



SA RUGBY ANNUAL REPORT 2015



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SA Rugby Sponsors in 2015

TIER 1 SPONSORS



ASSOCIATE SPONSORS



vodacom



OFFICIAL SUPPLIERS



SPRINGBOK ATLAS
LUXURY CHARTER



TOURNAMENT SPONSORS AND ASSOCIATE SPONSORS



Springbok and Toyota Cheetahs lock, Lood de Jager, here in action in the Castle Lager Rugby Championship test match against New Zealand, was named SA Rugby's Player of the Year for 2015.



PRESIDENT'S REPORT



Every four years the Rugby World Cup comes along and, by large, defines the rugby season. Following a challenging year, on and off the pitch, it's probably a fair assessment to say that our sport found itself in the bronze medal position in 2015 – mirroring the achievement of the Springboks. While there were many gold and silver moments, we also endured some disappointments and difficulties, which, all things being equal, contribute to a good if not outstanding year.

With the current economic climate in South Africa, the CEO and the staff at SARU House in Plattekloof deserve a lot of credit for how they managed to balance our books in trying circumstances. Despite the proverbial tightening of belts, we still delivered world-class products, something of which everyone can be extremely proud.

This hard work is happening at every level of the game, from “kaalvoet laaities” playing on patches of yellow grass somewhere in rural South Africa to top-level Test rugby in front of 60,000 supporters, transforming the game we all love from grassroots up.

Transformation has been a “buzz word” in South Africa, at all levels of society for a number of years. For us at SA Rugby, the publication of the Strategic Transformation Plan (STP), in February 2015, was the culmination of two years of very hard work and consultation behind the scenes to ensure we provided all our stakeholders with a

road map for rugby for the next five years.

We have always striven to maintain our place as the leading South African sports federation and the STP was a crucial part of that. It's been a high priority for all of us for many years and to finally hold the document in our hands, which shows how we plan to align with the government's National Sports Plan, was a proud moment.

The STP is not only about the number of black players on the field. It has six focus areas: demographic representation; access to the game; skills and capacity development; performance; community development and social responsibility and corporate governance.

Within those six dimensions are 71 key performance indicators, which include the introduction of 150,000 new primary schoolchildren to the game by 2019, the accreditation of 1,500 new administrators, the raising of preferential procurement to 40% from targeted suppliers, to

ABOVE: SA Rugby President, Mr Oregan Hoskins.



increase the number of women in administration to 40% and raise the black representation in our national teams.

These aims point to the hard work that lies ahead, but I'm proud to say that we've already achieved a lot in 2015. However, many of our challenges also came on the front of transformation, where everyone involved in the game will have to make their contribution to ensure rugby moves back to the top of the pile for all South Africans – we must always aim to be an icon of inspiration to all.

Rugby safety remains paramount for SA Rugby and the BokSmart programme, as part of our Medical Department which does amazing work with World Rugby often under challenging circumstances, has to be lauded.

The same can be said for our Referees – falling under the auspices of the Rugby Department as does Medical – and we can be proud of the fact that we're amongst the best in the world when it comes to these key aspects of the game.

On the field, the highlights were spread across all our national teams. Despite a number of setbacks, the Springboks still did us proud by finishing third at probably the toughest Rugby World Cup to date.

No-one is denying that the defeats to Argentina (in the Castle Lager Rugby Championship) and Japan (at the Rugby World Cup) were devastating to Heyneke Meyer, his team and all Springbok supporters, but the team deserves praise for the way in which they pulled together and kept on going. The two-point defeat to the All Blacks in the semi-final was New Zealand's closest match at the tournament, as they went on to win the final by 17 points – the biggest margin since 1999.

The Springbok Sevens team finished second in the HSBC World Rugby Sevens Series for

ABOVE LEFT: SA Rugby CEO Jurie Roux explaining the STP to media in Johannesburg.

ABOVE: Jaco Peyper was amongst a host of South African referees that excelled on the international stage.

ABOVE RIGHT: Ox Nche in action for the Junior Springboks in the bronze medal final of the World Junior Championship in Cremona, Italy. South Africa beat France 31-18.

2014/15 and were crowned champions at the inaugural and very successful HSBC Cape Town Sevens, but more importantly became the first team to qualify for the Olympic Games, which takes place in August in Rio de Janeiro, Brazil.

Werner Kok was named the World Sevens Player of the year for 2015, and to illustrate the healthy state of Sevens rugby in South Africa, the SA Rugby Sevens Academy team won tournaments in Italy, Switzerland, Namibia, Singapore and the UAE, while the SA Under-18 Sevens team won the Youth Commonwealth Games in Samoa.

Like their "older brothers" the Junior Springboks finished third in the World Rugby Under-20 Championship in Italy and although the Springbok Women's Sevens team qualified for the Olympic Games, a decision was taken that they won't travel to Brazil for this global showpiece.

We have much to look forward to in 2016 – a new Springbok coach and new sponsors, many of which have already joined the SA Rugby family; new formats to Vodacom Super Rugby, the Currie Cup and our highly successful Coca-Cola Youth Weeks; and the Olympic Games, where the Blitzboks will be aiming for gold.

