 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, SANZAAR and CAR;*
- 3.3.3 *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, SANZAAR and CAR;*
- 3.3.4 *any contract entered into by or on behalf of SARU; and*

3.3.5 *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 Conduct of SARU.
- 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, SANZAAR or World Rugby, no member of the Committee may make statements to the media.



# TERMS OF REFERENCE FOR THE FINANCE COMMITTEE

## 1. STATUS OF THE COMMITTEE

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

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

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

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

The committee shall serve for a period of two years.

## 3. ROLE OF THE CHIEF FINANCIAL OFFICER

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

## 4. RESPONSIBILITIES

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

### 4.1 Internal monthly financial reporting

The Committee reviews internal monthly financial reporting, including that of the provincial unions and their commercial arms

### 4.2 Management of revenue streams (including Commercial Properties, Sponsorships and Broadcasting Rights)

The Committee has immediate oversight in matters related to major revenue streams (including Commercial Properties, Sponsorships and Broadcasting Rights) and must review and recommend to the Executive Council the signing off of Sponsorships and Broadcasting Rights



Despite the uncertainties over their season, the Springbok Women had a very successful training camp in Stellenbosch.

contracts with a monetary value in excess of R10 million. This amount may be increased as deemed necessary by the Committee.

#### 4.3 Financial Policies

The Committee has immediate oversight in matters related to financial policies.

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

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

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

The Committee has immediate oversight in matters which have a financial or commercial impact, i.e.:

- Ensuring the build-up of adequate reserves
- Liaise with other committees on expenses they oversee, i.e. salary increases, etc.

#### 4.6 Financial Support

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

#### 4.7 Delegation of Authority

The Committee will approve the authority.

### 5. AUTHORITY

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

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

Executive Council approved processes.

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

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

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

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

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

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

### 6. MEETINGS AND PROCEDURES

#### 6.1 Frequency

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

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

#### 6.2 Attendance

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



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

The Company secretary is the secretary to this Committee.

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

## 7. CONFIDENTIALITY AND GOVERNANCE

» All members of the Finance Committee, whether or not they are employees of SARU, automatically

undertake to be bound in full by the Code of Corporate Practices and Conduct of SARU, its Values and its Code of Ethics (“Unified Code of Ethics”).

- » All members of the Finance Committee automatically undertake to observe full confidentiality regarding the content of all information which may come to their attention from time to time. No such information may be revealed to persons outside of SARU without the prior authorisation of the CEO of SARU
- » Unless specifically authorised by the CEO of SARU, no member of the Finance Committee may make statements to the media.

# TERMS OF REFERENCE OF THE FRANCHISE COMMITTEE (“THE COMMITTEE”)

## 1. STATUS OF THE COMMITTEE

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

## 2. ROLE OF THE COMMITTEE

- 2.1. The role of the Committee will be to:
  - 2.1.1 *manage the strategic direction of Professional and High Performance*

- Rugby to ensure the best possible rugby experience;*
- 2.1.2 *in conjunction with management, determine the competition structures, formats, rules and regulations for professional rugby;*
- 2.1.3 *develop the competition schedules in conjunction with the needs of broadcasters, sponsors and World Rugby competitions;*
- 2.1.4 *determine the player movement regulations;*
- 2.1.5 *determine player agent regulations;*
- 2.1.6 *develop and manage player welfare principles and policies;*
- 2.1.7 *determine the appropriate criteria and parameters to establish a*

- sustainable financial model that provides for secure growth;*
- 2.1.8 *ensure that the franchise is appropriately aligned to the South African Rugby high performance pathway for the development of players, coaches, referees and other officials;*
- 2.1.9 *ensure that the franchise provides an appropriate opportunity for players, coaches, referees and officials to be developed and perform to their full potential at national and international level;*
- 2.1.10 *ensure alignment to and support to all strategic imperatives of South African rugby with specific reference to Transformation and Development; and*
- 2.1.11 *perform any other activity as may be specifically requested by the EXCO from time to time.*

### 3. COMPOSITION OF THE COMMITTEE

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

### 4. FUNCTIONING

- 4.1 The Committee shall meet at least once

every quarter.

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

### 5. CONFIDENTIALITY AND GOVERNANCE

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



the prior authorisation of the Chairman.

- 5.3. Unless specifically authorised by the Chairman of the Committee, no member of the Committee may make statements to the media.

## 6. REMUNERATION

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

expenses properly incurred by them in or about the performance of their activities as members or attendees, including those travelling to and from meetings of the Committee, on such basis as the Committee may determine from time to time.

## 7. REPORTING TO THE EXCO

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



DHL Western Province and the Xerox Lions get ready for a scrum in their SA Rugby Under-21 Championship clash in Johannesburg.



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

## 1. STATUS OF THE COMMITTEE

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

## 2. ROLE OF THE COMMITTEE

- 2.1 The role of the Committee will be to:
  - 2.1.1 *manage the strategic direction of schools, universities, amateur, semi-professional and grass roots rugby to ensure the best possible rugby experience;*
  - 2.1.2 *determine the competition structures, formats, rules and regulations for schools, universities, amateur and semi-professional SARU rugby tournaments;*
  - 2.1.3 *determine the player movement regulations;*
  - 2.1.4 *determine player agent regulations;*
  - 2.1.5 *develop and manage player welfare principles and policies;*
  - 2.1.6 *determine the appropriate criteria and parameters to establish a sustainable financial model that provides for secure growth;*

- 2.1.7 *ensure that the Committee is appropriately aligned to the South African Rugby high performance pathway for the development of players, coaches, referees and other officials;*
- 2.1.8 *ensure that the Committee provides an appropriate opportunity for players, coaches, referees and officials to be developed and perform to their full potential at national and international level;*
- 2.1.9 *ensure alignment to and support to all strategic imperatives of South African rugby with specific reference to Transformation and Development; and*
- 2.1.10 *support training and development in amateur rugby structures; and*
- 2.1.11 *perform any other activity as may be specifically requested by the EXCO from time to time.*

## 3. COMPOSITION OF THE COMMITTEE

- 3.1 The Committee will comprise of all the unions as per SARU constitution.
- 3.2 The members of the Committee shall comprise of the unions' CEOs, relevant members of the EXCO including but not limited to the President, the Deputy President, the Vice President (as applicable) and the CEO of SARU.
- 3.3 The Chairman shall always be the President of SARU and in his absence, the



OUTsurance remained a loyal sponsor to the SA Rugby Referees.



Deputy President or Vice President or CEO of SARU, as the case may be.

- 3.4 The union CEOs will be entitled to be accompanied by the Presidents or nominees from their union, however, any associated costs of travel and accommodation for such additional member, will be borne by the respective union.
- 3.5 Seven members of the union and two SARU representatives will constitute a quorum.

#### 4. FUNCTIONING

- 4.1 The Committee shall meet at least once every quarter.
- 4.2 Meetings may be held in person or electronically, including but not limited to SKYPE or teleconference.
- 4.3 A copy of the agenda of the meeting including the minutes of the previous meeting, shall be sent to the members of the Committee no less than 5 (five) days before the meeting.
- 4.4 Special meetings may be called 50% of the members or when deemed necessary by the SARU President and/or CEO.
- 4.5 In order to perform their responsibilities,

the Committee may obtain independent professional advice to assist the Committee from time to time.

- 4.6 On all matters delegated to the Committee by the EXCO, the Committee makes recommendations for approval by the EXCO. The Committee shall have no decision-making power in regard to its duties and is accountable to the EXCO.
- 4.7 The Committee will seek at all times to make decisions by consensus, however, should this not be possible, a decision supported by 75% of the Committee members present will stand as the Committee's decision.
- 4.8. The company secretary shall be the secretary for the meeting.

#### 5. CONFIDENTIALITY AND GOVERNANCE

- 5.1 All members of the Committee, whether or not they are employees of SARU, automatically undertake to be bound in full by the SARU's Code of Conduct and its Values.
- 5.2 All members of the Committee acknowledge that they will be discussing confidential and commercially sensitive and strategic information and that disclosure

of such information to third parties may cause significant commercial, financial and reputational harm to SARU. Members therefore undertake to exercise full confidentiality in relation to all information which may come to their attention from time to time. No such information may be revealed to any persons outside of SARU without the prior authorisation of the Chairman.

- 5.3 Unless specifically authorised by the Chairman of the Committee, no member of the Committee may make statements to the media.

## 6. REMUNERATION

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

## 7. REPORTING TO THE EXCO

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

# TERMS OF REFERENCE OF THE TRANSFORMATION COMMITTEE

## 1. INTRODUCTION

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

## 2. PURPOSE OF THE COMMITTEE

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



The purpose of the Committee are twofold:

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

### 3. ROLES AND RESPONSIBILITIES

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

The role of the committee will be to:

- » Propose and recommend a transformation strategy for SA Rugby.
- » Recommend and propose transformation goals that will ensure the long term future of the game.
- » Oversee, monitor, evaluate and report, in consultation with the SA Rugby Office, on the process of transformation throughout the SA Rugby's rugby structures based on an appropriate performance scorecard.
- » Identify policy, system and practice areas of improvement to ensure ongoing and improved results.
- » Enable the development of appropriate transformation plans and programmes at all levels, and oversee the implementation, monitoring, evaluation and reporting thereof.
- » Assess, evaluate, guide, advice & monitor in particular the Union's transformation progress, and provide them with the necessary support.
- » Develop, constantly review and implement a performance management system for all Unions.
- » Conduct transformation forums at all levels, for the purposes of learning, development and sharing of information and ideas.
- » Ensure the effective utilisation of allocated

resources, to achieve the desired results of the STP strategic focus areas.

- » Recommend to the Executive Council measures of action in the event where transformation targets are not being met.

### 4. COMPOSITION

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

### 5. MEETINGS

- » The Committee chairperson should, in consultation with the company secretary, decide the frequency and timing of its meetings. The Committee should meet as frequently as is necessary to perform its functions, but should meet at least twice per year. Reasonable time should be allocated for additional committee meetings when required.
- » A quorum for Committee meetings is a majority of members being present. Invitees in attendance at Committee meetings may participate in discussions but do not form part of the quorum for Committee meetings.

- » A meeting secretary shall be appointed to keep full and proper minutes of all meetings of the Committee.
- » The Committee has a responsibility to submit written reports, based all meetings held, for discussion and approval at Executive Council meetings, including additional reports when required.

## 6. CONFIDENTIALITY AND GOVERNANCE

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

## 7. REMUNERATION

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

- » An “Independent member”, in the context of the Committee is any member of a subcommittee of SARU who is not a current member of the Executive Council or any of the governing structures of a member of SARU.

## 6. COMMITTEE EFFECTIVENESS

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

## 7. REVIEW

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



The Vodacom Blue Bulls successfully defended their SA Rugby Under-21 Championship title after a tough final against the Xerox Lions at Emirates Airline Park.



# TERMS OF REFERENCE OF THE CONSTITUTIONAL COMMITTEE ("THE COMMITTEE")

## 1. ROLE AND COMPOSITION OF THE COMMITTEE

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

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

### Composition

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

## 2. FUNCTIONING

- » The Committee shall meet, when required to so by the Executive Council
- » A meeting secretary shall be appointed to keep full and proper minutes of all meetings of the Committee.

## 3. CONFIDENTIALITY AND GOVERNANCE

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

- » All members of the Committee automatically undertake to observe full confidentiality re the content of all information which may come to their attention from time to time. No such information may be revealed to persons outside of SARU without the prior authorisation of the Chairman of the Executive Council.
- » Unless specifically authorised by the Chairman of the Executive Council, no member of the Committee may make statements to the media.



Rhyno Smith of the Toyota Cheetahs (right) and Tafel Lager Griquas' Euan Keyter contest a high ball during their Vodacom Super Rugby Unlocked clash in Bloemfontein.

# 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 June 2020, a Special General Meeting in September 2020 and one Ordinary General Meeting in January 2021.

As per clause 13.2 of the SARU Constitution, the General Meeting approved SARU's annual budget for 2020 at the meeting held on 6 December 2019.

## EXECUTIVE COUNCIL

The Executive Council complied with clause 15.1 of the Constitution by having ten meetings of which six of these were scheduled meetings and four special meetings were held via videoconference.

The attendance by members of the Executive Council was as follows for the period 1 January 2020 until 31 December 2020:

EXCO MEMBER	13/03	02/04	30/04	11/06	11/08	26/08	18/09	12/10	25/11	24/12
M. Alexander	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
F. Davids	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓
P. Kuhn	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
T. Titus	✓	✓	✓							
M. Tabata	✓	✓	✓	✓						
I. Groenewald	✓	✓	✓							
L. v Zeuner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
J Smit	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗
S Ngumeni	✓	✓	✗	✓	✓	✗	✗	✓	✗	✓
L Mould	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
J. Roux	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗
A. Saban	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓
V. Doble	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗
A. Colquhoun	✗	✓	✓	✓	✓	✓	✓	✓	✗	✓
M. Musekiwa				✓	✓	✓	✓	✓	✓	✓
S. Liebenberg				✓	✓	✓	✓	✓	✓	✓
J. Louw				✓	✓	✓	✗	✓	✓	✓
Mimi Tau										✓



### 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 IV.

#### The sub- committees are:

» Audit & Risk Committee – had three meetings

Attendance at meetings:

MEMBER	25/03	27/08	22/10
S. Ngumeni	✓	✓	✓
L. v Zeuner	✓	✓	✓
R. Fenner	✓	✓	✓
S. Jodwana	✓	✓	✓
Prof v. Harte	✓	✓	✓
*Mary-Anne Musekiwa		✓	✓

\*Ms M Musekiwa assumed the role as Chairperson in October 2020

» Human Resources and Remuneration and Social and Ethics Committee – had one meeting

Attendance at meetings:

MEMBER	26/10
*S. Ngumeni	✓
M. Lekota	✓
L Jongilanga	✓

\*Mr S Ngumeni assumed the role as Chairperson after Mr M Tabata's passing in September 2020

» Finance Committee – had sixteen meetings

Attendance at meetings:

MEMBER	06/02	25/03	08/04	22/04	18/05	26/05	09/06	17/06	19/06	23/06	27/07	09/09	28/09	08/10	09/11	17/12
M. Alexander	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
F Davids	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
M. Tabata	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗					
L. v Zeuner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
J. Louw								✓	✓	✓	✓	✓	✓	✓	✓	✓





Springbok coach and captain, Jacques Nienaber and Siya Kolisi, helped to pack food parcels at the Food Forward SA depot in Cape Town as part of SA Rugby's #StrongerTogether for R32-12 campaign.



# AUDIT AND RISK COMMITTEE

FOR THE YEAR 31 DECEMBER 2020

**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.

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

- Reviewed the annual financial statements, culminating in a recommendation to the executive council to recommend to the annual general meeting to adopt them. In the course of its review the committee:
  - took appropriate steps to ensure that the annual financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS);
  - considered, and where appropriate, made recommendations on the internal financial controls; and
  - dealt with items raised by the external auditors about the accounting policies, the auditing process or the content of the annual financial statements and internal financial controls.
- Reviewed the external audit reports on the annual financial statements;
- Recommended the appointment of the external auditors;
- Evaluated the effectiveness of risk management, controls and the information technology governance process and in so doing reviewed the insurance portfolio, the COVID-19 Key Risk Framework and the COVID-19 IT Action Plan and Business Continuity;
- Reviewed the internal audit and risk management reports, and, where relevant, recommendations have been made to the executive council; and
- Recommended the audit fees, the engagement terms of the external auditor and the audit plan for approval to the executive council.





Match officials Cwengile Jadezweni (left) and Aimee Barrett-Theron share a light moment before a match.



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

The Audit and Risk Committee consists of non-executive independent 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 terms of reference. During the year under review the following three meetings were held:

Date of meetings	Focus area
25 March 2020	Financial Statements
27 August 2020	Internal Audit
22 October 2020	External audit plan and engagement letter for external audit

The Audit and Risk Committee is a subcommittee of the executive council and therefore reports to the executive council.

## TERMS OF REFERENCE

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

## ATTENDANCE

The internal and external auditors, in their capacity as auditors to the entity, attended and reported at meetings of the Audit and Risk Committee. The CEO, CFO and relevant senior managers attended meetings by invitation. Due to the COVID-19 pandemic, all meetings for the 2020 financial year were conducted online.

## ANNUAL FINANCIAL STATEMENTS

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

- Reviewed the annual financial statements for the year ended 31 December 2020, culminating in a recommendation to the executive council to rec-

ommend to the annual general meeting to adopt them. In the course of its review the committee:

- took appropriate steps to ensure that the annual financial statements are prepared in accordance with IFRS;
  - considered, and, where appropriate, made recommendations on internal financial controls; and
  - dealt with items raised by the external auditors about the accounting policies, the auditing process or the content of the annual financial statements and internal financial controls.
- Reviewed the external audit reports on the annual financial statements.

## 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.

Although the internal auditors presented the SARU Strategic and Operational Risk Assessment Report, the SARU Combined Assurance Model and the SARU Regulatory Universe Report in March 2020, due to the impact of the COVID-19 pandemic on the organisation, the mandate of the internal auditors was suspended for the remainder of the year in line with the cost savings initiatives. This initiative was part of the COVID Industry Mitigation Strategy with an Industry Financial Impact Plan and Industry Salary Plan. The combined assurance model allows for assurance providers to be indicated and categorized between management, committees and external service providers such as external and internal auditors. The suspension of the internal audit workplan considered such a combined assurance model over and above the financial constraints and uncertainties brought about by the pandemic. The lack of the internal audit program was mitigated by ensuring that management implemented the rel-

evant controls and provided the oversight function. The relevant mitigation measures were reported to the committee.

### EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

PricewaterhouseCoopers Inc. (PwC) continued to serve as SARU's designated external auditors for the 2020 financial year.

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

The Audit and Risk Committee recommended the approval of the terms of engagement and the external audit fees to the executive council for approval.

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

The Audit and Risk Committee noted that PricewaterhouseCoopers Inc. completed their final audit for SA Rugby for the 2020 financial year.

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

### INFORMATION TECHNOLOGY

In accordance with the terms of reference, the Audit and Risk Committee reviewed the risks relating to Information Technology (IT). The Audit and Risk Committee is of the view that the Information Technology controls are improving and that management had secured a robust architecture that allowed for SARU to operate effectively and securely during the pandemic through remote

working with minimal to no business interruption. The continued office closure is expected to test such architecture further with no reason to believe that its design is not fit for purpose.

### RISK MANAGEMENT

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

The Audit and Risk Committee assisted the executive council to discharge its responsibilities by monitoring and assessing the role and effectiveness of the internal audit function in the context of the risk management function, ensuring that the work undertaken by the internal auditors is aligned with the risk priorities. In the absence of executing an internal audit plan, the Audit and Risk Committee evaluated assurances from management and external audit where required as per the combined assurance model.

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



Members of the Green team are all smiles in the build-up to the Castle Lager Springbok Showdown in Cape Town in October.



# OPERATIONS AND FINANCE



The Vodacom Bulls were crowned champions of the SA Rugby U21 Provincial Championship, which was held entirely in Johannesburg shortly after the local season had resumed.



## OPERATING RESULTS

The success of implementing proactive measures at the onset of the COVID-19 pandemic through continuous scenario planning, cash preservation, cost cutting, engagement with stakeholders and the swift execution of an industry savings plan is reflected in the achieved results. Although the Springboks may not have played any test matches during the year, 59% of the budgeted R1.3 billion income was secured and available to fund operations and commitments to member unions during a very challenging period.

Considering the above, group revenues decreased to R710 million compared to the R1.29 billion of the previous year with expected decreases in key revenue lines of broadcasting and sponsorships whilst zero revenue generated through the cancelled HSBC Cape Town Sevens event and test matches. Grant income of R86 million (2019 – R115 million) is not reported as revenue but as other operating income as required

by International Financial Reporting Standards and was primarily secured from World Rugby.

The reported R7.9 million loss in the union and R1.5 million profit in the group is a considerable achievement against a first quarter outlook (scenario planning) of losses that was reported in excess of R150 million. The reported loss is after total expenditure in the union being reduced by 45% when compared to the previous year. Industry savings, as also evidenced through significant reductions in commitments to member unions and player image rights, contributed significantly to a successful turnaround strategy to mitigate the risks posed by the pandemic.

The R62 million (2019 – R92 million) union expenditure reflected against operations and finance includes all asset care, information technology, in-house travel, kitting and accounting adjustments such as impairments and depreciation.

Although the comparative spend in the rugby department of R372 million includes RWC



Juarno Augustus goes over for a try for Springbok Green in the Castle Lager Springbok Showdown, with Werner Kok and Damian Willemse (right) from the Gold team too late to stop the big No 8.



# The planned Rugby World Cup Sevens in 2022, the participation in an expanded European franchise competition/s whilst still maintaining a strong relationship with SANZAAR partners brings with its great commercial opportunities.

2019 costs, the significant reduction in overall expenditure is commendable as certain manpower and player commitments were unavoidable during the year.

The Commercial department expenditure includes all broadcasting and sponsorship rights delivery commitments, PRO Rugby participation and travel as well as SANZAAR head office and travel costs. The significant reduction in costs is thus as a result of the reduction in rugby activity through the reduction and cancellation of matches over this period.

## FINANCIAL POSITION

As reported during 2019, the significant increase in the group Property, Plant and Equipment value is attributed to the IFRS 16 recognition. Such basis being that the right of premises use asset and lease liability was calculated on the discounted future payments required under such lease arrangement.