It's exciting but it will be challenging times for our organisation. However, I know we can and will deliver – we always do.

Oregan Hoskins
President
South African Rugby Union

We have much to look forward to in 2016 – a new Springbok coach and new sponsors, many of which have already joined the SA Rugby family

CEO'S REPORT



The 2015 year was a challenging but ultimately positive one for rugby in South Africa and despite certain sentiments and perceptions to the contrary, we emerged from a tough season with our heads held high and our eyes firmly fixed on an exciting future.

While Springbok results and transformation were central to the general narrative – important issues we will always take to heart – it should not detract from the vast amounts of great work that were done by SA Rugby, as well as superb achievements on the field.

Our national teams' successes in 2015 are well-documented and as the President noted in his report, the bronze medal won by the Springboks perhaps summed up the season we had in South Africa – it was a podium finish, but because we always strive to be number one, we had hoped, planned and worked for a better conclusion to the Rugby World Cup.

One area in which we performed however was on the financial field – despite the tough operating conditions. We were able to report a profit before taxation of R33.3 million for the year ended 31 December 2015, which is significantly higher than the R2.9 million achieved in the previous financial year. A taxation charge of R16.5 million resulted in an after tax profit of R16.7 million (2014: R1.9 million loss).

There were many other highlights, and the first HSBC Cape Town Sevens, in front of a

raucous capacity crowd enjoying thrill-a-minute rugby, will be long etched in the memory of as a spectacular start to the sport's arrival in a new home. It was a perfect way to end the season and although we felt some pressure in other spheres of the game, it yet again showed what rugby in South Africa can achieve when everyone is pulling in the same direction.

What many people don't realise is the thousands of hours of very hard work that went into staging the event. That tournament was the culmination of a year where all the staff at SARU House really put their bodies on the line, to use an age-old rugby adage, to ensure the product we offer remains amongst the top echelons of the game world-wide.

That effort was mirrored across any number of projects as, from the Rugby Department (which is by now expanding at a rapid pace to keep up with the demands of the professional game, especially when it comes to analysis and player tracking) to Human Resources, everybody at SA Rugby contributed to finishing a challenging year with honour intact.

An example of that contribution was to note

ABOVE: SA Rugby CEO Jurie Roux and Alderman Patricia de Lille in the Cape Town Stadium during the official announcement and launch of the Cape Town Sevens.



that all three local provincial champions, the Steval Pumas (Vodacom Cup), Leopards (Currie Cup First Division) and Xerox Golden Lions (Currie Cup Premier Division) use our very own Stratus coding and match analysis software. Capturing 12 million data points in 1,932 matches takes some doing and this year will see Stratus replace the previously outsourced referee analysis systems.

Meanwhile our referees remain amongst the best in the world and the restructuring of that department was completed, which is expected to yield improvements in efficiencies for all match officials. At the same time, our Medical Department, incorporating the world-leading BokSmart Rugby Safety Programme, has gone from strength to strength in 2015.

The big ticket items on the agenda for Commercial Marketing were the Springboks' Rugby World Cup campaign, #HomeGroundAdvantage, the design and launch of a new high-tech Springbok jersey, the HSBC Cape Town Sevens tournament, the renewal of a handful of established sponsors and the introduction of a few new sponsors to the SA Rugby family.

Along with Corporate Affairs, our presence in the ever-increasing social media space was also ensured and sustained, with the SA Rugby accounts on Facebook, Twitter and Instagram making huge strides in 2015. The Rugby World Cup obviously contributed immensely to this and if there was ever a time when rugby supporters showed their passion, it's now – they deserve to be heard as they remain the cornerstone of the game.

Corporate Affairs didn't have the easiest of years with an upsurge in what could be loosely described as anti-rugby sentiment, the like of which had not been experienced for several years. But Government and the Minister of Sport and

ABOVE LEFT: South African musical stars Katlego Maboe and Heinz Winckler were amongst those celebrities who came to show support of the #HomeGroundAdvantage campaign at the Springbok Experience in Cape Town. Patches of South African grass travelled with Springboks to England as part of the campaign.

ABOVE: The Steval Pumas were victorious in the Vodacom Cup final, beating DHL Western Province 24-7 at DHL Newlands in Cape Town.

ABOVE RIGHT: The Blitzboks were very popular winners in the inaugural HSBC Cape Town Sevens that was held in the Mother City. It was the third consecutive win for the Springbok Sevens on home soil, following wins in Port Elizabeth in 2013 and 2014.

Recreation were not drawn into this and although there were still negativity, it needs to be noted that the majority of supporters are still very passionate about our teams, and firmly in our corner.

The support of our political leadership was based on the publication of the Strategic Transformation Plan and the signing of a Memorandum of Understanding with SASCO and the Sports Ministry, in which SA Rugby committed itself to achieving the objectives set out in the STP. It was a significant moment in the history of the game in South Africa and something everyone involved can be immensely proud of.

The Springbok Experience Rugby Museum at the V&A Waterfront in Cape Town had another good year, attracting almost 38,000 visitors, and being named among the top 1% of world attractions, by TripAdvisor, the world's largest travel site.

In conclusion, it was a year of many off-field highlights; the financial performance, STP and Cape Town Sevens were all landmark moments in a year when the on-field heights were not what we had hoped for. Repeating and amplifying on those off-field performances remains an on-going objective while on-field new opportunities and challenges await.

The decision of Heyneke Meyer not to seek renewal as the Springbok coach means that 2016 will see the appointment of a new head coach while the Sevens team, under coach Neil Powell, have broadened their horizons to established 15-a-side players in their pursuit of a gold medal at the Rio Olympics.

It will not be a dull year in South African rugby. It never is.

Jurie Roux
Chief Executive Officer
South African Rugby Union

INTERGRATED REPORT

PREAMBLE:

The manner in which SARU's governance structure operates is determined by the constitutional clauses listed below:

Section 2. Status

SARU is an incorporated association of persons with perpetual succession and juristic personality.

Section 8. Governance

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.

8.3

Subject to this constitution, all SARU's affairs shall be governed by the executive council which may exercise all such powers and perform all such functions as 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.

8.4

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.

8.6

The provisions in the Act and the rules of common law which govern the powers and functions of members of the board of directors of a public company, the relationship between such directors and such company, whether fiduciary or otherwise, as well as the personal liability, criminal or delictual, of such members flowing from fraudulent or negligent acts or omissions in relation to such members aforesaid powers and functions, apply mutatis mutandis, and to the extent that it is consistent with SARU's status, to the members of the executive council as if SARU were a public company.

8.7

The principles and the best practice recommendations set out in the Code of Governance Principles for South Africa - 2009 King III, as augmented and amended from time to time, shall apply to the governance of SARU as a guideline.

Springbok wing JP Pietersen is mobbed by team mates after scoring a try for his team against Scotland in their Rugby World Cup match at St James' Park, Newcastle. The Springboks won 34-16.



GOVERNANCE STRUCTURES



1. MEMBERS OF THE EXECUTIVE COUNCIL

Oregan Hoskins (*Chairman*)
 Mark Alexander
 James Stoffberg
 Mputumi Damane
 Francois Davids
 Nicholaas Fick
 Pat Kuhn
 Monde Tabata
 Tobie Titus
 Louis von Zeuner
 Jurie Roux (*CEO*)
 Basil Haddad (*CFO*)
 Dr Ismail Jakoet (*Company secretary*)

2. SARU SUB-COMMITTEES

AUDIT AND RISK COMMITTEE

Mputumi Damane (*Chairman*)
 Raymond Fenner (*Independent*)
 Ms Edna van Harte (*Independent*)
 Sinoxolo Jodwana (*Independent*)
 Pat Kuhn

Other invited members;

Basil Haddad (*CFO*)
 Jurie Roux (*CEO*)

EXTERNAL AUDITORS

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

INTERNAL AUDITORS

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

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Monde Tabata (*Chairman*)
 Victor Christian (*Independent*)
 Jonathan Goldberg (*Independent*)
 Ms Nadia Mason (*Independent*)
 Jurie Roux (*CEO*)
 Basil Haddad (*CFO*)
 Dr Ismail Jakoet (*Secretary*)
 Ingrid Mangcu (*HR manager*)

The SARU Executive (front left to right) is: Tobie Titus, Boet Fick, Mark Alexander, Oregan Hoskins, James Stoffberg, Francois Davids, Pat Kuhn. Back left: Dr Ismail Jakoet (Company Secretary), Monde Tabata, Louis von Zeuner, Jurie Roux (CEO), Mputumi Damane, Basil Haddad (CFO).



FINANCE COMMITTEE

Nicholaas Fick (*Chairman*)
 Mark Alexander
 Monde Tabata
 Louis von Zeuner
 Jurie Roux (*CEO*)
 Basil Haddad (*CFO*)
 Dr Ismail Jakoet (*Secretary*)

NATIONAL JUDICIAL COMMITTEE

Judge. Lex Mpati (*Chairman*)
 Adv. Jannie Lubbe
 Peter Ingwersen
 Christo Ferreira (*Secretary*)

GAMES AND POLICIES COMMITTEE

Francois Davids
 James Stoffberg
 Randall September
 Vivian Lottering
 Gerrit Wessels
 Lindsay Mould
 Jannie Louw
Invited members
 Jurie Roux (*CEO*)
 Rassie Erasmus (*GM: High performance*)
 Andy Marinou (*GM: Commercial and Marketing*)
 Christo Ferreira (*Manager: Legal*)
 Steven Roos (*Secretary*)

3. SARU AD HOC COMMITTEES

HIGH PERFORMANCE COMMITTEE

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

TRANSFORMATION COMMITTEE

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

CONSTITUTIONAL SUBCOMMITTEE

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

SUSTAINABILITY REPORT: WORKPLACE HIV/AIDS POLICY

1. Scope

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

2. Purpose

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

3. Acronyms

- AIDS:** Acquired Immunodeficiency Disease Syndrome
EEA: Employment Equity Act
HCT: HIV Counselling and Testing
HIV: Human Immunodeficiency Virus
LRA: Labour Relations Act