The Group's total equity position improved to R30.4 million from the R28.6 million reported in 2019 whilst the union's recorded loss for the year resulted in a reported R18.4 million equity position. Approximately R19 million of impairments/increase in doubtful debts were processed to de-risk the statement of financial position against any potential for future loans, investments, or receivables non recovery.

Included in total assets in the financial statements is a deferred tax asset balance of R31 million. This balance can be recognised as an asset if there is a reasonable assumption that there will be future taxable income against which the deferred tax asset can be used which we believe there is. A significant portion of the deferred tax asset arose as a result of income received in advance and as such had resulted in a release of the deferred tax asset over time as the balance of income received in advance is unwound.

The year-end cash balance in the union of R52 million was possible through COVID-19 relief funding received by World Rugby and advances

received from the 2021 British & Irish Lions tour. The funding received from World Rugby will be offset against future grant income and is disclosed in the annual financial statements under deferred income with a portion thereof reflected as current liabilities. Banking facilities were secured during the year as required to mitigate the uncertainties as reported in the multiple financial scenarios presented to sub committees and the executive council throughout the year.

## PROSPECTS FOR 2021 AND BEYOND

The planned Rugby World Cup Sevens in 2022, the participation in an expanded European franchise competition/s whilst still maintaining a strong relationship with SANZAAR partners brings with its great commercial opportunities. The ability to operate on a rolling budget by only spending what is affordable and the clean slate presented by not being burdened by the recoverability of certain assets that have been adequately impaired provides for assurances around solvency.

There are a significant amount of unsold sponsorship properties currently in the market and in the process of negotiating an equity deal that should bring with it significant cash inflow in the short term and growing commercial opportunities in the medium to longer term.

With a similar approach and rigour and with a lesser COVID-19 impact expected on our business than in 2020, the current year should deliver a more favourable operational and financial outlook.

## STRUCTURE

The Operations & Finance department consists of Finance and Asset Care as its core function, supporting the business at a group level. Areas of procurement, taxation, insurance, inventory warehousing and treasury are embedded within the overall finance function.

Information technology and travel, which are presently outsourced, are included under this structure.



# SOUTH AFRICAN RUGBY UNION

VOLUNTARY ASSOCIATION OF PERSONS

## CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2020

### GENERAL INFORMATION

**Country of incorporation and domicile:** South Africa

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

### EXECUTIVE COUNCIL

M Alexander (President)

F Davids (Deputy President)

J Roux (Chief Executive Officer)

A Saban (Chief Financial Officer)

P Kuhn

L von Zeuner

L Mould

J Smit

S Ngumeni

S Liebenberg

J Louw

M Musekiwa

M Tau

## STATUTORY INFORMATION

<b>Business address</b>	SARU House, Tygerberg Park 163 Uys Krige Drive, Platteklouf, 7500 Cape Town
<b>Postal address</b>	PO Box 15929, Panorama, 7506 Cape Town
<b>Bankers</b>	ABSA Bank Limited
<b>Auditor</b>	PricewaterhouseCoopers Inc.
<b>Level of assurance</b>	These consolidated financial statements have been audited.
<b>Preparer</b>	The annual financial statements were independently compiled under the supervision of: CF Lane CA (SA)

## INDEX

The reports and statements set out below comprise the consolidated and separate financial statements presented to the Executive Council:

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## **EXECUTIVE COUNCIL'S RESPONSIBILITIES AND APPROVAL**

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

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

The Executive Council has reviewed the Group and Union's cash flow forecast for the year to 31 December 2021 and, in light of this review and the current financial position, it is satisfied that the Group and Union has or has access to adequate resources to continue in operational existence for the foreseeable future (Refer to note 31 of the financial statements for further detail).

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

The external auditor was given unrestricted access to all financial records and related data, including minutes of all meetings of the Executive Council. The Executive Council believes that all representations made to the independent auditor during their audit are valid and appropriate.

The consolidated and separate financial statements set out on pages 10 to 59, which have been prepared on the going concern basis, were approved by the Executive Council on 11 May 2021 and were signed on its behalf by:

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**M Alexander (President)**

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**J Roux (Chief Executive Officer)**



## **EXECUTIVE COUNCIL'S REPORT**

The Executive Council has pleasure in submitting its report on the consolidated and separate financial statements of South African Rugby Union for the year ended 31 December 2020.

### **1. Review of financial results and activities**

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

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

Net profit of the Group for the year was R 1,574,186 (2019: R 17,242,379), after taxation expense of R 16,738,744 (2019: R 10,969,838).

Net loss of the Union for the year was R 7,911,135 (2019: R 8,564,665 profit), after taxation expense of R 16,738,744 (2019: R 10,944,171).

### **2. Going concern**

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

Impact of COVID-19:

The continued presence of the COVID-19 pandemic may directly or indirectly impact the Union and Group's ability to continue as a going concern in material respects by interrupting revenue streams, business activities and operations. The further impact of this outbreak is unknown as at the date of issuance of these financial statements.

The Executive Council has the responsibility of assessing and concluding on the going concern of the Union and Group and have made the following plans to ensure the Union and Group continue operating as going concerns:

- The adoption of a rolling budget until such time that a breakeven budget can be presented for approval;
- Considering alternatives to cancellation or postponement of matches and events to ensure that content is delivered to key stakeholders;
- Broadcasting and key sponsorship properties have already been secured for 2021 and beyond;
- Banking facilities, to meet the required operational needs, have been secured in the medium term with continuous review thereof;
- Management will continue to work towards an efficient and affordable cost base.

### **3. Events after the reporting period**

Liquidation of SA Super Rugby Proprietary Limited

A subsidiary, SA Super Rugby Proprietary Limited with registration number 2013/202870/07, was placed under Liquidation by order of the Eastern Cape High Court on 5 October 2020. The subsidiary was deconsolidated from the Group financial statements at this point. A liquidator was appointed on 27 January 2021.

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

## EXECUTIVE COUNCIL'S REPORT (CONTINUED)

### 4. Membership control

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

### 5. Subsidiaries, associates, joint operation and Trust

The Union has the following interests:

A 100% shareholding in SA Rugby Event Services Proprietary Limited, which has as its main objective the organisation of SA Rugby events including the British and Irish Lions tour in 2021.

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. This entity ceased operations in October 2020.

A 33.3% shareholding in SANZAR Proprietary Limited which manages the Super Rugby and The Rugby Championship competitions played in the Southern Hemisphere. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union. The company is equity accounted for by the Group. All income from the broadcasting rights agreements relating to these competitions, other than the rights sold to European broadcasters, is derived directly by the Unions. The Union's share of accumulated profits at 31 December 2020 was R 4,941,495 (2019: R 3,908,927).

A 33.3% shareholding in SANZAR Europe S.a.r.l., a Luxembourg based company which owns and manages the sales of broadcasting rights for the Super Rugby and The Rugby Championship competitions to European broadcasters. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union. The company is equity accounted for by the Group. The Union's share of accumulated profits at 31 December 2020 was R 3,772,072 (2019: R 3,928,830).

A 50% interest in Lions Tour to South Africa Designated Activity Company Limited, an Ireland based company which is established to manage, control, direct and administer the exploitation of the commercial rights in relation to the British and Irish Lions Tour. The Union's share of accumulated profits at 31 December 2020 was R 2,555,233.

A 50% interest in SA Rugby Travel, a joint operation which creates, markets and sells official travel packages for Springbok rugby events, Rugby World Cups and other related events.

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

Control of SA Super Rugby Proprietary Limited, which was utilised to manage the Southern Kings franchise participating in the Guinness Pro14 competition. This subsidiary is currently under liquidation and control in terms of IFRS 10 has been lost.

Further details relating to these entities are given in notes 7, 8 and 29 of the consolidated and separate financial statements.

## EXECUTIVE COUNCIL'S REPORT (CONTINUED)



### 6. Executive Council

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

Name	Changes
M Alexander (President)	
F Davids (Deputy President)	
J Roux (Chief Executive Officer)	
A Saban (Chief Financial Officer)	
I Groenewald	Term ended 05 June 2020
P Kuhn	
M Tabata	Deceased 17 September 2020
T Titus	Term ended 03 June 2020
L von Zeuner	
L Mould	
J Smit	
S Ngumeni	
S Liebenberg	Appointed 05 June 2020
J Louw	Appointed 05 June 2020
M Musekiwa	Appointed 05 June 2020
M Tau	Appointed 30 November 2020

### 7. Auditors

PricewaterhouseCoopers Inc. continued in office as auditors for the Union and its subsidiaries for the 2020 financial year.



## *Independent auditor's report*

To the Members of the South African Rugby Union

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### *Our opinion*

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the South African Rugby Union (the Union) and its subsidiaries (together the Group) as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

#### **What we have audited**

The South African Rugby Union's consolidated and separate financial statements set out on pages 10 to 59 comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### *Basis for opinion*

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

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

#### **Independence**

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

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### *Other information*

The executive council is responsible for the other information. The other information comprises the information included in the document titled "South African Rugby Union, Voluntary Association of persons, Consolidated and Separate Financial Statements for the year ended 31 December 2020". The

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*PricewaterhouseCoopers Inc.,  
5 Silo Square, V&A Waterfront, Cape Town 8002, P O Box 2799, Cape Town 8001  
T: +27 (0) 21 529 2000, F: +27 (0) 21 814 2000, www.pwc.co.za*

Chief Executive Officer: L S Machaba  
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682





other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive council.
- Conclude on the appropriateness of the executive council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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PricewaterhouseCoopers Inc.

Director: Brendan Deegan

Registered Auditor

Cape Town

Date: 11 May 2021



# STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	Group		Union	
		2020 R	2019 R	2020 R	2019 R
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	9,967,333	12,407,458	8,141,463	9,846,548
Right-of-use assets	5	33,956,782	39,395,095	33,956,782	39,395,095
Intangible assets	6	6,216,744	10,058,702	6,216,744	10,058,702
Investments in subsidiaries	7	-	-	51	51
Investments in associates	8	11,268,800	9,446,580	-	-
Trade and other receivables	9	39,655,354	19,501,541	39,655,354	19,501,541
Deferred tax	10	31,973,901	48,712,645	31,955,701	48,694,445
		<b>133,038,914</b>	<b>139,522,021</b>	<b>119,926,095</b>	<b>127,496,382</b>
<b>Current Assets</b>					
Inventories	11	21,067,226	13,623,716	21,067,226	13,623,716
Trade and other receivables	9	240,011,774	99,560,379	104,680,998	63,337,367
Cash and cash equivalents	12	228,901,060	16,604,728	52,244,583	1,606,314
		<b>489,980,060</b>	<b>129,788,823</b>	<b>177,992,807</b>	<b>78,567,397</b>
<b>Total Assets</b>		<b>623,018,974</b>	<b>269,310,844</b>	<b>297,918,902</b>	<b>206,063,779</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
<b>Equity Attributable to Equity Holders of Parent</b>					
Actuarial reserves		9,374,000	9,374,000	9,374,000	9,374,000
Retained income		39,219,840	37,077,519	9,106,734	17,017,869
		48,593,840	46,451,519	18,480,734	26,391,869
Non-controlling interest		(18,109,819)	(17,771,614)	-	-
		<b>30,484,021</b>	<b>28,679,905</b>	<b>18,480,734</b>	<b>26,391,869</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Lease liabilities	13	40,528,157	44,947,187	40,528,157	44,947,187
Retirement benefit obligation	14	22,419,787	19,702,000	22,419,787	19,702,000
Deferred income	15	63,487,800	-	63,487,800	-
		<b>126,435,744</b>	<b>64,649,187</b>	<b>126,435,744</b>	<b>64,649,187</b>
<b>Current Liabilities</b>					
Ticket sales refundable	16	225,976,968	-	-	-
Trade and other payables	17	174,513,705	69,707,200	87,937,789	54,823,060
Lease liabilities	13	3,913,750	2,670,271	3,913,750	2,670,271
Retirement benefit obligation	14	546,213	480,000	546,213	480,000
Deferred income	15	61,141,644	61,970,549	60,604,672	49,417,057
Current tax payable		6,929	-	-	-
Bank overdraft	12	-	41,153,732	-	7,632,335
		<b>466,099,209</b>	<b>175,981,752</b>	<b>153,002,424</b>	<b>115,022,723</b>
<b>Total Liabilities</b>		<b>592,534,953</b>	<b>240,630,939</b>	<b>279,438,168</b>	<b>179,671,910</b>
<b>Total Equity and Liabilities</b>		<b>623,018,974</b>	<b>269,310,844</b>	<b>297,918,902</b>	<b>206,063,779</b>

# SOUTH AFRICAN RUGBY UNION

Voluntary Association of persons

## STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Group		Union	
		2020 R	2019 R	2020 R	2019 R
Revenue	19	710,463,584	1,295,800,115	680,372,211	1,209,633,224
Other operating income	20	116,618,433	196,185,760	103,566,123	195,922,055
Other operating losses	21	(9,927,734)	(1,526,850)	(9,927,734)	(462,734)
Other operating expenses		(801,235,796)	(1,460,865,904)	(765,408,034)	(1,383,164,138)
<b>Operating profit</b>	22	<b>15,918,487</b>	<b>29,593,121</b>	<b>8,602,566</b>	<b>21,928,407</b>
Finance income	23	5,631,402	4,584,478	5,054,291	3,714,568
Finance costs	24	(4,829,248)	(6,296,141)	(4,829,248)	(6,134,139)
Income from equity accounted investments		1,592,289	330,759	-	-
<b>Profit before taxation</b>		<b>18,312,930</b>	<b>28,212,217</b>	<b>8,827,609</b>	<b>19,508,836</b>
Income tax expense	25	(16,738,744)	(10,969,838)	(16,738,744)	(10,944,171)
<b>Profit (loss) for the year</b>		<b>1,574,186</b>	<b>17,242,379</b>	<b>(7,911,135)</b>	<b>8,564,665</b>
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Income from equity accounted investments		229,930	1,608,823	-	-
<b>Other comprehensive income for the year net of taxation</b>		<b>229,930</b>	<b>1,608,823</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>1,804,116</b>	<b>18,851,202</b>	<b>(7,911,135)</b>	<b>8,564,665</b>
<b>Profit (loss) attributable to:</b>					
Owners of the parent		1,912,391	35,973,440	(7,911,135)	8,564,665
Non-controlling interest		(338,205)	(18,731,061)	-	-
		<b>1,574,186</b>	<b>17,242,379</b>	<b>(7,911,135)</b>	<b>8,564,665</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		2,142,321	37,582,263	(7,911,135)	8,564,665
Non-controlling interest		(338,205)	(18,731,061)	-	-
		<b>1,804,116</b>	<b>18,851,202</b>	<b>(7,911,135)</b>	<b>8,564,665</b>



## STATEMENTS OF CHANGES IN EQUITY

	Actuarial reserve	Retained income	Attributable to the Union	Non- controlling interest	Total equity
	R	R	R	R	R
<b>Group</b>					
<b>Balance at 01 January 2019</b>	<b>9,374,000</b>	<b>(504,744)</b>	<b>8,869,256</b>	<b>959,447</b>	<b>9,828,703</b>
Profit for the year	-	35,973,440	35,973,440	(18,731,061)	17,242,379
Other comprehensive income	-	1,608,823	1,608,823	-	1,608,823
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>37,582,263</b>	<b>37,582,263</b>	<b>(18,731,061)</b>	<b>18,851,202</b>
<b>Balance at 01 January 2020</b>	<b>9,374,000</b>	<b>37,077,519</b>	<b>46,451,519</b>	<b>(17,771,614)</b>	<b>28,679,905</b>
Profit for the year	-	1,912,391	1,912,391	(338,205)	1,574,186
Other comprehensive income	-	229,930	229,930	-	229,930
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,142,321</b>	<b>2,142,321</b>	<b>(338,205)</b>	<b>1,804,116</b>
<b>Balance at 31 December 2020</b>	<b>9,374,000</b>	<b>39,219,840</b>	<b>48,593,840</b>	<b>(18,109,819)</b>	<b>30,484,021</b>
<b>Union</b>					
<b>Balance at 01 January 2019</b>	<b>9,374,000</b>	<b>8,453,204</b>	<b>17,827,204</b>	<b>-</b>	<b>17,827,204</b>
Profit for the year	-	8,564,665	8,564,665	-	8,564,665
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>8,564,665</b>	<b>8,564,665</b>	<b>-</b>	<b>8,564,665</b>
<b>Balance at 01 January 2020</b>	<b>9,374,000</b>	<b>17,017,869</b>	<b>26,391,869</b>	<b>-</b>	<b>26,391,869</b>
Loss for the year	-	(7,911,135)	(7,911,135)	-	(7,911,135)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(7,911,135)</b>	<b>(7,911,135)</b>	<b>-</b>	<b>(7,911,135)</b>
<b>Balance at 31 December 2020</b>	<b>9,374,000</b>	<b>9,106,734</b>	<b>18,480,734</b>	<b>-</b>	<b>18,480,734</b>

# SOUTH AFRICAN RUGBY UNION

Voluntary Association of persons

## STATEMENTS OF CASH FLOW

	Notes	Group		Union	
		2020 R	2019 R	2020 R	2019 R
<b>Cash flows from operating activities</b>					
Cash generated from operations	26	256,867,271	41,948,415	62,257,454	69,284,216
Finance income		5,631,402	4,584,478	5,054,291	3,714,568
Finance costs		(4,829,248)	(6,296,141)	(4,829,248)	(6,134,139)
Tax refunded/(paid)	27	6,929	(27,067)	-	-
<b>Net cash from operating activities</b>		<b>257,676,354</b>	<b>40,209,685</b>	<b>62,482,497</b>	<b>66,864,645</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(1,056,746)	(5,661,356)	(1,042,349)	(3,951,579)
Sale of property, plant and equipment	4	6,007	20,227	6,007	20,227
<b>Net cash from investing activities</b>		<b>(1,050,739)</b>	<b>(5,641,129)</b>	<b>(1,036,342)</b>	<b>(3,931,352)</b>
<b>Cash flows from financing activities</b>					
Payment on lease liabilities	28	(3,175,551)	(1,540,303)	(3,175,551)	(1,540,303)
<b>Total cash movement for the year</b>		<b>253,450,064</b>	<b>33,028,253</b>	<b>58,270,604</b>	<b>61,392,990</b>
Cash at the beginning of the year		(24,549,004)	(57,577,257)	(6,026,021)	(67,419,011)
<b>Total cash at end of the year</b>	12	<b>228,901,060</b>	<b>(24,549,004)</b>	<b>52,244,583</b>	<b>(6,026,021)</b>



## **ACCOUNTING POLICIES**

### **1. Significant accounting policies**

South African Rugby Union is a Union established and domiciled in South Africa. The address of its registered office and principal place of business is SARU House, Tygerberg Park, 163 Uys Krige Drive, Platteklouf, 7500. Its principal activity is the promotion, development and support of all levels of rugby in South Africa.

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

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

These accounting policies are consistent with those of the prior year.

#### **1.1 Consolidation**

##### **Basis of consolidation**

The consolidated and separate financial statements incorporate the financial statements of the Union and all entities controlled by the Union.

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

The results of subsidiaries are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All inter-company transactions, balances, and unrealised gains on transactions between group entities are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statements of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the Union.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. 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.

## **ACCOUNTING POLICIE (CONTINUED)**

### **1.2 Joint arrangements**

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

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

#### **Joint ventures**

An interest in a joint venture is accounted for using the equity method. Under the equity method, interests in joint ventures are carried in the statement of financial position at cost adjusted for post acquisition changes in the company's share of net assets of the joint venture, less any impairment losses.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in a joint venture in excess of the Group's interest in that joint venture, including any other unsecured receivables, are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the joint venture.

Any goodwill on acquisition of a joint venture is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the Group and a joint venture are eliminated to the extent of the Group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Union loses joint control, the company proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

### **1.3 Investments in associates**

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the Group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.





### 1.3 Investments in associates (continued)

Profits or losses on transactions between the group and an associate are eliminated to the extent of the Group's interest therein. 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.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

### 1.4 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### Key sources of estimation uncertainty

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

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

#### Trade receivables

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

The impairment (or loss allowance) for trade receivables is calculated on a portfolio basis, except for individually significant trade receivables which are assessed separately. The impairment test on the portfolio is based on historical loss ratios and other indicators present at the reporting date that correlate with defaults on the portfolio.

#### Taxes

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

### 1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one year.

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.

## **ACCOUNTING POLICIE (CONTINUED)**

### **1.5 Property, plant and equipment (continued)**

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Motor vehicles	Straight line	3 - 5 years
Office furniture and equipment	Straight line	3 - 8 years
Computer equipment	Straight line	3 years
Leasehold improvements	Straight line	Period of lease

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### **1.6 Intangible assets**

Intangible assets are initially recognised at cost.

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



**1.6 Intangible assets (continued)**

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

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

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

Internally generated brands, 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>
Trademark	20 years
Computer software	3 years

**1.7 Investments in subsidiaries**

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

**1.8 Financial instruments**

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost.

Note 3 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

## ACCOUNTING POLICIE (CONTINUED)

### 1.8 Financial instruments (continued)

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

#### Trade and other receivables

##### Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other receivables also include capitalised costs to obtain contracts with customers.

##### Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest rate method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

##### Application of the effective interest rate method

For receivables which contain a significant financing component, interest income is calculated using the effective interest rate method, and is included in profit or loss in finance income (note 23).