4. Policy Objectives

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

5. Confidentiality

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

6. Guidelines

6.1 Support Services

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

6.2 Employment Conditions

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



6.3 Non-Discrimination

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

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

6.4 Management of Employees with HIV/AIDS

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

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

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

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

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

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

6.5 Working Environment

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

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

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

6.5.2.2 reasonable operational requirements allow;

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

6.6 Alternatives to Dismissal

6.6.1 Disciplinary Action

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

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

6.6.1.3 Where an employee's poor performance is as a result of HIV/AIDS, SARU will not take disciplinary action as a result thereof, but will investigate the extent of the employee's incapacity, and consider possible alternatives short of dismissal. In the process of the investigation, the employee should be allowed the opportunity to state his/her case and to be assisted by a fellow employee. SARU may also require an employee to undergo an independent medical examination in order to establish the extent of his/her incapacity;

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

6.7 Dismissal

6.7.1 SARU may only dismiss an employee with HIV/AIDS in accordance with appropriate fair procedures and on fair grounds. This may be as a result of poor work performance or incapacity, and after alternatives to dismissal have been considered;

6.7.2 An employee living with HIV/AIDS who engages in an act of misconduct may be dismissed if the sanction of dismissal is warranted in the circumstances;

6.7.3 If an employee has become incapacitated as a result of being infected with HIV/AIDS, then SARU will be obliged to follow any relevant guidelines and/or code prescribed regarding dismissal for incapacity;

6.7.4 The degree of the employee's incapacity will be relevant in determining whether dismissal is appropriate under the circumstances.

7. Compliance with SARU policies

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

8. Annexure A

HIV/AIDS – facts about the disease

8.1 HIV/AIDS is contracted and not inherited;

8.2 HIV/AIDS is caused by a virus, so called because it attacks and destroys the immune system. A person with HIV/AIDS does not die of the virus but dies of one or more of the opportunistic infections that occur as a result of the damage to their immune system;

8.3 Medical opinion is that during the period leading to the full-blown status of AIDS, a person looks and feels healthy, even after being tested positive. During this period a person is referred to as a “carrier” and can infect others. A person is seen to have AIDS when symptoms and signs appear. Early signs include weight loss, diarrhoea, fevers and skin loss;

8.4 Without appropriate care and treatment most people will deteriorate further and develop severe and often fatal illnesses.

HIV testing will only take place where such testing is allowed in terms of the law, having regard to prevailing medical standards and protocols and other relevant and required standards;

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

8.4.1 *within a health care worker and employee-patient relationship;*

8.4.2 *with the informed consent and pre- and post-test counselling.*

8.4.3 *with clear procedures relating to confidentiality.*

9. Annexure B

Testing for HIV/AIDS Antibodies

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

10. Annexure C

Employees identified as HIV/AIDS positive

10.1 Employees who are aware that they are HIV/AIDS positive can elect to inform SARU of their HIV/AIDS status. Unless there are special circumstances either in the employee's own interest or in the interest of fellow employees, the diagnosis of HIV/AIDS is confidential;

10.2 As long as infected employees are able to meet acceptable standards of work performance and work attendance and given that medical opinion indicates that their condition is not a

threat to others, their treatment should be sensitive and consistent with treatment of other employees. SARU has an obligation to provide a safe working environment for all employees and clients. Thus, precautions should be taken to ensure that an employee's condition does not present a health and/ or safety hazard to other employees or clients.



CERTIFICATE OF THE COMPANY SECRETARY

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

ETHICS

The Union does not have an official Code of Ethics but subscribes to all fundamental ethical principles, including responsibility, honesty, fairness and respect.

Issues such as bribery and corruption, fraud, legal compliance, conflicts of interest, human rights and discrimination are monitored on an ongoing basis.

SARU is committed to conducting its business with due regard to the interest of all its stakeholders and the environment.

The Union insists on compliance with all applicable laws and regulations as a minimum standard.

The team from Durbell was the last one to qualify for the Cell C Community Cup, but went all the way to the final and beat Rustenburg Impala 31-30 in the final, played at Impala Rugby Club, Rustenburg.

TERMS OF REFERENCE FOR AUDIT AND RISK COMMITTEE

Introduction

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

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

Purpose of the terms of reference

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

Composition of the Committee

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

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

An “Independent member”, in the context of the Committee is any member of a subcommittee of SARU who is not a current member of the executive council or any of the governing structures of a province of SARU

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

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

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

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

Role

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

Responsibilities

The Committee has the following specific responsibilities:

1. Integrated reporting

The Committee oversees integrated reporting, and in particular must:

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

2. Combined assurance

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

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

3. Internal audit

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

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

4. Risk management

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

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

5. External audit

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

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

6. Ethics and Organisational Integrity

6.1 The committee shall:

- (a) consider and if deemed necessary shall be entitled to make recommendations to the executive council regarding initiatives to maintain and enhance organisational integrity and this could include:
 - » the review of any statements on ethical standards or requirements for SARU and assisting in developing such standards and requirements,
- (b) without limiting the generality of the foregoing, consider and if necessary make recommendations regarding channels for whistleblowing, a process for identifying and reporting irregularities, structures to which such reports are made and processes to act upon any matters reported.