The application of the effective interest rate method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

##### Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables which do not contain a significant financing component at an amount equal to lifetime expected credit losses (lifetime ECL). The loss allowance for all other trade and other receivables is measured at lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivables has not increased significantly since initial recognition, then the loss allowance for those receivables is measured at 12 month expected credit losses (12 month ECL).



## 1.8 Financial instruments (continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL to trade and other receivables which do have a significant financing component, the Group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a receivable being credit impaired at the reporting date or of an actual default occurring.

### Significant increase in credit risk

In assessing whether the credit risk on a receivable or group of receivables has increased significantly since initial recognition, the Group compares the risk of a default occurring as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Irrespective of the outcome of the above assessment, the credit risk on a receivable is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

By contrast, if a receivable is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

### Definition of default

For purposes of internal credit risk management purposes, the Group considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Group considers that default has occurred when a receivable is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### Measurement and recognition of expected credit losses

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated individually for each specific debtor using past default experience for each debtor and also incorporates forward looking information and general economic conditions of the industry as at the reporting date. The provision is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 22).

## **ACCOUNTING POLICIE (CONTINUED)**

### **1.8 Financial instruments (continued)**

#### **Write off policy**

The Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### **Credit risk**

Details of credit risk are included in the trade and other receivables note (note 9) and the financial instruments and risk management note (note 3).

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

##### **Classification**

Trade and other payables (note 17), excluding VAT and deferred income, are classified as financial liabilities subsequently measured at amortised cost.

##### **Recognition and measurement**

They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest rate method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 24).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 3 for details of risk exposure and management thereof.

#### **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.

#### **Bank overdrafts**

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in the income statement over the term of the borrowings using the effective interest rate method.



## 1.8 Financial instruments (continued)

### Derecognition

#### Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## 1.9 Tax

### Current tax assets and liabilities

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

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

### Deferred 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.

## **ACCOUNTING POLICIE (CONTINUED)**

### **1.9 Tax (continued)**

#### **Tax expenses**

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

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

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

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

### **1.10 Leases**

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

#### **Group as lessee**

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 22) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However, as an exception to the preceding paragraph, the Group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Group is a lessee are presented in note 5 Leases (Group as lessee).

#### **Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.



**1.10 Leases (continued)**

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 22).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 24).

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Right-of-use assets**

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

## ACCOUNTING POLICIE (CONTINUED)

### 1.10 Leases (continued)

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

### 1.11 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Consumables are carried at historical cost unless the items are considered to be obsolete.

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

### 1.12 Impairment of 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.



## 1.12 Impairment of 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.

## 1.13 Employee benefits

### Pension Obligations

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

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

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

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

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

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

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

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

## ACCOUNTING POLICIE (CONTINUED)

### 1.13 Employee benefits (continued)

#### 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.

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

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

#### Termination benefits

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

#### Other post-employment obligations

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

### 1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

Contingent assets and contingent liabilities are not recognised.



## 1.15 Revenue from contracts with customers

The Group recognises revenue from the following major sources:

- Sales of sports goods
- Sponsorship income
- Sales of broadcasting rights
- Interest income
- Royalty income
- Test hosting fee

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

### Sale of sports goods

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

### Royalty income

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

### Test hosting fee

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

## 1.16 Borrowing costs

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

## ACCOUNTING POLICIE (CONTINUED)

### 1.17 Translation of foreign currencies

#### Functional and presentation currency

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

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

#### Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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



# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 2. New Standards and Interpretations

The Group has not adopted any new standards and interpretations in the current financial year.

## 3. Financial instruments and risk management

### Categories of financial instruments

#### Categories of financial assets

#### Group - 2020

	Notes	Amortised cost	Total	Fair value
Trade and other receivables	9	182,813,786	182,813,786	182,813,786
Cash and cash equivalents	12	228,901,060	228,901,060	228,901,060
		<b>411,714,846</b>	<b>411,714,846</b>	<b>411,714,846</b>

#### Group - 2019

	Notes	Amortised cost	Total	Fair value
Trade and other receivables	9	81,362,273	81,362,273	81,362,273
Cash and cash equivalents	12	16,604,728	16,604,728	16,604,728
		<b>97,967,001</b>	<b>97,967,001</b>	<b>97,967,001</b>

#### Union - 2020

	Notes	Amortised cost	Total	Fair value
Trade and other receivables	9	131,085,239	131,085,239	131,085,239
Cash and cash equivalents	12	52,244,583	52,244,583	52,244,583
		<b>183,329,822</b>	<b>183,329,822</b>	<b>183,329,822</b>

#### Union - 2019

	Notes	Amortised cost	Total	Fair value
Trade and other receivables	9	73,912,320	73,912,320	73,912,320
Cash and cash equivalents	12	1,606,314	1,606,314	1,606,314
		<b>75,518,634</b>	<b>75,518,634</b>	<b>75,518,634</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### 3. Financial instruments and risk management (continued)

#### Categories of financial liabilities

##### Group - 2020

	Notes	Amortised cost	Leases	Total	Fair value
Trade and other payables	17	141,297,168	-	141,297,168	141,297,168
Lease liabilities	5&13	-	44,441,907	44,441,907	44,441,907
		<b>141,297,168</b>	<b>44,441,907</b>	<b>185,739,075</b>	<b>185,739,075</b>

##### Group - 2019

	Notes	Amortised cost	Leases	Total	Fair value
Bank overdraft	12	41,153,732	-	41,153,732	41,153,732
Trade and other payables	17	68,289,276	-	68,289,276	68,289,276
Lease liabilities	5&13	-	47,617,458	47,617,458	47,617,458
		<b>109,443,008</b>	<b>47,617,458</b>	<b>157,060,466</b>	<b>157,060,466</b>

##### Union - 2020

	Notes	Amortised cost	Leases	Total	Fair value
Trade and other payables	17	87,937,789	-	87,937,789	87,937,789
Lease liabilities	5&13	-	44,441,907	44,441,907	44,441,907
		<b>87,937,789</b>	<b>44,441,907</b>	<b>132,379,696</b>	<b>132,379,696</b>

##### Union - 2019

	Notes	Amortised cost	Leases	Total	Fair value
Bank overdraft	12	7,632,335	-	7,632,335	7,632,335
Trade and other payables	17	53,403,845	-	53,403,845	53,403,845
Lease liabilities	5&13	-	47,617,458	47,617,458	47,617,458
		<b>61,036,180</b>	<b>47,617,458</b>	<b>108,653,638</b>	<b>108,653,638</b>





**3. Financial instruments and risk management (continued)**

**Pre tax gains and losses on financial instruments**

**Gains and losses on financial assets and liabilities**

**Group - 2020**

	Notes	Amortised cost	Total
<b>Recognised in profit or loss:</b>			
Finance income	23	5,631,402	5,631,402
Finance costs	24	(4,829,248)	(4,829,248)
<b>Net gains</b>		<b>802,154</b>	<b>802,154</b>

**Group - 2019**

	Notes	Amortised cost	Total
<b>Recognised in profit or loss:</b>			
Finance income	23	4,584,478	4,584,478
Finance costs	24	(6,296,141)	(6,296,141)
<b>Net losses</b>		<b>(1,711,663)</b>	<b>(1,711,663)</b>

**Union - 2020**

	Notes	Amortised cost	Total
<b>Recognised in profit or loss:</b>			
Finance income	23	5,054,291	5,054,291
Finance costs	24	(4,829,248)	(4,829,248)
<b>Net gains</b>		<b>225,043</b>	<b>225,043</b>

**Union - 2019**

	Notes	Amortised cost	Total
<b>Recognised in profit or loss:</b>			
Finance income	23	3,714,568	3,714,568
Finance costs	24	(6,134,139)	(6,134,139)
<b>Net loss</b>		<b>(2,419,571)</b>	<b>(2,419,571)</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### 3. Financial instruments and risk management (continued)

#### Financial risk management

##### Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The executive council has overall responsibility for the establishment and oversight of the group's risk management framework. The executive council has established the audit and risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly to the board on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

##### Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on trade and other receivables and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available).

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer operates, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. Trade receivables and contract assets which do not contain a significant financing component are the exceptions and are discussed below.



### 3. Financial instruments and risk management (continued)

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

The potential for credit losses from loans provided to Provincial Unions is mitigated through the ability to recovery such amounts from broadcasting rights and other allocations made to such Unions.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### 3. Financial instruments and risk management (continued)

Group	Notes	2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	9	262,060,555	(79,246,769)	182,813,786	97,332,198	(15,969,924)	81,362,274
Cash and cash equivalents	12	228,901,060	-	228,901,060	16,604,728	-	16,604,728
		<b>490,961,615</b>	<b>(79,246,769)</b>	<b>411,714,846</b>	<b>113,936,926</b>	<b>(15,969,924)</b>	<b>97,967,002</b>

Union	Notes	2020			2019		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	9	232,220,594	(101,135,355)	131,085,239	156,931,603	(83,019,283)	73,912,320
Cash and cash equivalents	12	52,244,583	-	52,244,583	1,606,314	-	1,606,314
		<b>284,465,177</b>	<b>(101,135,355)</b>	<b>183,329,822</b>	<b>158,537,917</b>	<b>(83,019,283)</b>	<b>75,518,634</b>



**3. Financial instruments and risk management (continued)**

**Liquidity risk**

The Group has a number of short term deposits with banks and also a number of loans granted to the Provincial Unions which result in risk from interest rate changes. The interest rates charged on these assets are linked to the prime overdraft lending rate. A 2% increase/decrease in the prime interest rate would result in a R 4,063,270 (2019: R 14,636) change in the interest.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

**Group - 2020**

	Notes	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
<b>Non-current liabilities</b>						
Lease liabilities	13	-	36,328,626	13,929,828	50,258,454	40,528,157
<b>Current liabilities</b>						
Trade and other payables	17	141,297,168	-	-	141,297,168	141,297,168
Lease liabilities	13	7,432,997	-	-	7,432,997	3,913,750
		<b>148,730,165</b>	<b>36,328,626</b>	<b>13,929,828</b>	<b>198,988,619</b>	<b>185,739,075</b>

**Group - 2019**

	Notes	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
<b>Non-current liabilities</b>						
Lease liabilities	13	-	44,672,061	16,479,903	61,151,964	44,947,187
<b>Current liabilities</b>						
Bank overdraft	12	41,153,732	-	-	41,153,732	41,153,732
Trade and other payables	17	68,289,276	-	-	68,289,276	68,289,276
Lease liabilities	13	7,050,594	-	-	7,050,594	7,050,594
		<b>116,493,602</b>	<b>44,672,061</b>	<b>16,479,903</b>	<b>177,645,566</b>	<b>161,440,789</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### 3. Financial instruments and risk management (continued)

#### Union - 2020

	Notes	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
<b>Non-current liabilities</b>						
Lease liabilities	13	-	36,328,626	13,929,828	50,258,454	40,528,157
<b>Current liabilities</b>						
Trade and other payables	17	87,937,789	-	-	87,937,789	87,937,789
Lease liabilities	13	7,432,997	-	-	7,432,997	3,913,750
		<b>95,370,786</b>	<b>36,328,626</b>	<b>13,929,828</b>	<b>145,629,240</b>	<b>132,379,696</b>

#### Union - 2019

	Notes	Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
<b>Non-current liabilities</b>						
Lease liabilities	13	-	44,672,061	16,479,903	61,151,964	44,947,187
<b>Current liabilities</b>						
Bank overdraft	12	7,632,335	-	-	7,632,335	7,632,335
Trade and other payables	17	53,403,845	-	-	53,403,845	53,403,845
Lease liabilities	13	7,050,594	-	-	7,050,594	7,050,594
		<b>68,086,774</b>	<b>44,672,061</b>	<b>16,479,903</b>	<b>129,238,738</b>	<b>113,033,961</b>

#### Foreign currency risk

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

### 4. Property, plant and equipment

Group	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and equipment	13,336,834	(10,909,008)	2,427,826	13,213,707	(9,381,724)	3,831,983
Motor vehicles	991,144	(991,144)	-	991,144	(983,651)	7,493
Computer equipment	16,381,222	(13,250,460)	3,130,762	15,447,604	(11,638,951)	3,808,653
Leasehold improvements	8,646,662	(4,237,917)	4,408,745	8,646,662	(3,887,333)	4,759,329
<b>Total</b>	<b>39,355,862</b>	<b>(29,388,529)</b>	<b>9,967,333</b>	<b>38,299,117</b>	<b>(25,891,659)</b>	<b>12,407,458</b>



**4. Property, plant and equipment (continued)**

Union	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and equipment	10,687,735	(9,921,813)	765,922	10,564,608	(9,049,489)	1,515,119
Motor vehicles	991,144	(991,144)	-	991,144	(983,651)	7,493
Computer equipment	15,993,373	(13,026,577)	2,966,796	15,074,151	(11,509,544)	3,564,607
Leasehold improvements	8,646,662	(4,237,917)	4,408,745	8,646,662	(3,887,333)	4,759,329
<b>Total</b>	<b>36,318,914</b>	<b>(28,177,451)</b>	<b>8,141,463</b>	<b>35,276,565</b>	<b>(25,430,017)</b>	<b>9,846,548</b>

**Reconciliation of property, plant and equipment - Group - 2020**

	Opening balance	Additions	Depreciation	Total
Office furniture and equipment	3,831,983	123,128	(1,527,285)	2,427,826
Motor vehicles	7,493	-	(7,493)	-
Computer equipment	3,808,653	933,618	(1,611,509)	3,130,762
Leasehold improvements	4,759,329	-	(350,584)	4,408,745
	<b>12,407,458</b>	<b>1,056,746</b>	<b>(3,496,871)</b>	<b>9,967,333</b>

**Reconciliation of property, plant and equipment - Group - 2019**

	Opening balance	Additions	Depreciation	Total
Office furniture and equipment	2,451,087	2,724,646	(1,343,750)	3,831,983
Motor vehicles	73,264	-	(65,771)	7,493
Computer equipment	2,730,834	2,936,710	(1,858,891)	3,808,653
Leasehold improvements	5,108,956	-	(349,627)	4,759,329
	<b>10,364,141</b>	<b>5,661,356</b>	<b>(3,618,039)</b>	<b>12,407,458</b>

**Reconciliation of property, plant and equipment - Union - 2020**

	Opening balance	Additions	Depreciation	Total
Office furniture and equipment	1,515,119	123,127	(872,324)	765,922
Motor vehicles	7,493	-	(7,493)	-
Computer equipment	3,564,607	919,222	(1,517,033)	2,966,796
Leasehold improvements	4,759,329	-	(350,584)	4,408,745
	<b>9,846,548</b>	<b>1,042,349</b>	<b>(2,747,434)</b>	<b>8,141,463</b>

**Reconciliation of property, plant and equipment - Union - 2019**

	Opening balance	Additions	Depreciation	Total
Office furniture and equipment	1,558,204	973,217	(1,016,302)	1,515,119
Motor vehicles	73,264	-	(65,771)	7,493
Computer equipment	2,393,762	2,978,362	(1,807,517)	3,564,607
Leasehold improvements	5,108,956	-	(349,627)	4,759,329
	<b>9,134,186</b>	<b>3,951,579</b>	<b>(3,239,217)</b>	<b>9,846,548</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>5. Leases (Group as lessee)</b>				
The group leases office properties. The average lease term is 5 years (2019: 5 years).				
Details pertaining to leasing arrangements, where the group is lessee are presented below:				
<b>Net carrying amounts of right-of-use assets</b>				
The carrying amounts of right-of-use assets are included in the following line items:				
Office buildings	<u>33,956,782</u>	<u>39,395,095</u>	<u>33,956,782</u>	<u>39,395,095</u>
<b>Additions to right-of-use assets</b>				
Office buildings	<u>-</u>	<u>44,828,901</u>	<u>-</u>	<u>44,828,901</u>
<b>Depreciation recognised on right-of-use assets</b>				
Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 22).				
Office buildings	<u>(5,438,313)</u>	<u>(5,433,806)</u>	<u>(5,438,313)</u>	<u>(5,433,806)</u>
<b>Other disclosures</b>				
Interest expense on lease liabilities	<u>4,056,686</u>	<u>4,328,860</u>	<u>4,056,686</u>	<u>4,328,860</u>
Expenses relating to short-term, low value and variable lease payments not included in lease liabilities (included in note 22).				
<b>Lease liabilities</b>				
The maturity analysis of lease liabilities is as follows:				
Within one year	7,432,997	7,050,594	7,432,997	7,050,594
Two to five years	36,328,626	44,672,061	36,328,626	44,672,061
More than five years	13,929,828	16,479,903	13,929,828	16,479,903
	<u>57,691,451</u>	<u>68,202,558</u>	<u>57,691,451</u>	<u>68,202,558</u>
Less finance charges component	<u>(13,249,544)</u>	<u>(20,585,100)</u>	<u>(13,249,544)</u>	<u>(20,585,100)</u>
	<u><b>44,441,907</b></u>	<u><b>47,617,458</b></u>	<u><b>44,441,907</b></u>	<u><b>47,617,458</b></u>
Non-current liabilities	40,528,157	44,947,187	40,528,157	44,947,187
Current liabilities	3,913,750	2,670,271	3,913,750	2,670,271
	<u><b>44,441,907</b></u>	<u><b>47,617,458</b></u>	<u><b>44,441,907</b></u>	<u><b>47,617,458</b></u>

### Exposure to liquidity risk

Refer to note 3: Financial instruments and risk management for the details of liquidity risk exposure and management.





**6. Intangible assets**

Group and Union	2020			2019		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademark	2,000,000	(1,058,727)	941,273	2,000,000	(958,521)	1,041,479
Computer software	11,193,795	(5,918,324)	5,275,471	11,193,795	(2,176,572)	9,017,223
<b>Total</b>	<b>13,193,795</b>	<b>(6,977,051)</b>	<b>6,216,744</b>	<b>13,193,795</b>	<b>(3,135,093)</b>	<b>10,058,702</b>

**Reconciliation of intangible assets - Group and Union - 2020**

	Opening balance	Amortisation	Total
Trademark	1,041,479	(100,206)	941,273
Computer software	9,017,223	(3,741,752)	5,275,471
	<b>10,058,702</b>	<b>(3,841,958)</b>	<b>6,216,744</b>

**Reconciliation of intangible assets - Group and Union - 2019**

	Opening balance	Additions	Amortisation	Total
Trademark	1,141,411	-	(99,932)	1,041,479
Computer software	-	11,193,795	(2,176,572)	9,017,223
	<b>1,141,411</b>	<b>11,193,795</b>	<b>(2,276,504)</b>	<b>10,058,702</b>

**7. Investments in subsidiaries**

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

**Company**

Name of entity	% holding 2020	% holding 2019	Carrying amount 2020	Carrying amount 2019
Springbok Supporters Club Proprietary Limited	51 %	51 %	51	51
The Rugby Educational Foundation NPC	100 %	100 %	-	-
SA Rugby Event Services Proprietary Limited	100 %	100 %	-	-
			<b>51</b>	<b>51</b>

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

The operations of both the Heritage Trust and the Springbok Supporters Club had ceased by year end with the winding up of such entities in process.

# NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

## 8. Investments in associates

The following table lists all of the associates in the group:

### Group

Name of entity	% ownership interest 2020	% ownership interest 2019	Carrying amount 2020	Carrying amount 2019
SANZAR Proprietary Limited	33.3 %	33.3 %	4,941,495	3,908,927
SANZAR Europe S.a.r.l	33.3 %	33.3 %	3,772,072	5,537,653
Lions Tour to South Africa Designated Activity Company Limited	50 %	- %	2,555,233	-
			<b>11,268,800</b>	<b>9,446,580</b>

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

Included in the statement of comprehensive income is South African Rugby Union's share of income made by the investments, described as income from equity accounted investments of R1,592,289 (2019: R330,759) and other comprehensive income from equity accounted of R229,930 (2019: R1,608,823).