7. Conflicts of Interests

7.1 The Committee shall:

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

The most capped Springbok winger ever, Bryan Habana, was a popular target for signature hunters at the Springboks Rugby World Cup send-off at Montecasino in Johannesburg.



Authority

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

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

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

The Committee, in the fulfilment of its duties, may call upon the chairman of the other executive council committees, any of the executive

council members, management, and company secretary or assurance providers to provide it with information, subject to an executive council approved process being followed.

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

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

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

MEETINGS AND PROCEDURES

Frequency

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

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

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

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

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

Attendance

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

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

The company secretary is the secretary to the Committee.

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

Agenda and minutes

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



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

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

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

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

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

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

Quorum

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

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

Evaluation

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

Remuneration

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

Confidentiality and Governance

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

Approval of these terms of reference

- » *These terms of reference were approved by the executive council and the Chairman of the Committee on 12 August 2013.*

TERMS OF REFERENCE FOR NATIONAL JUDICIAL COMMITTEE

1. MEMBERSHIP

- 1.1 The Committee shall comprise of not fewer than three (3) members and no more than six (6) members. The chairman is to be appointed by the Executive Council.
- 1.2 The Committee shall be appointed for an indefinite period and until replaced by the Executive Council, which may, at its discretion, remove any member of the Committee, at any time.

2. ROLE OF THE COMMITTEE

The role of the Committee will be:

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

3. TERMS OF REFERENCE

The functions of the Committee will be to:

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

4. MEETINGS

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

5. DELEGATION OF POWERS

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

6. CONFIDENTIALITY AND GOVERNANCE

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

South Africa's Craig Joubert in action during the Rugby World Cup.



TERMS OF REFERENCE OF THE HUMAN RESOURCES & REMUNERATION COMMITTEE (“THE COMMITTEE”)

1. ROLE AND COMPOSITION OF THE COMMITTEE

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

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

Composition

- 1.4 The Committee will comprise of no fewer than four (4) and no more than six (members) as per SARU constitution.
- 1.5 The Committee should preferably comprise of members of the executive council and should have a majority of non-executive directors. The majority of the non-executive directors serving on this committee should be independent.
- 1.6 The chairman shall be an independent non-executive director as per King III guidelines.

» **Commentary:** For transparency and impartiality and given the terms of reference of this committee (as in clause 1.1 above), the non-executive members of the executive council have opted not to serve on this committee but have all of these members as independents with no affiliation to any provincial union.

» This is in line with King III- “apply or explain”

- a. An “Independent member”, in the context of the Committee is any member who is not a current member of the executive council or any of the governing structures of a province of SARU

2. FUNCTIONING

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

3. CONFIDENTIALITY AND GOVERNANCE

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



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

4. REMUNERATION

» All independent members of the Committee who are not independent non-executive directors, as well as such other independent professionals as may be requested to assist or consult to the Committee on occasion, are eligible to receive such remuneration in respect of their time and contributions to the business of the Committee as may be determined by formal resolution of the Executive Council from time to time.

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

TERMS OF REFERENCE FOR THE FINANCE COMMITTEE

1. STATUS OF THE COMMITTEE

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

2. ROLE, COMPOSITION AND TERM OF THE COMMITTEE

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

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

The committee shall serve for a period of two years.

3. ROLE OF THE CHIEF FINANCIAL OFFICER

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

4. RESPONSIBILITIES

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

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

Jean-Luc du Preez in action during the warm-up match between the Junior Springboks and the Varsity Cup Dream Team played in Stellenbosch.

4.3 Financial Policies

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

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

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

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

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

» Ensuring the build-up of adequate reserves

» Liaise with other committees on expenses they oversee, i.e. salary increases, etc.

4.6 Financial Support

The committee will evaluate application from a union for financial support – set criteria will be determined to evaluate such applications. Should financial support be approved SARU and the relevant Union will enter into a formal agreement which will contain the conditions





of approval. Punitive measures will be applied where there is a breach to the agreement.

4.7 Delegation of Authority

The Committee will approve the authority.

5. AUTHORITY

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

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

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

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

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

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

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

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

6. MEETINGS AND PROCEDURES

6.1 Frequency

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

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

6.2 Attendance

Committee members must attend all scheduled meetings of the Committee, including meetings called on an ad hoc-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Chief Executive. A quorum will comprise any two independent director Committee members.

The Company secretary is the secretary to this Committee.