### Summarised financial information of material associates

#### 2020

Summarised statement of profit or loss and other comprehensive income	Revenue R	Profit / (loss) R
SANZAR Proprietary Limited	36,267,528	3,667,249
SANZAR Europe S.a.r.l	527,164,960	(7,785,622)
Lions Tour to South Africa Designated Activity Company Limited	28,739,562	5,321,249
	<b>592,172,050</b>	<b>1,202,876</b>

Summarised statement of financial position	Assets R	Liabilities R	Total net assets R
SANZAR Proprietary Limited	25,582,238	10,798,442	14,783,796
SANZAR Europe S.a.r.l	25,524,357	17,579,807	7,944,550
Lions Tour to South Africa Designated Activity Company Limited	233,326,481	228,507,267	4,819,214
	<b>284,433,076</b>	<b>256,885,516</b>	<b>27,547,560</b>



## 8. Investments in associates (continued)

### 2019

Summarised statement of profit or loss and other comprehensive income	Revenue R	Profit R
SANZAR Proprietary Limited	45,266,215	2,749,979
SANZAR Europe S.a.r.l	481,963,980	944,554
	<b>527,230,195</b>	<b>3,694,533</b>

Summarised statement of financial position	Assets R	Liabilities R	Total net assets R
SANZAR Proprietary Limited	34,180,758	22,512,775	11,667,983
SANZAR Europe S.a.r.l	618,201,626	574,086,209	44,115,417
	<b>652,382,384</b>	<b>596,598,984</b>	<b>55,783,400</b>

	Group		Company	
	2020 R	2019 R	2020 R	2019 R
<b>Financial instruments:</b>				
Trade receivables	19,369,784	42,248,457	11,027,082	34,992,673
Loan receivables from Provincial Unions	53,270,446	23,532,643	53,270,446	23,532,643
Trade receivables from Provincial Unions	5,885,545	8,649,176	5,885,545	8,649,176
The South African Rugby Heritage Trust	-	-	22,720,718	22,720,718
SA Super Rugby Proprietary Limited	45,160,772	-	45,160,772	45,160,772
Loss allowance	(79,246,769)	(15,969,924)	(101,135,355)	(83,019,283)
Trade receivables at amortised cost	44,439,778	58,460,352	36,929,208	52,036,699
SA Rugby Travel	35,999,573	649,759	-	-
Accrued sponsorship income	94,151,258	21,860,124	94,151,258	21,857,249
Other receivables	8,223,177	392,038	4,773	18,372
Financial instruments at amortised cost	182,813,786	81,362,274	131,085,239	73,912,320
<b>Non-financial instruments:</b>				
VAT	1,123,082	-	1,123,082	-
Costs to obtain contract	83,602,229	28,773,059	-	-
Prepayments	12,128,031	8,926,588	12,128,031	8,926,588
<b>Total trade and other receivables</b>	<b>279,667,128</b>	<b>119,061,920</b>	<b>144,336,352</b>	<b>82,838,908</b>
<b>Split between non-current and current portions</b>				
Non-current assets	39,655,354	19,501,541	39,655,354	19,501,541
Current assets	240,011,774	99,560,379	104,680,998	63,337,367
	<b>279,667,128</b>	<b>119,061,920</b>	<b>144,336,352</b>	<b>82,838,908</b>

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

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>9. Trade and other receivables (continued)</b>				
<b>Categorisation of trade and other receivables</b>				
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:				
At amortised cost	182,813,786	81,362,273	131,085,239	73,912,320
Non-financial instruments	96,853,342	37,699,647	13,251,113	8,926,588
	<u>279,667,128</u>	<u>119,061,920</u>	<u>144,336,352</u>	<u>82,838,908</u>

### Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated individually for each specific debtor using past default experience for each debtor and also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The potential for credit losses from loans provided to Provincial Unions is mitigated through the ability to recovery such amounts from broadcasting rights and other allocations made to such Unions.

### Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

<b>Opening balance</b>	<b>(15,969,924)</b>	<b>(18,003,353)</b>	<b>(83,019,283)</b>	<b>(56,719,605)</b>
Provision (raised)/reversed on trade receivables	(63,276,845)	2,033,429	(18,116,072)	(26,299,678)
<b>Closing balance</b>	<u><b>(79,246,769)</b></u>	<u><b>(15,969,924)</b></u>	<u><b>(101,135,355)</b></u>	<u><b>(83,019,283)</b></u>

### Exposure to currency risk

The net carrying amounts, in Rand, of trade and other receivables, excluding non-financial instruments, are denominated in the following currencies.

<b>Rand Amount</b>				
Rand	<u>182,813,786</u>	<u>81,362,273</u>	<u>131,085,239</u>	<u>73,912,320</u>



	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>9. Trade and other receivables (continued)</b>				
<b>Fair value of trade and other receivables</b>				
The fair value of trade and other receivables approximates their carrying amounts.				
A general deed of cession over trade receivables have been provided as security for the overdraft facility that was in place by year end.				
<b>10. Deferred tax</b>				
<b>Deferred tax liability</b>				
Right of use asset	<u>(9,507,899)</u>	<u>(11,030,627)</u>	<u>(9,507,899)</u>	<u>(11,030,627)</u>
<b>Deferred tax asset</b>				
Accounts receivable	4,972,874	3,353,684	4,972,874	3,353,684
Lease liability	12,443,734	13,332,889	12,443,734	13,332,889
Provisions	10,580,333	9,515,560	10,562,133	9,497,360
Deferred revenue	13,484,859	33,541,139	13,484,859	33,541,139
<b>Total deferred tax asset</b>	<u>41,481,800</u>	<u>59,743,272</u>	<u>41,463,600</u>	<u>59,725,072</u>
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:				
Deferred tax liability	(9,507,899)	(11,030,627)	(9,507,899)	(11,030,627)
Deferred tax asset	41,481,800	59,743,272	41,463,600	59,725,072
<b>Total net deferred tax asset</b>	<u>31,973,901</u>	<u>48,712,645</u>	<u>31,955,701</u>	<u>48,694,445</u>
<b>Reconciliation of deferred tax asset</b>				
At beginning of year	48,712,645	59,655,416	48,694,445	59,638,616
Charge to profit or loss	<u>(16,738,744)</u>	<u>(10,942,771)</u>	<u>(16,738,744)</u>	<u>(10,944,171)</u>
	<u>31,973,901</u>	<u>48,712,645</u>	<u>31,955,701</u>	<u>48,694,445</u>
<b>11. Inventories</b>				
Consumables	<u>21,067,226</u>	<u>13,623,716</u>	<u>21,067,226</u>	<u>13,623,716</u>
<b>12. Cash and cash equivalents</b>				
Cash and cash equivalents consist of:				
Cash	608,488	1,292,556	608,488	1,292,556
Bank and short term bank deposits	228,292,572	15,312,172	51,636,095	313,758
Bank overdraft	-	(41,153,732)	-	(7,632,335)
	<u>228,901,060</u>	<u>(24,549,004)</u>	<u>52,244,583</u>	<u>(6,026,021)</u>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>12. Cash and cash equivalents (continued)</b>				
Current assets	228,901,060	16,604,728	52,244,583	1,606,314
Current liabilities	-	(41,153,732)	-	(7,632,335)
	<u>228,901,060</u>	<u>(24,549,004)</u>	<u>52,244,583</u>	<u>(6,026,021)</u>

### Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates:

<b>Credit rating</b>				
ABSA (A-1)	<u>228,292,572</u>	<u>19,544,230</u>	<u>51,636,095</u>	<u>4,545,816</u>

### Exposure to currency risk

Refer to note 3 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

A general deed of cession over trade receivables have been provided as security for the overdraft facility that was in place by year end.

The bank overdraft facility of a subsidiary company has been guaranteed by the South African Rugby Union.

### 13. Lease liabilities

#### Minimum lease payments due

- within one year	7,432,997	7,050,594	7,432,997	7,050,594
- in second to fifth year inclusive	36,328,626	44,672,061	36,328,626	44,672,061
- later than five years	13,929,828	16,479,903	13,929,828	16,479,903
	<u>57,691,451</u>	<u>68,202,558</u>	<u>57,691,451</u>	<u>68,202,558</u>
less: future finance charges	(13,249,544)	(20,585,100)	(13,249,544)	(20,585,100)
<b>Present value of minimum lease payments</b>	<u>44,441,907</u>	<u>47,617,458</u>	<u>44,441,907</u>	<u>47,617,458</u>

Non-current liabilities	40,528,157	44,947,187	40,528,157	44,947,187
Current liabilities	3,913,750	2,670,271	3,913,750	2,670,271
	<u>44,441,907</u>	<u>47,617,458</u>	<u>44,441,907</u>	<u>47,617,458</u>

It is group policy to lease certain property.

The average lease term was 5 years (2019: 5 years) and the average effective borrowing rate was 10% (2019: 10%).



	Group		Union	
	2020 R	2019 R	2020 R	2019 R

**14. Post employment healthcare benefits**

**Statement of Financial Position obligations for:**

Post employment healthcare benefits - Current portion	546,213	480,000	546,213	480,000
Post employment healthcare benefits - Non current portion	22,419,787	19,702,000	22,419,787	19,702,000
	<b>22,966,000</b>	<b>20,182,000</b>	<b>22,966,000</b>	<b>20,182,000</b>

**Post-employment healthcare benefits**

The Union participates in the Discovery Health Medical Scheme and the Sizwe Medical Fund. In terms of employment contracts, post retirement healthcare benefits are provided to certain employees who joined the Union before 1 July 2012 through continued subsidisation of a portion of the medical aid contribution of those employees, once they have retired. The number of employees on the scheme as at 31 December 2020 is 54 (2019: 54).

A full actuarial valuation was performed for the Union as at 31 December 2019, using the projected unit credit method. The valuation assumptions have remained the same for year ended 31 December 2020.

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

Opening net liability	20,182,000	17,671,000	20,182,000	17,671,000
Expenses	2,784,000	2,511,000	2,784,000	2,511,000
	<b>22,966,000</b>	<b>20,182,000</b>	<b>22,966,000</b>	<b>20,182,000</b>

**Movements for the year**

**The movement in profit or loss for the year:**

Current service cost	1,074,000	964,000	1,074,000	964,000
Interest cost	2,268,000	1,988,000	2,268,000	1,988,000
Benefits paid	(558,000)	(441,000)	(558,000)	(441,000)
	<b>2,784,000</b>	<b>2,511,000</b>	<b>2,784,000</b>	<b>2,511,000</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Union	
	2020 R	2019 R	2020 R	2019 R

### 14. Post employment healthcare benefits (continued)

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

	2020 R		2019 R	
	Decrease	Increase	Decrease	Increase
Effect on the aggregate of the current service cost and interest cost due to a 1% change in healthcare cost inflation	2,497,000	3,528,000	566,000	725,000
Effect on defined benefit obligation due to healthcare cost inflation	15,175,000	20,796,000	2,496,000	3,125,000
Effect on defined benefit obligation due to a change in the discount rate	20,852,000	15,171,000	3,181,000	2,500,000
Effect on defined benefit obligation due to a 1 year change in the expected retirement age	18,396,000	16,652,000	725,000	1,019,000

Key assumptions used

Health care inflation	9.50 %	9.50 %	9.50 %	9.50 %
Discount rate	11.40 %	11.40 %	11.40 %	11.40 %

### 15. Deferred income

Deferred income comprises the following:

Sponsorship	25,316,126	45,188,706	24,779,154	32,635,214
Broadcasting rights	22,069	11,225,677	22,069	11,225,677
Grants	14,651,449	5,556,165	14,651,449	5,556,165
World Rugby Grant	84,639,800	-	84,639,800	-
	<b>124,629,444</b>	<b>61,970,548</b>	<b>124,092,472</b>	<b>49,417,056</b>
Non-current liabilities	63,487,800	-	63,487,800	-
Current liabilities	61,141,644	61,970,549	60,604,672	49,417,057
	<b>124,629,444</b>	<b>61,970,549</b>	<b>124,092,472</b>	<b>49,417,057</b>

### 16. Ticket sales refundable

Tickets refunds	225,976,968	-	-	-
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Ticket refunds refers to monies received by the Group for the British & Irish Lions Tour to be held in South Africa during 2021. These monies may require refunding should the holder of such ticket not be permitted to attend these tour fixtures due to the cancellation thereof or the compliance to Covid-19 safety protocols. These funds are expected to be returned to ticket holders within the next 12 months.





	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>17. Trade and other payables</b>				
<b>Financial instruments:</b>				
Trade payables	70,408,484	23,312,699	69,608,987	18,922,520
SA Rugby Travel	52,502,334	8,723,401	-	-
Accrued expenses	18,080,595	35,654,116	18,023,047	34,147,266
Other payables	305,755	599,059	305,755	334,059
<b>Non-financial instruments:</b>				
VAT	33,216,537	1,417,925	-	1,419,215
	<b>174,513,705</b>	<b>69,707,200</b>	<b>87,937,789</b>	<b>54,823,060</b>

**Financial instrument and non-financial instrument components of trade and other payables**

At amortised cost	141,297,168	68,289,275	87,937,789	53,403,844
Non-financial instruments	33,216,537	1,417,925	-	1,419,215
	<b>174,513,705</b>	<b>69,707,200</b>	<b>87,937,789</b>	<b>54,823,059</b>

**Exposure to currency risk**

Refer to note 3: Financial instruments and financial risk management for details of currency risk management for trade payables.

Trade and other payables are all Rand denominated.

**Fair value of trade and other payables**

The fair value of trade and other payables approximates their carrying amounts.

**18. Retirement benefits - Rugby Pension Fund**

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

The last actuarial valuation of the defined benefit fund was performed on 31 December 2020, using the projected unit method.

	2020 R	2019 R
<b>Principal actuarial assumptions at the reporting date:</b>		
Discount rate	13.90%	11.20%
Inflation rate	8.30%	6.60%
Salary increase rate	9.30%	7.60%
Expected return on scheme's assets	13.90%	11.20%
Pension increase allowance	6.64%	5.28%

Mortality pre-retirement: None.

Mortality: post-retirement: PA(90) ultimate table rated down 2 years plus 1% improvement p.a.

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>18. Retirement benefits - Rugby Pension Fund (continued)</b>				
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	797,000	707,000	797,000	707,000
Current service cost	27,000	26,000	27,000	26,000
Member contributions	4,000	11,000	4,000	11,000
Interest cost	90,000	81,000	90,000	81,000
Expenses	(14,000)	(3,000)	(14,000)	(3,000)
Risk premiums	(6,000)	(4,000)	(6,000)	(4,000)
Actuarial gain	71,000	(21,000)	71,000	(21,000)
<b>At the end of the year</b>	<b>969,000</b>	<b>797,000</b>	<b>969,000</b>	<b>797,000</b>
<b>The movement in the fair value of the scheme's assets over the year is as follows:</b>				
Beginning of the year	1,322,000	1,100,000	1,322,000	1,100,000
Expected return on the scheme's assets	148,000	122,000	148,000	122,000
Actuarial loss	194,000	74,000	194,000	74,000
Expenses	(14,000)	(3,000)	(14,000)	(3,000)
Member contributions	4,000	11,000	4,000	11,000
Employer contributions	13,000	22,000	13,000	22,000
Risk premiums	(6,000)	(4,000)	(6,000)	(4,000)
<b>At the end of the year</b>	<b>1,661,000</b>	<b>1,322,000</b>	<b>1,661,000</b>	<b>1,322,000</b>
<b>Contributions as follows:</b>				
Member contributions	13,000	11,000	13,000	11,000
Employer contributions	25,000	22,000	25,000	22,000
Risk premiums	(7,000)	(4,000)	(7,000)	(4,000)
Expenses	(15,000)	(3,000)	(15,000)	(3,000)
	<b>16,000</b>	<b>26,000</b>	<b>16,000</b>	<b>26,000</b>
<b>The assets of The Rugby Pension Fund were invested as follows:</b>				
Cash	0.90%	0.50%	0.90%	0.50%
Equity	34.30%	36.30%	34.30%	36.30%
Bonds	34.50%	35.10%	34.50%	35.10%
Property	8.70%	7.20%	8.70%	7.20%
International	21.60%	20.60%	21.60%	20.60%
Other	-%	0.30%	-%	0.30%
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>18. Retirement benefits - Rugby Pension Fund (continued)</b>				
<b>The amounts not recognised in the statement of comprehensive income are as follows:</b>				
Current service cost	27,000	26,000	27,000	26,000
Net interest on defined benefit	(24,000)	(19,000)	(24,000)	(19,000)
	<u>3,000</u>	<u>7,000</u>	<u>3,000</u>	<u>7,000</u>

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

<b>Funded status</b>				
Defined benefit obligation	(969,000)	(797,000)	(969,000)	(797,000)
Asset at fair value	1,661,000	1,322,000	1,661,000	1,322,000
<b>Asset not recognised on the statement of financial position</b>	<u>692,000</u>	<u>525,000</u>	<u>692,000</u>	<u>525,000</u>

## 19. Revenue

The Group disaggregates revenue from customers as follows:

Springbok Supporters Club	17,328	3,236,572	-	-
Broadcasting rights	417,209,151	751,751,833	411,834,213	751,751,833
World Rugby Sevens Series event	41,261	80,311,047	41,261	80,311,047
Sponsorships	281,896,955	347,108,351	257,197,848	325,234,609
South African Heritage Trust	-	484,105	-	-
Away tests	-	8,495,891	-	8,495,891
Home tests	-	19,704,637	-	19,704,637
Merchandising royalties	11,298,889	24,135,207	11,298,889	24,135,207
SA Rugby Travel	-	60,572,472	-	-
	<u>710,463,584</u>	<u>1,295,800,115</u>	<u>680,372,211</u>	<u>1,209,633,224</u>

### Timing of revenue recognition

<b>At a point in time</b>				
Sale of product or service	<u>11,357,478</u>	<u>196,939,931</u>	<u>11,340,150</u>	<u>132,646,782</u>
<b>Over time</b>				
Sale of product or service	<u>699,106,106</u>	<u>1,098,860,184</u>	<u>669,032,061</u>	<u>1,076,986,442</u>
<b>Total revenue from contracts with customers</b>	<u>710,463,584</u>	<u>1,295,800,115</u>	<u>680,372,211</u>	<u>1,209,633,224</u>

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## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>20. Other operating income</b>				
Grants from World Rugby	76,319,211	105,183,836	76,319,211	105,183,836
Government grants	3,053,300	3,026,852	3,053,300	3,026,852
Grants - other	6,425,317	6,850,609	6,425,317	6,850,609
Insurance income	-	62,821,043	-	62,821,043
Other income	18,856,767	18,303,420	17,768,295	18,039,715
Profit on deconsolidation	11,963,838	-	-	-
	<b>116,618,433</b>	<b>196,185,760</b>	<b>103,566,123</b>	<b>195,922,055</b>
<b>21. Other operating losses</b>				
<b>Gains (losses) on disposals, scrappings and settlements</b>				
Property, plant and equipment	6,007	(1,028,044)	6,007	20,227
<b>Foreign exchange losses</b>				
Other	(9,933,741)	(498,806)	(9,933,741)	(482,961)
<b>Total other operating losses</b>	<b>(9,927,734)</b>	<b>(1,526,850)</b>	<b>(9,927,734)</b>	<b>(462,734)</b>
<b>22. Operating profit</b>				
Operating profit for the year is stated after charging (crediting) the following, amongst others:				
<b>Auditor's remuneration - external</b>				
Audit fees	1,605,900	1,515,000	1,435,240	1,354,000
Other services	1,476,154	1,578,340	330,035	789,170
	<b>3,082,054</b>	<b>3,093,340</b>	<b>1,765,275</b>	<b>2,143,170</b>
<b>Auditor's remuneration - internal</b>	<b>246,665</b>	<b>775,427</b>	<b>246,665</b>	<b>775,427</b>
<b>Remuneration, other than to employees</b>				
Legal expenses	5,616,603	6,487,124	3,965,094	6,487,125
Consulting fees	403,573	435,624	403,573	435,624
	<b>6,020,176</b>	<b>6,922,748</b>	<b>4,368,667</b>	<b>6,922,749</b>
<b>Employee costs</b>				
Salaries	177,234,550	205,414,492	174,654,843	402,372,596
<b>Leases</b>				
<b>Operating lease charges</b>				
Premises	1,610,774	1,409,157	635,768	733,725
Equipment	172,951	94,329	172,951	94,329
	<b>1,783,725</b>	<b>1,503,486</b>	<b>808,719</b>	<b>828,054</b>



	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>22. Operating profit (continued)</b>				
<b>Depreciation and amortisation</b>				
Depreciation of property, plant and equipment	3,496,871	3,618,039	2,747,434	3,239,216
Depreciation of right-of-use assets	5,438,313	5,433,806	5,438,313	5,433,806
Amortisation of intangible assets	3,841,958	2,276,504	3,841,958	2,276,504
<b>Total depreciation and amortisation</b>	<b>12,777,142</b>	<b>11,328,349</b>	<b>12,027,705</b>	<b>10,949,526</b>
<b>Operating expenses</b>				
Broadcasting right and other allocations to provinces	186,692,938	275,745,923	193,213,016	297,402,172
Commercial	240,259,782	408,061,107	206,422,655	347,705,873
Communications	17,031,448	29,810,169	17,031,448	29,810,169
Governance	3,735,450	7,538,640	3,735,450	7,538,640
Human Resources	9,367,389	11,865,432	9,367,389	11,865,432
Image rights and player insurance	55,642,399	98,091,277	55,642,399	98,091,277
Office of the CEO	15,188,923	23,121,275	15,188,923	22,924,986
Operations and finance	67,914,363	72,773,217	62,411,043	92,952,707
Referees	15,611,232	27,504,512	15,611,232	27,504,512
Rugby	172,653,286	372,638,022	172,653,286	372,638,022
SA Rugby Travel	3,007,393	58,985,982	-	-
Strategic Performance Management	14,131,193	28,055,449	14,131,193	28,055,449
World Rugby Sevens Series event	-	46,674,899	-	46,674,899
	<b>801,235,796</b>	<b>1,460,865,904</b>	<b>765,408,034</b>	<b>1,383,164,138</b>
<b>23. Finance income</b>				
<b>Interest income</b>				
<b>Investments in financial assets:</b>				
Bank and other cash	4,254,645	2,521,376	3,677,534	1,651,466
Provincial Unions	1,376,757	2,063,102	1,376,757	2,063,102
<b>Total finance income</b>	<b>5,631,402</b>	<b>4,584,478</b>	<b>5,054,291</b>	<b>3,714,568</b>
<b>24. Finance costs</b>				
Lease liabilities	4,056,686	4,328,860	4,056,686	4,328,860
Bank overdraft	772,562	1,967,281	772,562	1,805,279
<b>Total finance costs</b>	<b>4,829,248</b>	<b>6,296,141</b>	<b>4,829,248</b>	<b>6,134,139</b>

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	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>25. Income tax expense</b>				
<b>Major components of the tax expense</b>				
<b>Current</b>				
Local income tax - current period	-	27,067	-	-
<b>Deferred</b>				
Originating and reversing temporary differences	16,738,744	10,942,771	16,738,744	10,944,171
	<b>16,738,744</b>	<b>10,969,838</b>	<b>16,738,744</b>	<b>10,944,171</b>
<b>Reconciliation of the tax expense</b>				
Reconciliation between accounting profit and tax expense.				
Accounting profit	18,312,930	28,212,217	8,827,609	19,508,836
Tax at the applicable tax rate of 28% (2019: 28%)	5,127,620	7,899,421	2,471,731	5,462,474
<b>Tax effect of adjustments on taxable income</b>				
Deferred tax effect income	-	-	-	7,688,559
Other income	-	(2,206,862)	-	(2,206,862)
Deferred tax asset not recognised	10,130,817	5,277,279	9,436,831	-
Non-taxable income	(3,351,557)	-	(1,682)	-
Non-deductible expenses	4,831,864	-	4,831,864	-
	<b>16,738,744</b>	<b>10,969,838</b>	<b>16,738,744</b>	<b>10,944,171</b>



	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>26. Cash generated from operations</b>				
Profit before taxation	18,312,930	28,212,217	8,827,609	19,508,836
<b>Adjustments for:</b>				
Depreciation and amortisation	12,777,142	11,328,349	12,027,705	10,949,526
Profit on sale of property, plant and equipment	(6,007)	(20,227)	(6,007)	(20,227)
Income from equity accounted investments	(1,592,289)	(330,759)	-	-
Finance income	(5,631,402)	(4,584,478)	(5,054,291)	(3,714,568)
Finance costs	4,829,248	6,296,141	4,829,248	6,134,139
Value in kind intangible asset purchase	-	(11,193,795)	-	(11,193,795)
Movements in retirement benefit liabilities	2,784,000	2,511,000	2,784,000	2,511,000
Release of smoothing lease liability	-	4,328,860	-	4,328,860
<b>Changes in working capital:</b>				
Inventories	(7,443,510)	(7,911,279)	(7,443,510)	(7,911,279)
Trade and other receivables	(160,605,207)	45,967,585	(61,497,444)	82,384,485
Derivatives	-	1,793,337	-	1,793,337
Trade and other payables	104,806,503	(51,273,526)	33,114,729	(39,757,596)
Deferred income	62,658,895	16,824,990	74,675,415	4,271,498
Ticket sales refundable	225,976,968	-	-	-
	<b>256,867,271</b>	<b>41,948,415</b>	<b>62,257,454</b>	<b>69,284,216</b>
<b>27. Tax refunded (paid)</b>				
Current tax for the year recognised in profit or loss	-	(27,067)	-	-
Balance at end of the year	6,929	-	-	-
	<b>6,929</b>	<b>(27,067)</b>	<b>-</b>	<b>-</b>

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

### 28. Changes in liabilities arising from financing activities

#### Reconciliation of liabilities arising from financing activities - Group - 2020

	Opening balance	Interest	Interest repayment	Capital repayment	Closing balance
Loans from shareholders	-	4,056,686	(4,056,686)	-	-
Finance lease liabilities	47,617,458	-	-	(3,175,551)	44,441,907
<b>Total liabilities from financing activities</b>	<b>47,617,458</b>	<b>4,056,686</b>	<b>(4,056,686)</b>	<b>(3,175,551)</b>	<b>44,441,907</b>

#### Reconciliation of liabilities arising from financing activities - Group - 2019

	Opening balance	Additions	Interest	Interest repayment	Release of smoothing liability	Cash flows	Closing balance
Finance lease liabilities	-	44,828,901	4,328,860	(4,328,860)	4,328,860	(1,540,303)	47,617,458
<b>Total liabilities from financing activities</b>	<b>-</b>	<b>44,828,901</b>	<b>4,328,860</b>	<b>(4,328,860)</b>	<b>4,328,860</b>	<b>(1,540,303)</b>	<b>47,617,458</b>

#### Reconciliation of liabilities arising from financing activities - Union - 2020

	Opening balance	Interest	Interest repayment	Cash flows	Closing balance
Finance lease liabilities	47,617,458	4,056,686	(4,056,686)	(3,175,551)	44,441,907
<b>Total liabilities from financing activities</b>	<b>47,617,458</b>	<b>4,056,686</b>	<b>(4,056,686)</b>	<b>(3,175,551)</b>	<b>44,441,907</b>





**28. Changes in liabilities arising from financing activities (continued)**

**Reconciliation of liabilities arising from financing activities - Union - 2019**

	Opening balance	Additions	Interest	Interest repayment	Release of smoothing liability	Cash flows	Closing balance
Finance lease liabilities	-	44,828,901	4,328,860	(4,328,860)	4,328,860	(1,540,303)	47,617,458
	-	<b>44,828,901</b>	<b>4,328,860</b>	<b>(4,328,860)</b>	<b>4,328,860</b>	<b>(1,540,303)</b>	<b>47,617,458</b>
<b>Total liabilities from financing activities</b>	-	<b>44,828,901</b>	<b>4,328,860</b>	<b>(4,328,860)</b>	<b>4,328,860</b>	<b>(1,540,303)</b>	<b>47,617,458</b>

# SOUTH AFRICAN RUGBY UNION

Voluntary Association of persons

## NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>29. Related parties</b>				
Relationships				
Subsidiaries		Refer to note 7		
Associates		Refer to note 8		
Executive Council		Refer to Executive Council's Report		
<b>Related party balances</b>				
<b>Amounts receivables from provincial Unions</b>				
Included in trade and other receivables	5,885,545	8,649,176	5,885,545	8,649,176
<b>Loans receivable from provincial Unions</b>				
Included in other receivables	53,270,446	23,532,643	53,270,446	23,532,643
<b>Loan receivable from South African Rugby Heritage Trust</b>				
Included in trade and other receivables	-	-	22,720,718	22,720,718
Impairment provision raised	-	-	(22,720,718)	(22,720,718)
	-	-	-	-
<b>Amount recoverable from SA Super Rugby Proprietary Limited*</b>				
Included in trade and other receivables	45,160,772	-	45,160,772	45,160,772
Impairment provision raised	(45,160,772)	-	(45,160,772)	(45,160,772)
	-	-	-	-
* Control of SA Super Rugby Proprietary Limited was lost during the current financial year.				
<b>Related party transactions</b>				
<b>Distributions to Unions</b>				
Distribution of broadcasting rights to provinces	186,692,938	275,745,923	193,213,016	297,402,172
<b>Receipts from Unions</b>				
Home Test hosting fees	-	19,704,637	-	19,704,637



	Group		Union	
	2020 R	2019 R	2020 R	2019 R
<b>30. Executive Council Members' Remuneration</b>				
<b>Non-executive</b>				
Fees	2,809,881	3,408,792	2,809,881	3,408,792
Allowances	22,244	272,660	22,244	272,660
	<b>2,832,125</b>	<b>3,681,452</b>	<b>2,832,125</b>	<b>3,681,452</b>
<b>Executive</b>				
Salaries	5,777,402	6,555,198	5,777,402	6,555,198
Medical aid contributions	61,800	56,208	61,800	56,208
Pension fund contributions	483,668	861,173	483,668	861,173
	<b>6,322,870</b>	<b>7,472,579</b>	<b>6,322,870</b>	<b>7,472,579</b>

**31. Going concern**

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

**Impact of COVID-19:**

The continued presence of the COVID-19 pandemic may directly or indirectly impact the Union and Group's ability to continue as a going concern in material respects by interrupting revenue streams, business activities and operations. The further impact of this outbreak is unknown as at the date of issuance of these financial statements.

The Executive Council has the responsibility of assessing and concluding on the going concern of the Union and Group and have made the following plans to ensure the Union and Group continue operating as going concerns:

- The adoption of a rolling budget until such time that a breakeven budget can be presented for approval;
- Considering alternatives to cancellation or postponement of matches and events to ensure that content is delivered to key stakeholders;
- Broadcasting and key sponsorship properties have already been secured for 2021 and beyond ;
- Banking facilities, to meet the required operational needs, have been secured in the medium term with continuous review thereof;
- Management will continue to work towards an efficient and affordable cost base.

**32. Events after the reporting period**

Liquidation of SA Super Rugby Proprietary Limited

A subsidiary, SA Super Rugby Proprietary Limited with registration number 2013/202870/07, was placed under Liquidation by order of the Eastern Cape High Court on 5 October 2020. The subsidiary was deconsolidated from the Group financial statements at this point. A liquidator was appointed on 27 January 2021.

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

## **NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

### **33. Contingent liabilities – British and Irish Lions Tour 2021**

Lions Tour to South Africa Designated Activity Company Limited (herein referred to as the company), is an Ireland based company with joint ownership by the South African Rugby Union and the British & Irish Lions Designated Activity Company Limited.

The company was established to manage, control, direct and administer the exploitation of the commercial rights in relation to the British and Irish Lions Tour scheduled to take place in South Africa during 2021. The South African Rugby Union, as an equal shareholder, shall procure that the business of the company shall exclusively be as outlined above. The business shall be managed from the Republic of Ireland. Furthermore, each shareholder shall use its reasonable endeavours to promote and develop the business to the best advantage of the company.

The South African Rugby Union shall from time to time be required to provide parent company assurances (guarantees), in pursuance of advancing the business of the company. Assurances shall only be provided, on a case by case basis, after careful consideration of the financial risks associated with those assurances.

As at the date of this report, assurances to the value of £16 500 000 were provided to third parties for which the South African Rugby Union and the British & Irish Lions Designated Activity Company Limited are jointly and severally liable. Management is of the view that the financial risk of such assurances are mitigated through a combination of event cancellation insurance and guaranteed tournament revenue.

Marvin Orié reaches high to take a lineout for the Gold team in the Castle Lager Springbok Showdown at DHL Newlands in Cape Town, with JD Schickerling and Duane Vermeulen (on the left) plotting the Green team's next move.





# RUGBY DEPARTMENT

The global COVID-19 pandemic had a crippling effect on sport and society – and rugby in South Africa was not spared.



Frans Steyn being chased by Vincent Tshituka in the Castle Lager Springbok Showdown at DHL Newlands.



**D**UE to the pandemic, the Rugby Department had to think of innovative ways in keeping their activities going, from junior rugby, all the way up to the Springboks, and including medical – which had a very challenging year in 2020 – referees, and technical.

It was however on the world stage where the effects of the pandemic were especially damaging, with the Springboks, Springbok Women, Junior Springboks and the SA Schools teams all unable to compete against international opposition, while the Blitzboks' season was also cut short after just six tournaments in the 2019/20 HSBC World Rugby Sevens Series.

### SPRINGBOKS STILL ACTIVE DESPITE NO TEST RUGBY IN DISRUPTED 2020

The COVID-19 pandemic resulted in the unprecedented move of SA Rugby withdrawing the Springboks from Test rugby for the entire 2020 international season, a year in which they should have shown the Rugby World Cup victory in Japan in 2019 was no fluke.

It saw Vodacom Super Rugby halted after just six rounds, with the Cell C Sharks in good form as they led the South African Conference and the overall points table. Suddenly the four local franchises – as well as the two playing in the Guinness PRO14 – were grounded when lockdown interrupted all sporting activities.

When action resumed later in the year in the form of Vodacom Super Rugby Unlocked and the Carling Currie Cup, it was the Vodacom Bulls who



Springbok scrumhalf Herschel Jantjies hands over a food parcel as part of the #Stronger-Together for R32-12 campaign.



# A new pathway was charted for Women's rugby in South Africa, with the code elevated to the second most important strategic priority by SA Rugby



had managed to transform their fortunes, playing style and squad to win both competitions.

SA Rugby Director of Rugby, Rassie Erasmus, in partnership with Springbok coach Jacques Nienaber and assistant coaches Mzwandile Stick and Deon Davids, picked two national teams – Green and Gold – for a once-off ‘Test’ named the Castle Lager Springbok Showdown, to restart the season at DHL Newlands on Saturday, 3 October.

The teams featured some of the best players in the country, including 13 Rugby World Cup-winning Springboks, who prepared in separate bio-bubble environments in Cape Town with the support of 16 Young Guns, drawn largely from the ranks of the Junior Springboks.

It was the Green squad who turned on Test-style rugby to come away with a 25-9 victory and bragging rights over Springbok Gold as SA Rugby took another step towards full competitive action.

Not long after the Springbok Showdown, SA Rugby was reluctantly forced to withdraw the Springboks from the 2020 Castle Lager Rugby Championship due to the on-going complications related to the pandemic and concerns about seriously jeopardising player welfare, in consultation with MyPlayers – the players’ representative body, who fully supported the decision.

Despite the non-action of the Springboks, there were still plenty of Bok activities off-field such as the one-year celebration of the 2019 RWC triumph, the pools draw for the 2023 Rugby World Cup in France, and the Springboks’ #StrongerTogether fundraising campaign.

## **SA RUGBY ELEVATE WOMEN'S RUGBY TO NUMBER TWO STRATEGIC PRIORITY**

A new pathway was charted for Women's rugby in South Africa, with the code elevated to the second most important strategic priority by SA Rugby, while the Springbok Women also learnt the identity of their Rugby World Cup tournament opponents before the tournament was pushed back by a year due to the pandemic.

The pandemic had a severe impact on women's rugby in the 2020 season which saw all women's rugby action – locally and on the international stage – cancelled.

Despite this, SA Rugby made robust progress in



the women's game and appointed Lynne Cantwell, a former Irish international and five-time World Cup campaigner, as Women's High Performance Manager.

As a result of the pandemic, the Springbok Women were unable to defend their Rugby Africa title, while the RWC scheduled to take place in New Zealand in 2021, was eventually postponed until 2022. South Africa were drawn with England, France and debutantes Fiji in Pool C of the 2021 RWC.

Stanley Raubenheimer (head coach) and his coaching staff took to online platforms to stay in contact with players to support them with their strength and conditioning, player welfare and wellness.

A valuable addition to the management team was the appointment of Dr Bianca Joseph, who will perform the role as performance coach until after the RWC.

Looking forward, SA Rugby will aim to continue to build the performance-focused foundations in the Women's national team as they prepare for the RWC in 2022. On the back of their three-month full-time camp in Stellenbosch, the national players are set to face provincial action later in 2021, with a number of Tests also part of the planning before the end of the year.

Springbok Women's prop Babalwa Latsha was named among 12 leading women in rugby on the African continent as Rugby Africa unveiled its list of *#Unstoppables*.

### **BLITZBOKS CELEBRATE INTERRUPTED 2020 SEASON WITH SILVER MEDAL**

The physical handover of their 2019/20 HSBC World Rugby Sevens Series silver medals gave the Springbok Sevens team some closure and finality on the season that was, as they started preparing for the 2021 series and the Tokyo Olympic Games.

According to Neil Powell, Blitzboks head coach, the second-placed finish was a good reflection on the good work done by the squad during the season, which saw them winning the Dubai and Los Angeles events and finish runners-up in Cape Town and Sydney.

The 2019/20 season saw them maintaining a 76% winning record, with 25 of their 33 matches in six tournaments ending in victories, while they lost seven and drew one. They scored an average of 23 points and four tries per match and made an



average of 13 tackles per game.

Selvyn Davids and JC Pretorius were both honoured for their superb play during the shortened season when the duo was named in the 2020 HSBC World Rugby Sevens Series Dream Team.

The Cape Town leg of the HSBC World Rugby Sevens Series – scheduled for 4-6 December 2020 – was cancelled due to the pandemic.

### **MEDICAL DEPARTMENT PLAYED KEY ROLE IN COVID-19 GUIDANCE**

The SA Rugby Medical Department played a central role in providing guidance for rugby during the COVID-19 pandemic.

The department worked closely with colleagues

Jubilation for the Blitzboks when they claimed the Los Angeles Sevens title in the USA.



around the world and local experts to develop return-to-train-and-play guidelines for the amateur and professional game, guidelines that managed the hosting of professional rugby during the pandemic, and medical guidelines to ensure a safe return to participation if a player had contracted COVID-19.

One focus area was to ensure the provision of health, welfare and safety interventions based on scientifically acceptable and best practice evidence to the provinces, franchises and national teams' medical staff.

SA Rugby hosted two *World Rugby Level 3 Advanced Immediate Care in Rugby (AICIR)* courses in 2020, where 33 local medical staff were

trained. Our AICIR Level 3 training faculty has five medical educators.

The *Injury and Illness Surveillance and Prevention Project* for the Carling Currie Cup also continued the past year and was extended to Vodacom Super Rugby Unlocked. The collated data will be analysed with a view to ensure we provide a safe playing environment for players. The 2014-2019 data was published in the respected *South African Journal of Sports Medicine* peer review journal.

SA Rugby also collaborated with the research group from SEMLI lab at the University of Pretoria and participated in the AWARE Study project *Athletes With Acute Respiratory Infection* following COVID-19. This data will ultimately assist doctors



in their clinical decision-making regarding returning players back to training.

Furthermore, SA Rugby was involved in two further publications that addressed changes brought upon by the pandemic. These were: *A Team Sport Risk Exposure Framework to Support the Return to Sport*; and *Medical Care and first aid: an Inter-association consensus framework for organised non-elite sport during the COVID-19 pandemic*, both of which were published in the *British Journal of Sports Medicine*.

SA Rugby also collaborated with World Rugby and Bath University on a research project to study the contribution of in-game fatigue and the use of replacements to injury risk in professional rugby.

The SA Rugby medical department also serves on the Developing Nations and World Rugby Anti-Doping advisory groups.

Despite the challenges of COVID-19, nutritional consultations with players continued virtually, which allowed a wider reach to our national players throughout the year. Nutrition at Springbok level evolved with the introduction of a mobile app to track their nutrition intakes, allowing for the players and dietitian to jointly monitor and support nutrition goals while in quarantine.

As part of the medical team, the collaboration of a dietitian in injury management of Springbok play-

ers allowed for all-inclusive support to our national talent. The two dietitians presented webinars to provide practical advice to school coaches and parents of young players, national panel referees and to provincial unions requesting additional nutrition support.

The Women's conditioning camp was the first opportunity for our female rugby players to get one-on-one consultations with a dietitian. Group nutritional counselling and nutritional support during training sessions allowed for players to realize the link of nutrition in support of their preparation for the Women's Rugby World Cup.

### **BOKSMART SECURE SPONSORSHIP FOR CERTIFICATION SOFTWARE**

BokSmart surpassed the 100,000 people certified mark amid challenging circumstances in 2020 – or exactly 101,445 since its launch in 2009 – for a grand total of 162,408 course completions in over a decade of working towards a safer game for all involved.

Altogether 9,397 coaches and referees were trained and BokSmart Certified by attending BokSmart Cycle 6 courses early in 2020. From 16 March 2020, all standard BokSmart operational activities were shut down due to the COVID-19 pandemic.

As a result, a one-year regulation extension on BokSmart Certifications was granted to all affected coaches and referees. Despite the disruption, the programme still managed to secure a four-year sponsorship deal from SportsCap, for developing our BokSmart Certification Software Ecosystem.

SportsCap is now the Official Software Partner of BokSmart and is helping us move into the digital space where people will have access to online certifications. One of these platforms is the MyBokSmart platform (<https://My.BokSmart.Com>), which will become the main source of interaction between BokSmart and the end-user experience. With this expansion of the programme, medical professionals will also gain access to BokSmart Certifications.

Four scientific papers and reports were published in local and international medical journals in 2020. BokSmart fur-



Springbok  
physiotherapist Rene  
Naylor in her Personal  
Protective Equipment  
during the Castle Lager  
Springbok Showdown -  
a sight on the sidelines  
that became the norm  
in 2020.





thermore crossed the ‘50 papers published’ mark in 2020 and are immensely proud of the research teams’ achievement.

In 2020, a license agreement was signed between SA Rugby and the Ghana Rugby Union, enabling them to use and cobrand any relevant BokSmart materials for use in their country, as part of their “EagleWise – Safety Through Wisdom” programme.

### EPD programme forges ahead despite COVID-19 DISRUPTION

Junior Springbok assistant coach Bafana Nhleko and his SA Schools counterparts wrapped up a productive series of Elite Player Development (EPD) webinars with schools coaches from across the country in August 2020.

With the COVID-19 pandemic forcing the cancellation of all planned EPD camps, these webinars offered SA Rugby’s junior coaches the opportunity to share their blueprint with the schools’ coaches. Nhleko was joined by SA Schools coach Lance Sendin and SA Schools A coach Wessel du Ples-

sis, as well as their respective assistant coaches, Cobus van Dyk and Katleho Lynch.

They participated in a string of webinars with the U16 and U18 SA Rugby Youth Week coaches and schools’ coaches to outline the fundamental skills required at age-group international level.

The key focus area of EPD 3 is on the U19 and U20 players and here the aim is to identify, assess, intervene and monitor players for Junior Springboks and Players of National Interest (PONI) group.

The SA Rugby Academy is made possible through the collaboration between Remgro (via SAS), SuperSport, SA Rugby and The Rugby Educational Foundation. The 2020 Academy programme started in February and consisted of four alignment camps.

Five players were nominated to attend the SAS Rugby International Institute (SASRII) while another five enrolled in the SAS Rugby Sevens Academy (between January and June 2020). SASRII is an international-based, five-month, high performance rugby programme.



The SA Rugby Under-21 Championship, held in a bubble environment in Johannesburg, delivered high action throughout.