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

7. CONFIDENTIALITY AND GOVERNANCE

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

TERMS OF REFERENCE FOR GAMES AND POLICIES COMMITTEE

1. ROLES AND RESPONSIBILITIES

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

- » In conjunction with management, recommend formats for all new Competitions including age group competitions;
- » In conjunction with management, format a tiered competition structure which will provide a natural upwards progression of players, thereby supporting the development of Super Rugby and National teams;
- » Develop the Competition schedule in conjunction with the needs of broadcasters, sponsors and World Rugby schedules;
- » Ensure that the timing of the various Competitions does not clash or overlap, and that they are held in a sequence which is conducive to the success of the national teams and other national priorities;
- » In conjunction with management, recommend the competition rules for SARU competitions
- » Perform any other activity as may be specifically requested of it by the Executive Council of SARU from time to time.

2. COMPOSITION

- » The Committee shall comprise of no fewer than six (6) members and no more than eight (8) members and members shall serve for a period of two years

3. FUNCTIONING

- » A meeting secretary shall be appointed to keep full and proper minutes of all meetings of the Committee.
- » A member of the Executive Council shall be the chairman of this committee

4. 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 Conduct of SARU.
- » All employees 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.

5. REMUNERATION

- » The members and attendees may be reimbursed all travelling, hotel and other expenses properly incurred by them in or about the performance of their activities as members or attendees, including those of travelling to and from meetings of the 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 who is not a current member of the executive council or any of the governing structures of a province of SARU

7. COMMITTEE EFFECTIVENESS

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

8. REVIEW

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



EXECUTIVE COUNCIL REPORT

GENERAL MEETING

In compliance with clause 12.1 of the SARU Constitution the General Meeting assembled for an Annual General Meeting in April and two Ordinary General Meetings in August and December.

As per clause 13.2 of the SARU Constitution, the General Meeting approved SARU's annual budget for 2016 at the meeting held on 11 December 2015.

EXECUTIVE COUNCIL

The Executive Council complied with clause 15.1 of the Constitution by having twelve meetings of which six of these were scheduled meetings, one was a special meeting and five were held via teleconference.

The attendance by members of the Executive Council was as follows for the period 1 January 2015 until 31 December 2015:

<i>Oregan Hoskins</i>	<i>12</i>
<i>Mark Alexander</i>	<i>12</i>
<i>James Stoffberg</i>	<i>11</i>
<i>Mputumi Damane</i>	<i>10</i>
<i>Francois Davids</i>	<i>12</i>
<i>Nicholaas Fick</i>	<i>12</i>
<i>Pat Kuhn</i>	<i>10</i>
<i>Monde Tabata</i>	<i>11</i>
<i>Tobie Titus</i>	<i>11</i>
<i>Louis von Zeuner</i>	<i>12</i>
<i>Jurie Roux</i>	<i>12</i>
<i>Basil Haddad</i>	<i>12</i>
<i>Dr I Jakoet</i>	<i>12</i>

SUB COMMITTEES AND AD HOC COMMITTEES

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

The sub- committees are:

» **AUDIT & RISK COMMITTEE** - had three meetings

Attendance at meetings:

- » Mputumi Damane (Chairman) - 3 meetings
- » Edna van Harte - 3 meetings
- » Sinoxolo Jodwana - 1 meeting
- » Mr Kuhn - 3 meetings
- » Mr Fenner - 3 meetings

» **HUMAN RESOURCES AND REMUNERATION COMMITTEE** - had two meetings

Attendance at meetings:

- » Mr Monde Tabata (Chairman) - 3 meetings
- » Mr Goldberg - 3 meetings
- » Ms Mason - 2 meetings
- » Mr. Christian - 3 meetings

» **FINANCE COMMITTEE** - had three meeting with a 100% attendance

» **NATIONAL JUDICIAL COMMITTEE** - had two meetings with 100% attendance at each one

» **GAMES AND POLICIES COMMITTEE** - had 2 meetings with 100% attendance at each one

AUDIT & RISK COMMITTEE

For the year 31 December 2015

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

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

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

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

- » Reviewed the 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 financial statements are prepared in accordance with the applicable accounting framework in SA; and
 - » considered, and where appropriate, made recommendations on the internal financial controls; and
 - » dealt with items raised by the external auditors about the accounting policies, the auditing process or the content of the annual financial statements and internal financial controls.
- » Reviewed the external audit reports on the annual financial statements;
- » Recommended the appointment of the internal auditors;
- » Recommended the risk-based internal audit plan;
- » Reviewed the internal audit and risk management reports, and, where relevant, recommendations have being made to the Executive Council;
- » Evaluated the effectiveness of risk management, controls and the information technology governance process;
- » Reviewed the independence of the external auditor, nominated PricewaterhouseCoopers Inc. as the auditor for the ensuing financial year and noted the appointment of Mr Ernest Carelse as the designated auditor;
- » Recommended the audit fees, the engagement terms of the external auditor and the audit plan for approval to the Executive Council; and
- » Reviewed and determined the nature and extent of allowable non-audit services provided by the external auditor.





MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

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

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

DATE OF MEETINGS	FOCUS AREA
3 March 2015	Financial Statements
29 July 2015	Internal Audit
11 November 2015	External audit plan and engagement letter for external audit

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

TERMS OF REFERENCE

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

ATTENDANCE

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

FINANCIAL STATEMENTS

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

- » Reviewed the financial statements, culminating in a recommendation to the executive council to recommend to the annual general meeting to adopt them. In the course of its review the committee:
 - » took appropriate steps to ensure that the financial statements are prepared in accordance with the applicable accounting framework in SA; and
 - » considered, and, where appropriate, made recommendations on internal financial controls;
 - » dealt with items raised by the external auditors about the accounting policies, the auditing process or the content of the annual financial statements and internal financial controls.
- » Reviewed the external audit reports on the annual financial statements.