Unfortunately, due to the impact of the COVID-19 pandemic and Government regulations, the Academy programme was halted. During lockdown a squad of 50 U19 players were picked, mainly players who came through the EPD programme and 2019 SA Schools teams.

Virtual groups were created for communication and all the players were loaded onto Kitmans to monitor their daily welfare and progress.

From 1 June 2020, the U18 players moved from the EPD 2 programme over to EPD 3, where top 45 U18s were identified by the SA Schools coaches and EPD 2 management. The SA U20 management couldn't meet up with the U19 players, however, regular visits are set for 2021, budget permitting.

### **WEBINARS NAME OF THE GAME AS PANDEMIC BLOWS WHISTLE ON REFEREE ACTIVITIES**

Before lockdown, South Africa's leading referee, Jaco Peyper, was appointed to officiate the Guinness Six Nations clash between England and Ireland in London. Marius Jonker was scheduled for duty in two matches as TMO, the England versus Ireland clash and the England against Wales fixture.

Aimee Barrett-Theron received two international ref appointments in the Women's Six Nations.

She was due to handle the France versus England match in Paris and also Ireland's game against Wales. These matches were suspended due to the pandemic, which resulted in no travelling for the two referees.

Locally, to compensate for the enforced lack of normal meetings, weekly webinars were installed to continue match reviews (TMO and assistant refereeing) and also alignment on Law applications.

The Laws of the Game, produced and published in association with OutSurance, was updated and distributed locally in digital format.

### **PANDEMIC FORCES A RETHINK OF TRAINING AND EDUCATION DELIVERY PROGRAMME**

The pandemic necessitated a re-design and restructuring of the delivery of our Training and Educational operational activities in 2020.

Online initiatives became the new norm for engaging and interacting and this also culminated in a review of the approach to our training and edu-

cation system. The result was a total of 40 online events hosted to compensate for the cancellation of face-to-face meetings and workshops.

During the past year the Training and Education department staged the following activities:

- › **RCC & PPC Workshop:** 1-5 March (Cape Town)
- › **HP coaching sessions:** 1-29 April (14 online sessions)
- › **RCC CPD Sessions:** 27-22 July (10 online sessions)
- › **Coaching educators' sessions:** 2 September to 4 November (online)
- › **RCC review sessions:** 24 November to 15 December (online)
- › **SRSA Elite coaches project:** 23 November (online)

Looking towards 2021, we aim to review the Training and Education funding model and further interrogate the workforce support and mentoring structures.

We need to develop our accredited online learning resources further to satisfy the growing need, especially during these difficult times. Our future aim is a specialist skills and capacity development programme focusing on the in-house HP coaches.

### **KITMANS PARTNERSHIP SEE ROLL OUT OF BLUEPRINT FOR INJURY ASSESSMENTS**

Our strategic partnership with Kitmans Lab saw the realisation of a cohesive blueprint for player injury assessment, driven by the medical department in collaboration with the local professional teams.

All teams have two-year access to the analytics platform. The technical department also provided technical support in game analytics, coaching support and collation of player performance data.

Meanwhile, the partnership with Mobii saw the redevelopment of the SA Rugby website, the home of South African rugby on the internet.

With the integration of key match and team information through analytics, the aim is to provide South African rugby supporters with an enjoyable digital rugby experience, ultimately monetising the concept. Phase one is set for 2021, budget permitting.

Mobii is a team sport diagnostic analytics and media platform that combines next-level video processing technologies with a sophisticated data model.



# STRATEGIC PERFORMANCE MANAGEMENT

**The COVID-19 pandemic impacted significantly on both the amateur and professional game in South Africa during the 2020 season.**

**W**ITH the introduction of the national lockdown and strict social distancing measures, rugby and all other sporting codes were halted, and the game's sources of revenue were cut off. At the time of publication, the last club, schools, and semi-professional rugby was played in 2019.

The impact this had on the growth of rugby has been devastating, and we project that it will take years to recover from the effects it will have on the foundation of the game.

Despite the many challenges posed by COVID-19 throughout 2020, SA Rugby's Strategic Performance Management Department made noteworthy strides with the ultimate objective of creating an accessible, equitable, sustainable, competitive and demographically representative sport system.

2020/2021 marked the second year of the first cycle of the transformation audit as per the Strategic Transformation Development Plan 2030 (STDP2030), which was conducted across all the provincial unions, their commercial entities and SA Rugby. The year 2021 will see the next cycle of self-determined targets being set to narrow the gap towards 2030.

The STDP2030 – launched in 2019 – represents a concrete strategy for SA Rugby, its member unions and their commercial companies to improve transformation and achieve its self-determined targets over a rolling 12-year period as set out as a requirement by the EPG (Eminent Persons Group).







Wandisile Simelane of the Green team gets hauled in by Gold captain Lukhanyo Am during the Castle Lager Springbok Showdown in Cape Town in October.



### STDP 2030

A series of significant steps were initiated and concluded as part of the STDP2030, which includes the following:

1. Concluding memorandum of agreements and provincial performance agreements with all provincial unions and their commercial companies
2. Self-determined targets
3. Approval of the Incentive Policy
4. SA Rugby Audits successfully conducted
5. Monitor, evaluate and report
6. Transformation advisory panel appointed with an independent chairperson



Godlen Masimla of DHL Western Province clears the line in their Carling Currie Cup clash with the Vodacom Bulls in Pretoria.

### EPG PROVINCIAL AND NATIONAL DATA

The purpose of the barometre is to bring about collective accountability within SA Rugby structures to promote a more informed strategic and progressive approach to transformation to trigger change.

The barometre outcome submitted for 2020/2021 shows an unverified outcome of 87% which compares well with the 97% achievement for 2019/2020 –far exceeding the 50% required to achieve a barometre pass.

In terms of the MoA signed with all the provincial unions, as well as the incentive policy approved on 27 August 2019, unions have good reason to work hard to satisfactorily deliver on 60% of its self-determined targets and agreed undertakings.

In terms of the MoA, SA Rugby may – subject to the exhaustion of the processes indicated in the policy – implement disincentives for failure to achieve provincial targets. Similarly, in the event that provinces meet or exceed national targets,

SA Rugby may implement the incentives section of the policy.

The outcome of the 2020/2021 audits, which were conducted in February 2021, will show a repeat of the 2019/2020 audits. All unions passed the set requirements, which is pleasing during these difficult times.

Stedman Gans not only captained the Blitzboks to victory at the HSBC Los Angeles Sevens, but was also named Springbok Sevens Player of the Year for 2020.



### EPG NATIONAL BAROMETRE

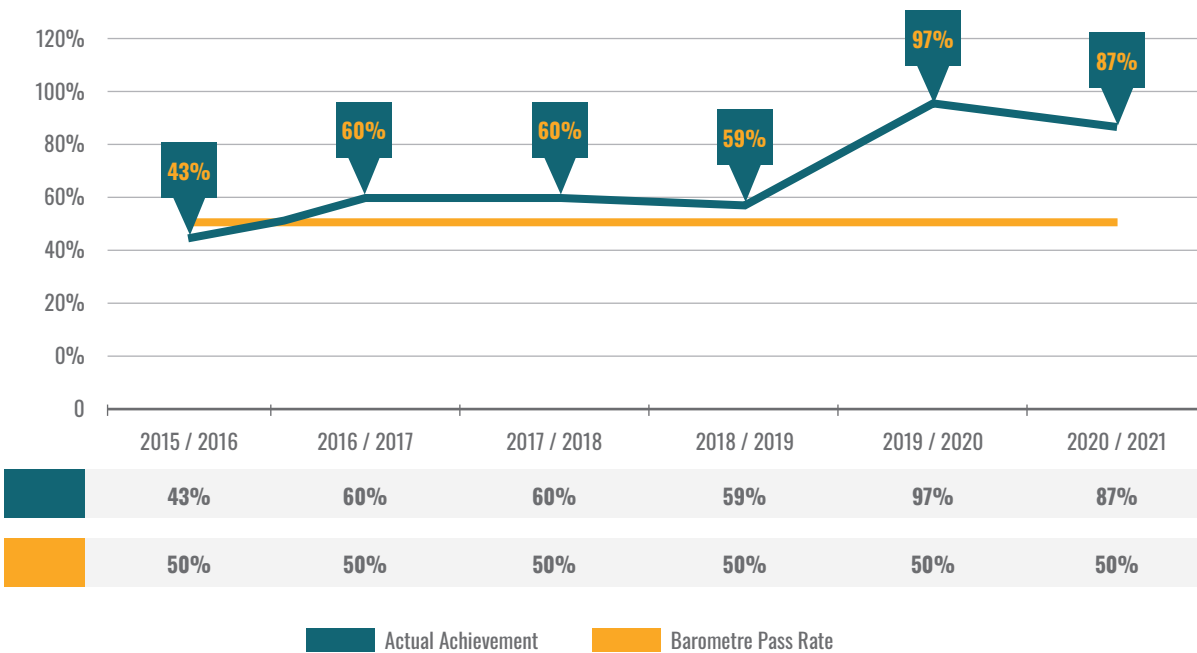
The EPG National barometre is our map toward 2030 and reflects the self-determined targets agreed upon with the EPG, DSAC and SASCO.

Non-achievement of 50% or more of the self-determined targets may result in the imposition of one or more of the following penalties by the Minister:

- Revoking authority to bid for or stage an international tournament locally.
- Suspension or withdrawal of funding or support from the government.
- Withdrawal of opportunity to award national colours.
- Withdrawal of recognition as a national federation, in terms of the National Sports Act.

The diagram below indicates the overall % achievement of the 43 categories signed off with government. Although it shows a minor decline in the EPG national barometre performance, it remains consistent with the 2019/2020 performance, which is commendable, especially during the COVID-19 pandemic.

### EPG NATIONAL BAROMETRE OUTCOME 2015 / 2016 - 2020 / 2021



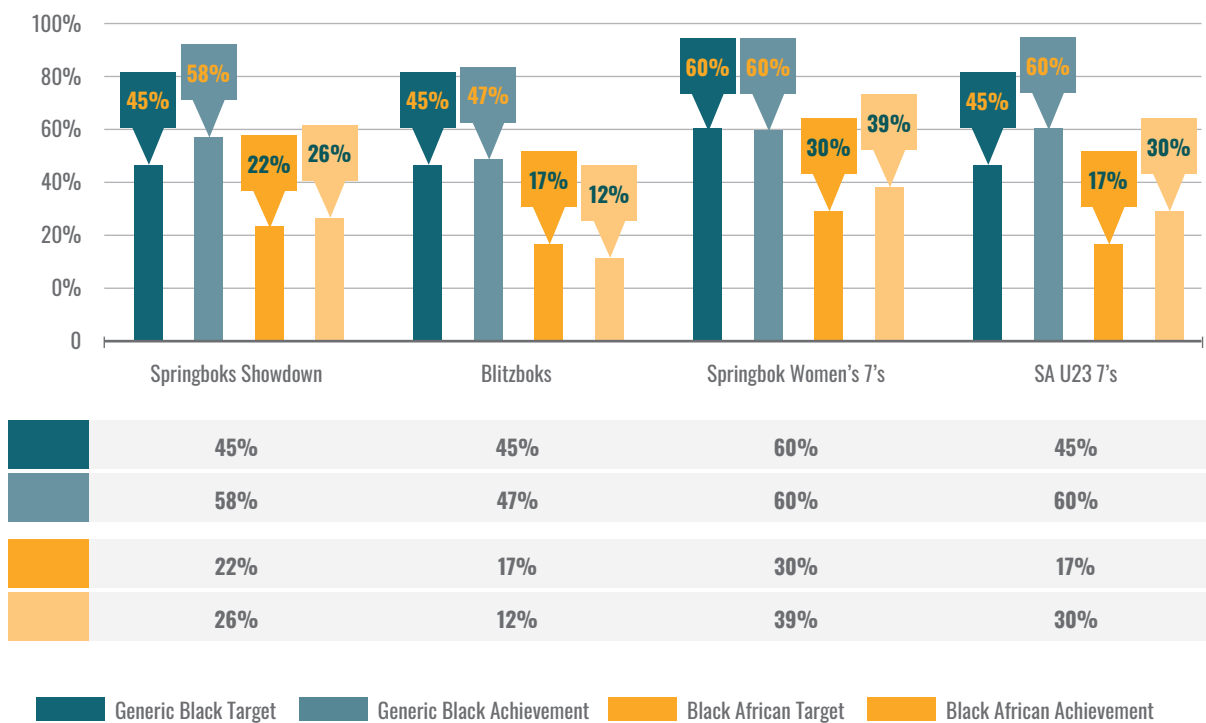


## NATIONAL TEAMS

Due to the cancellation of several tournaments and international matches as a result of the COVID-19 pandemic, there was a decrease in activity by the national teams. However, their achievements, as well as the commitment and attitude to transformation by the national coaches were once again commendable.

The following diagrams illustrate the demographic performances of all the national teams – male and female – measured against generic black and black African targets respectively.

## NATIONAL TEAMS TARGETS VS ACHIEVEMENT



The fact that 58% of the players in both teams that participated in the Castle Lager Springbok Showdown were generic black indicates that more black players are receiving opportunities at provincial level.

The Cell C Sharks were runners up in the Carling Currie Cup, but performed the best when it came to transformation targets.

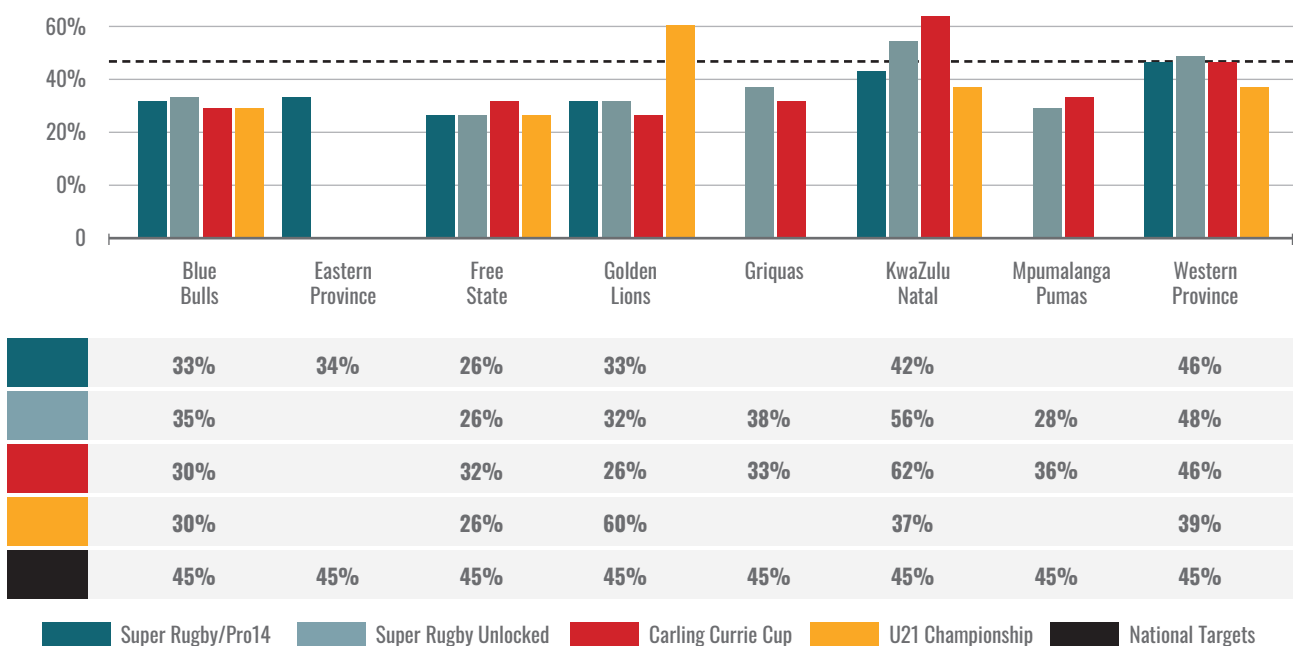


## PROVINCIAL UNIONS

The performances of the Provincial Unions are not measured against the national targets but rather against their own self-determined targets. However, in the event that provinces meet or exceed 60% of the national targets, which was agreed with the EPG in the National Transformation Performance Agreement; SA Rugby may implement the incentives as part of the policy.

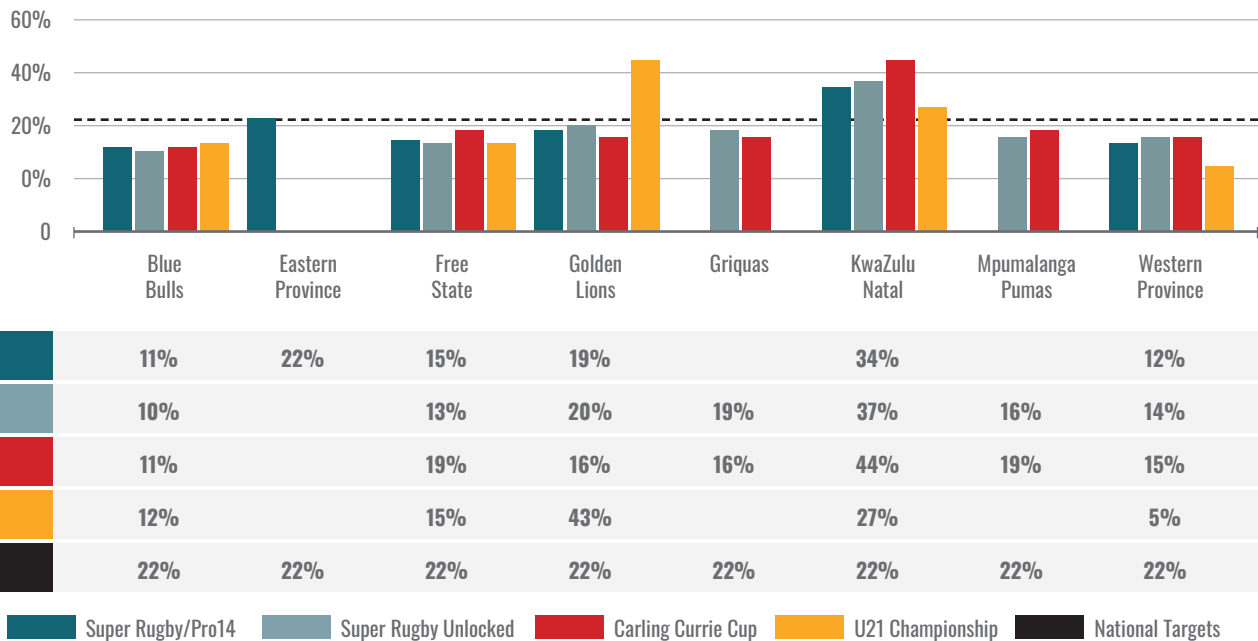
Continually advancing as part of a journey towards better representation is very important, with a long-term end-goal in sight, and the unions realise there is a need to improve their team demographics.

## PROVINCIAL TEAMS GENERIC BLACK ACHIEVEMENT VS NATIONAL TARGETS





## PROVINCIAL TEAMS BLACK AFRICAN ACHIEVEMENT VS NATIONAL TARGETS



Looking at the correlation between on-field and transformation performance, it was clear to see that well-transformed sides still performed very well.

### 2021 CONTRACTED PLAYERS AT SA RUGBY AND PROVINCIAL UNIONS

Contracting players was not as straight-forward in 2020 as under normal circumstances, due to the pandemic, and all the provinces realise that player contracting is a prominent contributing factor to meeting their self-determined transformation targets.

Contracting strategies are changing at provincial level with the first cycle of the 2030 Strategic Transformation Development Plan completed, and we acknowledge work needs to be done at professional and developmental level.

### TRANSFORMATION AND DEVELOPMENT

The COVID-19 pandemic has had numerous consequences on the rugby industry. The initial focus was geared towards assessing the loss of income. In due course it will also be important to consider the possible impact on transformation and development.

Return to train and play feedback also suggests that COVID-19 may have a different impact on contact sports, such as rugby, which can be illustrated by the example that only 74 of the 214 clubs reported at the Boland Rugby Union applied to return to training and play. A similar trend was

The experienced Deon Davids was appointed as one of the Springbok assistant coaches in 2020.



noted at other provincial unions.

The EPG numbers for 2019 and 2020 will be measured, as well as all the latest figures received from the provincial unions to understand the true impact on player numbers at participating clubs, schools and other entities. It is our responsibility to ensure that as many people as possible remain active in our sport, particularly in terms of the EPG figures.

### SCHOOLS

While these are unprecedented times the shutdown of the schools' rugby system poses a serious threat for SA Rugby and the provincial unions, as that is the foundation of our elite player pipeline – which is regarded as one of the best in the world.

Schools are the cornerstone of SA Rugby's development structures, and they serve a vital role in enhancing transformation and providing opportunities for players to make their presence felt against the best talent in their age groups.

The enormity of their impact is illustrated by the numbers in the table below:

2020 SCHOOLS	Number of Rugby Playing Schools & Participants
Number of Participating Primary Schools	3941
Number of Participating Senior Schools	2804
Total Number of Primary school participants (Boys and Girls)	247 779
Total Number of Senior school participants (Boys and Girls)	151 756

At the time of writing the report, a decision was made that schools rugby could resume matches on 23 April 2021, following the integrated approach strategy as per SA Rugby guidelines.

The decision by SA Rugby was made with the best interest of players safety in mind. These protocols were designed based on medical evidence with the purpose of ensuring that the players' bodies are ready to cope with the impact of full contact and to keep injuries to a minimum.

While this achieved the objective of ensuring the safety of the players and team management, the long-term effects of the players missing out on this vital development opportunity are expected to be felt in years to come.

It would be remiss of SA Rugby to allow the excitement of returning to play to overshadow player safety. Any schools and clubs that defy these protocols will do so at their own risk.

Given the fluid nature of the pandemic, provision was made for the decision to be reversed immediately in the event of a third COVID-19 wave.

### WOMEN'S RUGBY

The COVID-19 pandemic had an immense impact on women's rugby, especially with the Rugby World Cup set to take place in New Zealand in 2021, as all plans and competitions as set out by the Director of Rugby had to be halted.

The tournament was subsequently postponed



to 2022, although the additional time the team will have to prepare within the high-performance structures is expected to benefit the Springbok Women with an eye on delivering a competitive display in the international showpiece.

The highlights of the season were the world-class appointment of former Ireland women's captain, Lynne Cantwell, as SA Rugby's first High-Performance Manager for Women's rugby, and the formation of an active Women's Rugby Committee comprising all the provincial unions.

By the end of 2020 there were 3421 women's players in South Africa – although 2019 marked the last time women's rugby was played due to COVID-19.

It remains to be seen what impact the pandemic will have on the verified player numbers following the pandemic.

#### **OUTSOURCED PROGRAMMES: GET INTO RUGBY & VUKA**

COVID-19 proved to be a big stumbling block in terms of outsourced development initiatives and other development programmes under the auspices of the provincial unions.

Unfortunately, budgetary constraints have resulted in the halting of financial support to these programmes, which play a vital role in growing the game, especially at non-traditional rugby schools.

The long-term impact is still not known, however, the fact that 1000 non-traditional rugby schools and 230 000 boys and girls - with a 50/50 gender split - were introduced to rugby in 2019 and in 2020, is a cause for concern with an eye on growing the game.

The department remains positive that both





Happiness for the Green team as they beat the Gold side in the Castle Lager Springbok Showdown in Cape Town.

programmes will continue in 2021, especially since funding was sourced through DSAC, World Rugby and a commercial sponsor before the Department of Basic Education issued a Gazette permitting contact sport to continue. In addition, the development of a strategy to source additional funding for the Vuka programme was underway at the time of writing this report, while the GIR programme was ready to be rolled out.

#### **B-BBEE**

While COVID-19 has been affecting businesses globally, its impact on the broad-based Black Economic Empowerment (BEE) status of local businesses is unique to South Africa.

The BEE Commission confirmed that the B-BBEE Act remained applicable during the lockdown

period and all Measured Entities were required to comply with all requirements despite the impact of COVID-19.

B-BBEE is a strategic focus point and risk for SA Rugby, as compliance is not only a regulatory requirement but also a requirement by sponsors and industry bodies wishing to do business with the organisation.

It is imperative to maintain a minimum standard of B-BBEE level 4 status, however, SA Rugby proudly achieved a level 3 status in the latest verification.

This is also required from the provincial unions – most of whom showed significant progress and improvement in this regard in 2020. It is also a requirement that the commercial companies achieve a minimum of Level 4.



At the time of the report the status of all the entities were as follow:

Union / Commercial Entity	Level	Classification	Expiry Date	Comment
SA Rugby	Level 3	Generic	05/08/2021	
Blue Bulls Company (Pty) Ltd	Level 4	Generic	30/05/2021	
Blue Bulls Rugby Union	Level 2	QSE	21/06/2021	
Boland Rugby (Pty) Ltd	Level 2	QSE	30/03/2022	
Boland Rugby Union	Level 2	QSE	30/03/2022	
Border Rugby Union	Level 1	QSE	27/10/2021	
Eastern Province Rugby Union	Level 2	QSE	04/08/2021	
Free State Rugby Union	Level 4	EME	29/03/2022	
Free State (Pty) Ltd	Level 8	Generic	30/03/2022	
Golden Lions Rugby Union	Level 2	EME	15/01/2022	
Lions Rugby Company Pty Ltd		No Verification Done		No Valid certificate at time of reporting. In process letter received.
Griffons (Pty) Ltd	Level 2	QSE	14 /09/2021	
Griffons Rugby Union	Level 2	EME	31/05/2021	
Griquas Rugby Union & Griqualand West Pty Ltd	Level 2	QSE	11/10/2021	
Kwa-Zulu Natal Rugby Union	Level 2	QSE	22/11/2021	
The Sharks (Pty) Ltd	Level 7	Generic	01/03/2021	No Valid certificate at time of reporting. In process letter received.
Leopards Rugby Union	Level 4	EME	02/02/2022	
Leopards (Pty) Ltd	Level 4	EME	02/02/2022	
Mpumalanga Rugby Union	Level 4	EME	09/02/2022	
Mpumalanga (Pty) Ltd		No Verification Done		No Valid certificate at time of reporting. In process letter received.
SWD Rugby Football Union	Level 1	QSE	14/07/2021	
Valke Rugby Union	Level 4	EME	15/08/2021	
Valke Commercial (Pty) Ltd	Level 4	EME	01/03/2022	
Western Province Rugby Football Union	Level 1	QSE	30/05/2021	
Western Province Professional Rugby (Pty) Ltd	NC	Generic	30/07/2020	No Valid certificate at time of reporting. In process letter received.

## SKILLS DEVELOPMENT

### › ClubWise

The SA Rugby ClubWise programme – which is an approved Cathsseta (the Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority) NQF Level 5 approved course – was unfortunately cancelled in 2020 due to the Industrial Savings Plan and COVID-19 restrictions.

The course – which is the first of its kind in rugby club administration – is aimed at up-skilling rugby club administrators in order to sustain and grow the game at the grassroots level.

The department, however, remains confident that the programme will resume in 2021 to ensure that the next generation of club administrators are developed.

### › National Institute for the Deaf

SA Rugby signed an agreement with the National Institute for the Deaf for the third year in a row, paving the way for 10 learners to receive funding for their studies in line with promoting accessibility, diversity, transformation, productivity and expansion. The learners are hosted at the National Institute for the Deaf in Worcester while completing their qualifications. Integrated learning forms the basis of their studies, with the objective to empower them and improve their chances of being employed.

## COVID-19 FUNDING

With the COVID-19 pandemic posing a big threat to the livelihoods of many involved in rugby, one of the main focus areas within the department was to source funding from Government to assist those in need, which included clubs and individuals affected by retrenchments and reduced income, among other factors.

These opportunities made a notable difference in the lives of many, and the department is proud of the efforts by all members that went the extra mile to assist those in need. The funding was obtained via an application process through the Department of Sports, Arts and Culture and the Sports Trust,

**The government's financial interventions have been a lifeline to both our clubs, provincial unions and individuals involved at clubs.**

which offered various types of COVID-19 Relief funding for athletes, coaches, and technical support personnel.

The government's financial interventions have been a lifeline to both our clubs, provincial unions and individuals involved at clubs. The following funding opportunities were coordinated by the Department:

1. 1st wave
2. 2nd wave
3. 3rd wave
4. Solidarity food vouchers for sport, arts and culture veterans through the Solidarity Fund
5. Presidential Economic Stimulus package for the retention of jobs administered through the Sports Trust.

## NATIONAL LOTTERY COMMISSION

The National Lottery Commission granted SA Rugby funding for the Upliftment of Women in Sport which was used to successfully host a Springbok Women's training camp in Stellenbosch in October and November 2020.

## FOOTPRINT AND E-FILING

The Footprint and E-Filing administration management systems, which have been implemented effectively for all SA Rugby tournaments nationally at provincial unions, again made it simpler to measure the progress in terms of transformation. The data is captured directly onto the Footprint system by a union representative (team managers and coordinators), which eases the verification process and ensures accurate information.

In 2020, the COVID-19 pandemic forced the cancellation of the majority of SA Rugby's tournaments, which had a significant impact on the business.

Pre-COVID-19 (March 2020) the only fifteens



event completed in full was Vodacom Super Hero Sunday, which was hosted in January.

Vodacom Super Rugby was suspended after the seventh round of matches and the Guinness PRO14 competition after Round 13 (in March 2020).

The 2019/20 HSBC World Rugby Sevens Series saw the completion of only six events before World Rugby suspended and consequently concluded the series due to COVID-19.

With the pandemic presenting huge challenges for rugby worldwide, the Footprint team worked closely with the operational and medical units of Celtic Rugby (PRO14) and SA Rugby in early May 2020 to identify and manage the risks to ensure a safe Return-to-Play solution.

The tournament management system underwent fundamental changes to mitigate COVID-19 risks which included a squad Health Check feature and a COVID-19 Squad Declaration Report, which applied to each fixture.

These features were first implemented in the Guinness PRO14 when their season resumed in August 2020 and was rolled out in South Africa in September 2020 for the Castle Lager Springbok Showdown. These measures remained in place for all subsequent tournaments including Vodacom Super Rugby Unlocked, the Carling Currie Cup, SA Rugby Under-21 Championship and the Kick-Off Pools Series that was recently concluded.

The Xerox Lions finished runners up in the SA Rugby U21 Provincial Championship, which they also hosted in Johannesburg.



TOURNAMENTS	2020	2019	2018	2017	2016	2015
Tournaments	26	60	56	49	42	28
Tournaments Male	24 (5 Completed)	47	48	43	37	25
Tournaments Female	2 (1 Completed)	13	8	6	5	3

ADDITIONAL DATA	2019
Squads Male	400
Squads Female	4
Squads Total	404
Total Tracked Members	4028
Total Male Members	3230
Total Female Members	58
EPD 1 – 3	770

#### Other Footprint achievements:

In addition to the Tournament Management COVID-19 features, significant developments were made for the Stadium Access Management services (Accreditation) due to the challenges posed by the pandemic.

Together with SA Rugby's tournament operations and medical departments, the accreditation system received a complete facelift to ensure a safe return to play environment at all stadiums in line with the SA Rugby Return to Play Guideline document.



The system has been successfully deployed and managed for stadium access for all individuals in a full Bio-Secure Environment (BSE Hard Bubble), a Hybrid BSE Environment (Soft Bubble), and for a Team Testing Strategy Environment.

This system ensures that only the minimum number of people allowed per match are accredited and authorised to enter the stadium perimeter through an accreditation scanning solution that includes strict Zone control features to limit the number of individuals in any specific area. Scanners have been deployed to all host unions whereby only approved and activated accreditation cardholders are allowed entry into the stadium on a live system. Accreditations which are not activated for a specific fixture results in a negative scan and access being denied.

In line with the operating system, accreditation profiles are activated weekly for each fixture through a management process that includes host union staff members, participating teams and the Footprint Management Team.

Additional improvements to the process include all accreditation devices being issued on a CR80 PVC card instead of the traditional paper-based A6 devices. This has allowed SA Rugby to use the same card for players and operational members across multiple tournaments (all SA Rugby tournaments to date have used a single issued card) and multiple stadiums where only lost or damaged cards have to be replaced.

This solution has also been successfully deployed to SA Rugby's broadcast partner, SuperSport, where crews are activated per fixture.



Each fixture is also managed by means of a What-sApp feature specifically developed to record all relevant match-day data, documentation and protocols.

A match-day management team which includes host union representatives, members of SA Rugby's operational and medical teams, as well as Footprint runs each fixture whereby all COVID-19 registers, relevant match-day activations, photos, documentation and sanitisation certificates are loaded, recorded and saved for auditing and track-and-trace purposes.

#### Accreditation by Numbers

Total Events	49
Total Photo Accreditations	3439
Total Temporary Accreditations	2920
<b>TOTAL</b>	<b>6359</b>

The E-Filing portal continues to effectively allow the provincial unions to apply for SA Rugby funding for transformation-related matters, however, with the onset of COVID-19, funding to the unions in the areas of Governance, Community Talent identification Programmes, Skills and Capacity development (through the ClubWise course), and Community Development and Social Responsibility, were halted due to budgetary constraints. Only a handful of applications submitted prior to COVID-19 lockdown were processed.

**The E-Filing portal continues to effectively allow the provincial unions to apply for SA Rugby funding for transformation-related matters**

## Associations

SA Rugby has twelve (12) active and approved associate members, with the three latest additions being approved at the Annual General Meeting on 3 June 2020. These are the SA Rugby Referees Association (SARRA), SA Police Services Rugby Association (SAPSRA) and the SA Correctional Services Rugby Association (SACSRA).

COVID-19 had a major impact on our associations, as amateur rugby activities were prohibited from functioning for 2020.

Below is a brief synopsis of each association for the year in review:

### 1. SA Schools Rugby Association (SASRA)

The COVID-19 pandemic saw all schools rugby in the country being shut down from mid-March 2020 and the traditional inter-provincial tournaments being cancelled for the first time since their inception over fifty years ago.

This has led to the need to establish clear protocols on the way forward for schools and amateur rugby. As a result, numerous meetings were held between the SASRA Exco, SA Rugby representatives, SA Rugby Exco representative, and other stakeholders to provide guidelines for schools and amateur rugby to return to training and play for contact sports.

Although SA Rugby is the custodian of rugby, schools fall under the auspices of the Department of Basic Education and need to comply with their directions.

The way forward for schools and amateur sport will be revisited as new regulations are gazetted by the Government.

### 2. University Sports of SA (USSA)

The 2020 season was set to be a good year for USSA - which is regulated by the Department of Further Education and Training - with the USSA 15s, 7s and FISU

World University Championships due to take place. Adding to this, the USSA Women's 7s looked set to become the largest women's 7s competition in Africa.

Unfortunately, all these events were cancelled due to the pandemic, while all universities were also shut before commencing with online lectures. All USSA Rugby meetings were conducted virtually and on a demand basis.

The USSA Rugby EXCO held its first virtual general meeting following the relaxation of the lockdown restrictions and this was followed by a virtual AGM, which wrapped up one of the most disrupted years in USSA Rugby history.

### **3. SA Deaf Rugby Association (SADRA)**

While SADRA had big plans to advance its vision in 2020, these plans were stifled due to the devastating impact of the COVID-19 pandemic. The association made encouraging progress by arranging the second edition of the Stones Cup in Worcester, but their preparations were brought to an abrupt halt as the COVID-19 pandemic struck.

### **4. SA Wheelchair Rugby Association (SAWCR)**

SA Wheelchair Rugby also felt the effects of COVID-19 as their club league tournament structure, which is hosted throughout the year, as well as the National Championship, were cancelled, resulting in a year of inaction.

With all competition events being heavily dependent on the availability of indoor facilities, which were mostly made available from the second quarter of the year, South Africa Wheelchair Rugby was unable to host any competitions during 2020.

### **5. TAG Rugby® Association**

The TAG Rugby® Association has been severely impacted by the COVID-19 pandemic, with the year being regarded as the worst yet in terms of TAG Rugby® activity. Regrettably what started as a promising year with all the necessary systems in place, proved to be disappointing as all activity was brought to a halt.

### **6. SA Touch Association (SATA)**

The SA Touch Rugby Association – which falls under the amateur rugby structures – strictly adhered to the COVID-19 guidelines, resulting in no activities being hosted in 2020. The association's Euros 2020 tournament, which was scheduled to be played in England, was postponed to 2021. All other leagues and tournaments, including the Junior National tournament, as well as the national training and selection camps were cancelled. The Youth World Cup was also postponed.

### **7. SA Parliamentary Rugby Club**

With the impact of COVID-19, no activities took place, leaving the Club inactive for 2020.

### **8. SA Defence Force Rugby Association (SA DFRA)**

The SA Defence Force Rugby Association – which also falls under amateur rugby – strictly adhered to the COVID-19 guidelines. The association's rugby championship events and their international tour to France were postponed.

### **9. SA Rugby League Sports Association (SARLSA)**

The SA Rugby League Sports Association suffered the same fate as most other associations, with all amateur games being cancelled, as well as the Middle East Africa Cup which was supposed to take place in October 2020. SARLSA, however, ensured that the clubs remained engaged with a virtual Rhino Cup which was enthusiastically supported.

SARLSA will soon become part of the MEA Federation, which will influence international participation and their road to the Rugby League World Cup.

### **10. SA Rugby Referees Association (SARRA)**

SARRA was approved as a fully-fledged association in 2020 and has actively engaged with SA Rugby to ensure they comply with the necessary requirements.

SARRA's main responsibility is to develop a strong national footprint and increase awareness to grow the number of match officials within SARRA that could preside over matches in South Africa. The ultimate aim of SARRA is to facilitate referee matters in all related referee societies within South Africa in accordance with SARRA's constitution. The entity is well-governed and complies with the stipulations of the MOA.

### **11. SA Police Services Rugby Association (SAPSRA)**

The SA Police Services Rugby Association – which operates under amateur structures – also followed the strict COVID-19 guidelines, meaning no activities were hosted in 2020.

### **12. SA Correctional Services Rugby Association (SACSRA)**

The SA Correctional Services Rugby Association – which operates under the amateur structures – adhered to all COVID-19 guidelines, resulting in no activities being hosted in 2020.



## CONCLUSION

In 2020, the SA Rugby CEO wrote a letter to Mr Nathi Mthethwa, the Honourable Minister of Sport, Arts and Culture to request that the auditing process in 2021 for 2020 be amended to reflect only the activities that have been undertaken, which was subsequently approved. This arrangement also applies to the provincial unions. The audits for 2020 were conducted by SA Rugby in February 2021, with the activities that were cancelled due to COVID-19 being omitted for the purposes of the Provincial Transformation Barometre processes.

The expectations from the Government relating to transformation, however, remain unchanged, meaning the workforce, committees, team management, coaches and referees must reflect the demographics of South Africa and the self-determined targets.

Team demographics, on the other hand, only apply to competitions, matches and tournaments that were hosted during 2020, whether they were completed or not.

Looking forward to 2021, the department's key strategic objectives, which are in line with SA Rugby's imperative objectives, are as follows:

1. Monitor evaluate and report on Strategic Transformation Development Plan 2030.
2. Maintain a minimum standard of B-BBEE level 4 status, however, we proudly achieved a level 3 status in the latest verification.
3. Manage data integrity and reliability effectively, especially in light of the POPIA Act which will come into effect on 1 July 2021.
4. Guarantee compliance with the POPI Act regarding all internal data systems, external data systems that make use of SA Rugby data, business partners and other suppliers of SA Rugby.
5. Play a pivotal role in ensuring the continuation and expansion of grassroots rugby programmes such as GIR and Vuka.
6. Continue to support and contribute to all initiatives relating to women in rugby.
7. Measure the exact impact COVID-19 has had on the number of participating rugby clubs, schools and participants in South Africa.

Looking beyond 2021, accuracy and consistency of data is crucial to enable SA Rugby and the provincial unions to predict the future. Research is vital and the development of current systems is imperative to keep up with the demands and trends expected by our competitors, government and World Rugby.





An empty DHL Newlands in Cape Town, where the DHL Stormers hosted the Toyota Cheetahs in their Vodacom Super Rugby Unlocked clash.





# COMMERCIAL

The inclusion of a Force Majeure clause has been standard operating procedure in contracts, probably since Adam and Eve sorted out their “pre-nup”. Usually they’re skimmed over in negotiations; a piece of familiar but little-regarded legal furniture that comes well after the piece about the obligations and just before the signature page. That all changed in 2020.



The Castle Lager Springbok Showdown was a typically tough trials type tussle, where opposition became team-mates for a week.

**S**UDDENLY Force Majeure grew a nickname, “FM”, and there probably wasn’t a business in South Africa – or anywhere else for that matter – that didn’t start thumbing their way to the clause to see how this particular unforeseeable, “act of God” was handled by the contract.

Ultimately, however, it was not the force of contract law but the power of relationships that helped SA Rugby and its partners negotiate their way to a range of mitigation strategies and accommodations to limit the commercial damage to both parties. It was a desperate year though; it had begun with the optimism

and excitement of a first full season in the home of the newly crowned World Champions and it ended with the Springboks as the only Tier One rugby nation not to have played a match in the year.

The impacts of the pandemic were entirely tangible in commercial terms.

Three new sponsorship conversations were first placed on hold and then shelved by the companies who would have been new to the SA Rugby portfolio. An existing sponsor indicated it would not be pursuing a renewal as it was going out of business. It also made it impossible to secure sponsorships for several



Frans Steyn was one of a number of Rugby World Cup winners in action at the Castle Lager Springbok Showdown.

deserving competitions and properties with both the Gold Cup and Craven Week neither taking place nor coming close to securing an interested party to become the naming rights partner on the competitions' resumption.

Against that backdrop the existing partners were hugely supportive and at no point did anyone resort to "FM".

MTN, FNB and Jaguar Land Rover all honoured their commitments to renew their Springbok sponsorships while long-standing allies, South African Breweries (SAB), boldly accepted an invitation to become the naming rights partner for three years to the newly-christened Carling Currie Cup. Engen also came on board as sponsor of the grassroots *Get into Rugby* programme.

However, the year underlined the value of the live event to those in the corporate sponsorship world. It was the absence of the Test match that was most keenly felt even though partners had multiple rights allowing them to activate their association on a 365-day-a-year basis.

In the absence of a fixture calendar, the department worked hard with partners to find new ways to deliver rights and to add value to their association. Several Springboks made appearances in online webinars and presentations on behalf of partners during lockdown. They also filmed themselves on cellphones during the Level 5 phase lockdown to provide content to partner instruction for online marketing campaigns; they undertook radio interviews and the Springbok management made several, unprecedented appearances to support the programme.