INTERNAL AUDIT

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

Furthermore, the Audit and Risk Committee oversees co-operation between the internal and external auditors, and serves as a link between





the executive council and these functions.

The Audit and Risk Committee reviewed the Internal Audit plan and recommended that the plan be approved by the Executive Council. The Internal Auditors have issued an Assurance Report for the year under review. In addition, the Audit and Risk Committee reviewed the Combined Assurance plan prepared by the Internal Auditors and recommended the Combined Assurance Plan to the Executive Council for approval. The Report of the Internal Auditors on the control environment for the areas covered during the year is appended to this report.

EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

PricewaterhouseCoopers Inc. (PWC) served as SARU's designated external auditors for the 2015 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 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 has recom-

OPPOSITE PAGE:
Former World Rugby Sevens Player of the Year, Cecil Afrika, was a popular figure at the Laureus Sport for Good Foundation clinic held in Cape Town in 2015.

mended the re-appointment of PricewaterhouseCoopers Inc. as auditors for the 2016 financial year.

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

INFORMATION TECHNOLOGY

In accordance with the terms of reference, the Audit and Risk Committee reviewed the risks relating to the Information Technology (IT). The Audit and Risk Committee is of the view that the Information Technology controls are improving and in the current year focused on the disaster recovery plans. The Audit and Risk Committee was presented with an updated report on improvements in the disaster recovery plans.

RISK MANAGEMENT

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

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

Risk management has now been included on the agenda for all meetings to consider and discuss new and emerging risks that may impact on SARU or its operations.

OPERATIONS & FINANCE

OPERATING RESULTS

SARU reported a group profit before taxation of R33.3 million for the year ended 31 December 2015, which is significantly higher than the R2.9 million achieved in the previous financial year.

In a very difficult economic environment, this is considered a very satisfactory operating result, which was well above budget, due to a combination of higher than expected revenue and a measure of cost savings.

A taxation charge of R16.5 million resulted in an after tax profit of R16.7 million (2014: R1.9 million loss).

Group revenue rose to R967 million, 18% up from the 2014 level of R820 million, due mainly to its share of the new revenue stream from SA Rugby Travel, generated by RWC 2015, while group operating expenditure increased by 20%, mainly due to its share of SA Rugby Travel operating costs.

FINANCIAL POSITION

The Group's financial position remains reasonably healthy, with total equity of R81 million.

Cash flow improved significantly and as a result a net cash balance of R54 million was reported at 2015 year-end, compared to a cash balance of R11 million at the end of the previous financial year.

The ratio of current assets to current liabilities was 1.53 to 1.00 at year-end (2014: 1.02 to 1.00).

PROSPECTS FOR 2016 AND BEYOND

2016 marks the beginning of a new five year cycle for all broadcasting rights agreements and most sponsorships. While all major broadcasting rights deals have been finalized at significantly higher values, the renewal or replacement of sponsorships has been extremely challenging, and as a result the increase in sponsorship revenues is likely to be relatively modest over the next few years.

On the expenditure side, the share of broadcasting rights payable to member unions will increase significantly, in line with the increase in revenue. The investment in players will increase, partly because of a new contracting model and partly due to a new collective rights agreement for player attributes in a team context. A substantial increase in competitions costs will also be evident, mainly because of the expansion of the Super Rugby competition. Every effort will be made to contain increases in all other operating expenses to around inflation levels.

The net result of the above will be a greater emphasis on profitability, in order to steadily improve the level of cash reserves over the next few years.

STRUCTURE

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

Siya Kolisi and his fellow Springboks attended a coaching clinic hosted by the Laureus Sport for Good Foundation at Masiphumulele Rugby Club in Cape Town.



SOUTH AFRICAN RUGBY UNION

VOLUNTARY ASSOCIATION OF PERSONS

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2015

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

O Hoskins (President)

M Alexander (Deputy President)

J Stoffberg (Vice President)

J Roux (Chief Executive Officer)

B Haddad (Chief Financial Officer)

M Damane

F Davids

N Fick

P Kuhn

M Tabata

T Titus

L von Zeuner



STATUTORY INFORMATION

Business address	SARU House Tygerberg Park 163 Uys Krige Drive Platteklouf 7500 Cape Town
Postal address	PO Box 15929 Panorama 7506 Cape Town
Bankers	ABSA Bank Ltd INVESTEC Bank Ltd
Auditors	PricewaterhouseCoopers Inc. Registered Auditor
Level of assurance	These consolidated financial statements have been audited.
Preparer	The annual financial statements were independently compiled under the supervision of: PricewaterhouseCoopers Inc. ID Allen CA (SA)
Attorneys	De Klerk & Van Gend Inc.