The Castle Lager Springbok Showdown, a Green versus Gold, Springbok trials match, was manufactured to kick off the return to play – six months after the stadiums had gone silent – to honour partner rights and offer some exposure in a novel way.



Steven Kitshoff celebrates scoring a try for DHL Western Province in their Carling Currie Cup clash against the Phakisa Pumas in Cape Town.

Due to social distancing measures, pre-match interviews were unlike anything the players had experienced before.



The empty venues also created the opportunity to apply virtual branding to the expanses of empty seats to further enhance the exposure afforded to commercial partners of both SA Rugby and of the competing provincial teams.

That was used to full effect in the resumption of a redesigned Vodacom Super *Unlocked* featuring only South African teams. It was immediately followed by the same seven teams contesting the Carling Currie Cup, which started in November and concluded in February and broke new ground by becoming the first domestic tournament in South African rugby history to be played throughout summer.

All parties involved – unions, sponsors, broadcaster and the mother body – honoured one of SA Rugby's values, that of collaboration, to make the very best of a very bad job. But none of it could make up for the anticipation, hype and scale of the live test match event.

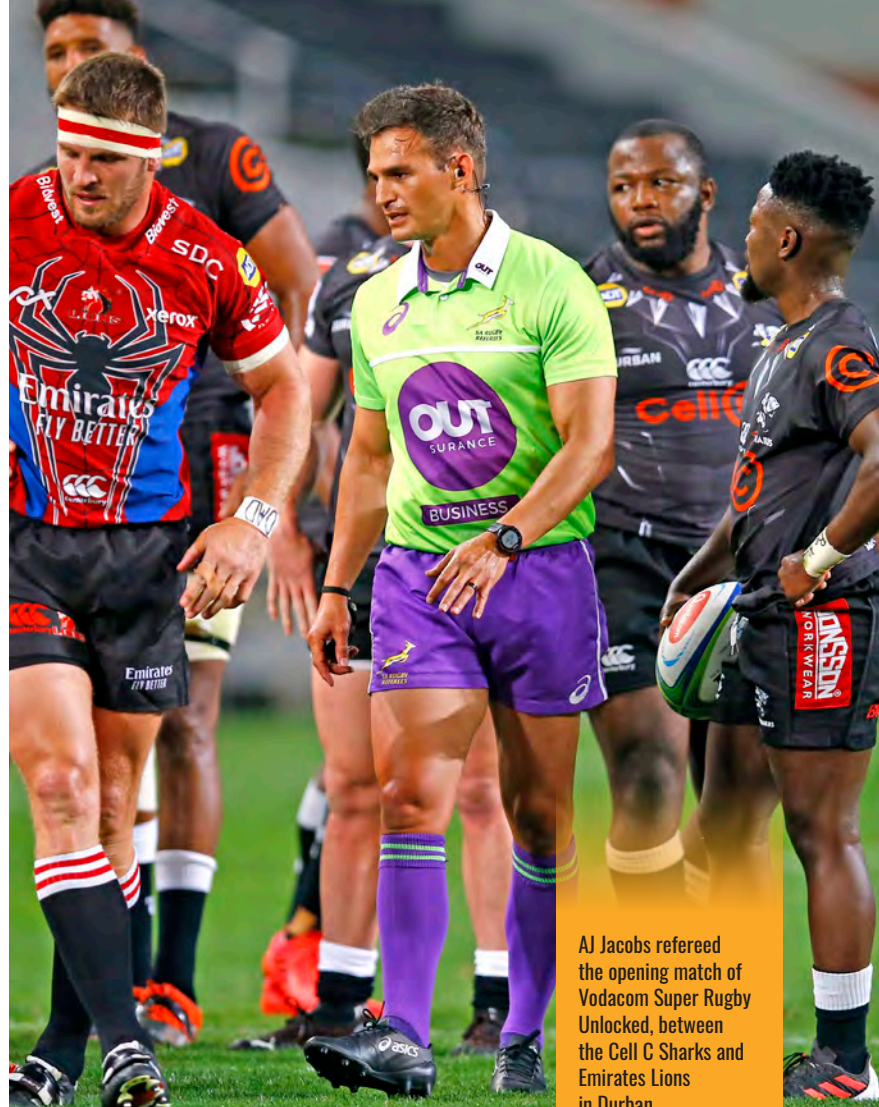
In cold, commercial terms SA Rugby sells content to commercial partners. That content is rugby matches and all the associations that go with it. That content dried up in 2020 and it had an impact on the bottom line.

The loss of new sponsorships as well as negotiated reductions in 2020 fees meant there was nett reduction in value of R66m between the realised income of R257m and the internally forecast minimum target of R323m.



Andisa Ntsila of the Toyota Cheetahs is tackled by the Vodacom Bulls' Cornal Hendricks in one of the early Vodacom Super Rugby Unlocked encounters.





AJ Jacobs refereed the opening match of Vodacom Super Rugby Unlocked, between the Cell C Sharks and Emirates Lions in Durban.

It was a remarkable result in the circumstances. The Springbok factory went dark in 2020 with nothing to sell rolling off the conveyor belt and yet the loss in sponsorship income was a modest 20 percent. The carnage elsewhere in the entertainment and eventing world was much greater.

That was reflected in the broadcast figures, where the reduction in income was much greater. It declined by almost one half from R752m in 2019 to R411m in 2020 as television stations around the world saw their content disappear.

And so it was that the year, which had begun with such high hopes, ended on an appropriately despondent note as the HSBC Cape Town Sevens – the season-ending finale to the South African rugby year – also fell by the wayside.

The challenge continues. Restoring commercial fortunes to their pre-COVID status is likely to be a long road in a market that was already depressed by the long tail of the global financial crisis as well as more local challenges. The compounding pandemic is forcing further recalibration in many ways – not least in the addition of a clause in new contracts to now known FM events – the COVID-19 clause.



# COMMUNICATION

The impact of the COVID-pandemic on our communications was clear and it resulted in a very challenging year in terms of engagement with the media and supporters alike, forcing the department to come up with innovative ways of bringing rugby news to diehard fans who were robbed of most activity during 2020.

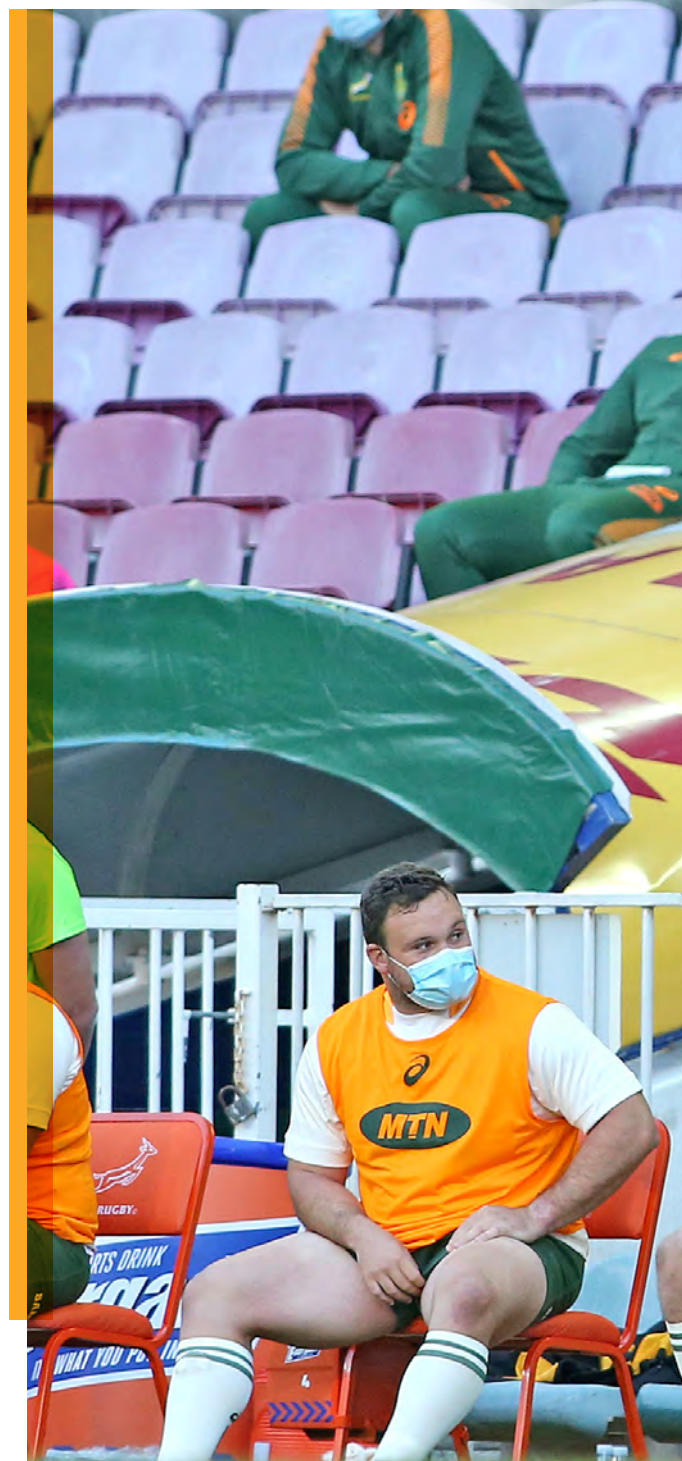
**T** This was clearly reflected in the numbers – fewer media releases, lower website traffic, and almost stationary social media statistics.

With a raft of competitions and matches cancelled, and no action at all for the Springboks in 2020, a large chunk of the operations of the media department was annulled.

Although there was a deliberate increase in feature-like stories on the website, it was clear that rugby supporters wanted match action, which also drove their digital habits and had a direct impact on our reach.

In total, we issued only 281 press releases and advisories during 2020, which was around a third of our normal output – 669 in 2019 and 706 in 2018.

Where we had a number of major media events in 2019, such as the announcement of the Springboks' Rugby World Cup squad, the triumphant return of the team from Japan at OR Tambo International Airport and the Trophy Tour, last year had almost none.





Replacements, medical and support staff had to wear masks on the side of the field during the Castle Lager Springbok Showdown.





On website usage stats, the biggest news events were the announcement of Jacques Nienaber's appointment as Springbok head coach (24 January), the confirmation of the Boks' home Test schedule for the season, which never materialised (4 February), as well as the Blitzboks' tournament victory on the HSBC World Rugby Sevens Series in Los Angeles (2 March).

Later in the year, news of matches being cancelled or rescheduled received the most hits as the country was gripped by any news relating to the COVID-pandemic.

We were forced to hold all our media interactions digitally via Microsoft Teams, with Jurie Roux (CEO) and Rassie Erasmus (Director of Rugby) taking centre stage on a number of occasions, and while these were well received, attracted good media coverage and allowed journalists from all across the country to attend, our hands were tied in terms of the variety of topics we discussed.

Despite the lack of rugby, the Communications Department still supported several exciting campaigns.

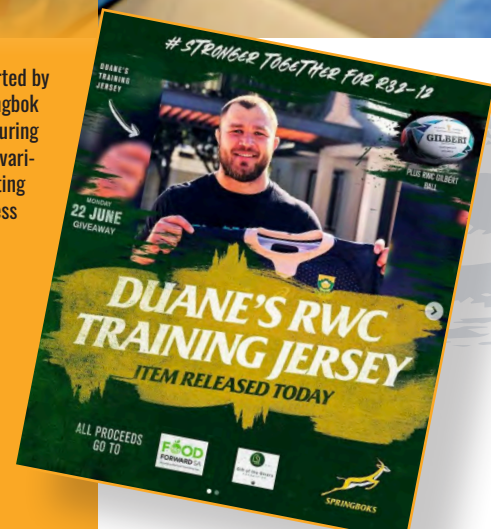
First up was the **#StrongerTogether for R32-12** campaign, where the Springbok Rugby World Cup squad put up some of their most cherished mementos as prizes in a raffle competition, with all proceeds going to hunger alleviation charities, Food Forward SA and Gift of the Givers.

The campaign was run on the SA Rugby website and social media channels, with many media activations organized to create public awareness.

In the end, close to 32,000 raffle tickets were sold and with donations received a total of a



The Springboks, supported by the Blitzboks and Springbok Women, worked hard during the lockdown to assist various charities in alleviating the suffering of their less fortunate compatriots.



fraction more than R1.1m was raised for charity, with Gift of the Givers and Food Forward SA receiving more than R430,000 each (after VAT and sales costs were deducted).

The **Castle Lager Springbok Showdown**, a match between a mixture of old and young in Green and Gold squads, with players selected and coached by Springbok management, was used as a relaunch of the local season after the COVID-19 regulations were eased by Government.

Although the match was played in an empty DHL Newlands in Cape Town, it was a unique event



with excellent support from our broadcast partners SuperSport, which included a live “school yard pick” from a squad of close to 100 players for the two squads.

After a week of excitement, the Springbok Green team, captained by Siya Kolisi, turned on Test-style rugby to come away with a 25-9 victory and bragging rights over Springbok Gold, with Lukhanyo Am as skipper.

Other engagement plans across our digital channels included a series of Lockdown Diaries, where fans were given an insight into the lockdown life of our top players and referees, an online celebration of the 25 year anniversary of the Boks’ 1995 Rugby World Cup triumph, quizzes and picture galleries, as well as a new SA Rugby Podcast series, which attracted more than 15,000 plays, mostly between April and September.

With campaigns against all forms of discrimination sweeping through the sporting world at the height of the pandemic in 2020, SA Rugby re-committed itself to the **Rugby Against Discrimination and Racism** (R A D A R) campaign, which was launched in 2019 and unfortunately went largely unreported or remarked at that time.

The R A D A R campaign was the outcome of a collaboration with the South African Human Rights Commission to address a societal issue that finds expression in all environments – including sporting ones – and was used to demonstrate rugby’s commitment to eradicating all forms of discrimination in the game.



In the end, close to 32,000 raffle tickets were sold and with donations received a total of a fraction more than **R1.1M WAS RAISED FOR CHARITY**



The resumption of the local season towards the end of September, first with Vodacom Super Fan Saturday and the Castle Lager Springbok Showdown, followed by Vodacom Super Rugby Unlocked and the Carling Currie Cup, saw a significant spike in digital engagement, underlining that rugby attracts support through on-field action.

Our top women's players, through World Rugby's **#Unstoppables** campaign, also received some much-needed exposure with 10 player features published in October and November 2020.

The British & Irish Lions' tour schedule, Castle Lager's sponsorship of the series, ASICS' unique Springbok jersey and the exclusive ticketing ballot were announced, but all of that was overshadowed by the uncertainty over the tour due to the significant changes to the global sporting landscape created by the COVID-pandemic.

There were some minor tweaks to the design of **springboks.rugby**, but the biggest change to the user was the major increase in statistics in the Match Centre, which is supplied by our bespoke match analysis programme Stratus, designed and maintained by Mobii Systems, who also took care of a migration to a new platform for the site.

In 2020, **springboks.rugby** attracted 890,000 unique users for 1.17 million user sessions and 1.7 million page views.

This was a drop of roughly 30% from 2019, when we had 1.24 million unique users for 2.21 million user sessions and 3.4 million page views.

Social media numbers held up more strongly, but there was very little growth if any, which can directly be attributed to the lack of Springbok action during 2020.

We yet again had the assistance of a digital agency on ad hoc basis for the creation of engagement posts during the months of no rugby, while they were also involved in the Castle Lager Springbok Showdown to create unique content for us and SuperSport, as well as a very successful digital campaign for the Carling Currie Cup.

Numbers across all social media channels (Facebook, Twitter and Instagram) remained stagnant and didn't show close to the growth we saw in 2019. We



again used **#StrongerTogether** as the theme, especially when the rugby community engaged to help those less fortunate during the pandemic.

**Facebook**, declined to 1,289,325 from 1,305,911 followers 31 December 2020, and @Springboks on Twitter showed minor growth of just over 8000 new followers during the year (compared to almost 125,000 new followers in 2019). Tellingly, there was a decline in midyear when there was no rugby action, but things picked up again when the local season kicked off.

Our top tweet for the year, with more than 530,000 impressions, was when the popular SuperSport commentator Kaunda Ntunja, who pioneered Xhosa commentary, passed away due to COVID in July.

Our seven **Twitter** handles for different teams and competitions (@Springboks, @Blitzboks, @Juniorboks, @Womenboks, @TheCurrieCup, @YouthWeeks and @CapeTown7s), accumulated an aggregate following of more than 890,000, which was slightly higher than 2019.

Our main **Instagram** account, @Bokrugby, grew to 587,000 followers – from just under 550,000 at the beginning of the year – much lower than the increase we saw in 2019, when we jumped by 250,000 new fans.

It's still a very popular social media channel, especially in the age groups of 18 to 34 years old, which make up more than 60% of all our fans on this social media channel.

Other Instagram accounts either showed slight growth – such as @Blitzboks, with roughly 10,000 new followers to a total of 40,000 – or a decline, with Cape Town Sevens (8,900) and Youth Weeks (4,000) down due to lack of activity.

The message of the year was one we had always known but was written large in COVID-coloured ink; the playing matches is the thing that makes our world go round.



# SPRINGBOKS.RUGBY AUDIENCE OVERVIEW

1 JAN 2020 - 31 DEC 2020



DHL Stormers vs Cell C Sharks (last SA Vodacom Super Rugby game)



Castle Lager Springbok Showdown

MARCH 2020

MAY 2020

JULY 2020

SEPTEMBER 2020

NOVEMBER 2020

# 890 000

## UNIQUE USERS



# 1 289 325 FOLLOWERS



# 587 000 FOLLOWERS



# >890 000 FOLLOWERS

- @Springboks
- @Blitzboks
- @JuniorBoks
- @Womenboks
- @CurrieCup
- @YouthWeeks
- @CapeTown7s



# HUMAN RESOURCES

Early and pro-active preparation to support the business and staff, the management of staff wellness during an unprecedented time and far-reaching decisions to limit staff reductions were the major challenges to the department during the COVID-19 pandemic. Those outcomes and some significant appointments in this time were amongst some strong and positive results for the Human Resources department.

**T**HE whole world was severely impacted by the pandemic which hit home during March 2020 and sports organisations were not spared. SA Rugby had to execute the Rugby Industry Financial Impact Plan where saving jobs in the organisation were a primary trigger to introduce reduced salaries and introduced a pro-active engagement in staff wellness and support.

The resulted tight financial environment continued to challenge various plans and projects within the department, but we are pleased with a number of significant outcomes.

## EMPLOYMENT AND ESSENTIALS

Three significant promotions were made in the Rugby Department. These were as a result of job evaluation exercises and filling of existing vacancies which were deemed critical.



A number of national team players helped hand out food parcels as part of the #StrongerTogether for R32-12 campaign in 2020.





1. The Springbok Head Coach vacancy was filled with an internal employee who was promoted from an assistant coach position he occupied.
2. A Sevens Academy Head Coach position had become vacant and was filled with an internal employee who was promoted from an assistant coach position he occupied.
3. The Junior Springboks Head Coach position was filled with an internal employee who was promoted from an assistant coach position he occupied.

Significantly, two of these appointments involved African males, which streamlined nicely with one of our transformation objectives.

*Two other significant aspects were completed:*

1. Salary Reduction roll out due to COVID-19 was successfully implemented.
2. Successfully lobbied The Rugby Pension Fund to provide employees with pension fund payment holiday for eight months during the salary reduction period.

### STAFF WELLNESS

Online learning became the norm when the Platteklouf office closed for the better half of the year and we introduced virtual training, wellness



Jacques Nienaber was promoted to Springbok head coach in January 2020.



Bafana Nhleko took over as head coach of the Junior Springboks after serving as assistant coach since 2018.

and health programmes as well as tips on working from home. The regular Wellness Days were presented virtually.

The partnership with ICAS (Independent Counselling and Advisory Services), in support of our Employee Assistance Programme proved vital in 2020.

*The following highlights were noted in 2020:*

1. There was an increase in managerial utilisation of the service. Managers sought assistance for issues relating to mental health illness, general stress and child behavioural problems.
2. Employees' utilisation also increased. Other issues which our employees consulted on were child behavioural problems,





parenting/parental guidance and child school/learning problems.

The utilisation of this service is encouraging, especially knowing that both employees and management are aware of where to turn to, to seek assistance.

#### **LEARNING, TRAINING AND DEVELOPMENT**

Executive Coaching was introduced to General Managers and Coaching staff. There was a good uptake.

Discretionary funding from CATHSSETA supported seven tertiary qualifications for employees and three internships in the Marketing Department ran from 2019 to 2020. Unfortunately, not all promised monies from CATHSSETA were forthcoming and we had to use own resources to complete those. This hampered staff development.

#### **LONG SERVICE AWARDS**

Twelve employees were recognized with long service awards in 2020, ranging from five to 25 years.

#### **LABOUR CASES**

Three labour cases were brought before the CCMA and one before the labour court. In all instances, the cases were successfully arbitrated in favour of SA Rugby.

#### **TRAINING SERVICE PROVIDER**

SA Rugby's Referee Department has developed a training course on becoming a referee and it is currently being assessed for approval as an accredited training course by QCTO and CATHSSETA. Once that is approved, SA Rugby will be provided with a license as a Training Service Provider with the relevant benefits and advantages.



[springboks.rugby](http://springboks.rugby)