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EXECUTIVE COUNCIL'S RESPONSIBILITIES AND APPROVAL

The Executive Council is responsible for ensuring that adequate accounting records are maintained 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 its 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 year 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.

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's and Union's cash flow forecast for the year to 31 December 2016 and, in light of this review and the current financial position, it is satisfied that the group and Union have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the external auditors and their report is presented on pages 7 to 8.

The consolidated and separate financial statements set out on pages 9 to 46, which have been prepared on the going concern basis, were approved by the Executive Council on _____ and were signed on its behalf by:

O Hoskins (President)

J Roux (Chief Executive Officer)

EXECUTIVE COUNCIL'S REPORT

The Executive Council submits its report for the year ended 31 December 2015.

1. Review of activities

Main business and operations

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

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

Net profit of the group was R 16,745,193 (2014: R 1,860,934 loss), after taxation of R 16,514,701 (2014: R 4,724,128).

2. Going concern

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

3. Events after the reporting period

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

4. Membership control

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

EXECUTIVE COUNCIL'S REPORT (continued)

5. Subsidiary, associates, joint operations and Trust

The Union has the following interests:

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

A 33.3% shareholding in SANZAR Proprietary Limited which manages the Super Rugby and The Rugby Championship competitions played in the Southern Hemisphere. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union. The company is equity accounted for by the group. All income from the broadcasting rights agreements relating to these competitions, other than the rights sold to European broadcasters, is derived directly by the Unions. The Union's share of accumulated profits of the associate, as reporting in its 2015 annual financial statements was R 2,289,935 (2014: R90,915 (loss)).

A 33.3% shareholding in SANZAR Europe S.a.r.l., a Luxembourg based company which owns and manages the sales of broadcasting rights for the Super Rugby and The Rugby Championship competitions, to Europe broadcasters. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union. The company is equity accounted for by the group. The Union's share of accumulated profits as reporting in its 2015 annual financial statements was R 1,880,416 (2014: R 1,142,574).

A 50% interest in SA Rugby Travel, a joint operation which creates, markets and sells official travel packages for Springbok rugby events, Rugby World Cup 2015 and 2019 and other events. The Union's share of accumulated profits was R 11,459,113 (2014: R 1,166,368 (losses)).

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

During 2015 South African Rugby Union acquired 100% control of a Non-profit company called The Rugby Educational Foundation NPC, registered on 22 October 2015. 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.

A previously dormant, wholly owned subsidiary of South African Rugby Union, SA Super Rugby Proprietary Limited, has been utilised to fulfil the management function for the Southern Kings franchise participating in the 2016 Super Rugby competition.

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

6. Executive Council

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

Name

O Hoskins (President)
M Alexander (Deputy President)
J Stoffberg (Vice President)
J Roux (Chief Executive Officer)
B Haddad (Chief Financial Officer)
M Damane
F Davids
N Fick
P Kuhn
M Tabata
T Titus
L von Zeuner

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

We have audited the consolidated and separate financial statements of South African Rugby Union set out on pages 9 to 46, which comprise the statements of financial position as at 31 December 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Executive Council's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of South African Rugby Union as at 31 December 2015 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.

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

Chief Executive Officer: T D Shango
Management Committee: T P Blandin de Chalain, S N Madikane, P J Mothibe, C Richardson, F Tonelli, C Volschenk
Western Cape region – Partner in charge: D J Fölscher
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2015, we have read the Executive Council's Report for the purpose of identifying whether there are material inconsistencies between this report and the audited consolidated and separate financial statements. This report is the responsibility of the preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited consolidated and separate financial statements. However, we have not audited this report and accordingly do not express an opinion on it.

PricewaterhouseCoopers Inc.
Director: EJ Carelse
Registered Auditor
Cape Town
Date: 1 April 2016

SOUTH AFRICAN RUGBY UNION

Voluntary Association of persons

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		2015	Group 2014 Restated R	2013 Restated R	2015	Union 2014 Restated R	2013 Restated R
Note(s)	R				R		
Assets							
Non-Current Assets							
Property, plant and equipment	4	36,665,043	42,169,781	16,198,845	12,309,803	14,138,051	16,181,169
Intangible assets	5	1,456,667	1,541,667	1,641,667	1,456,667	1,541,667	1,641,667
Investment in subsidiary	6	-	-	-	51	51	51
Investments in associates	7	4,170,351	1,142,574	-	-	-	-
Deferred income tax	8	14,070,371	14,242,082	18,831,985	14,047,971	14,143,550	18,733,453
Trade and other receivables	9	22,607,384	20,244,846	18,245,323	22,607,384	20,244,846	18,245,323
		78,969,816	79,340,950	54,917,820	50,421,876	50,068,165	54,801,663
Current Assets							
Inventories	10	17,205,480	3,190,195	433,659	17,205,480	3,190,195	433,659
Trade and other receivables	9	119,387,197	119,661,234	183,830,023	142,725,069	128,549,330	183,394,379
Cash and cash equivalents	11	53,945,699	11,445,815	1,395,716	45,635,022	9,412,563	50,957
		190,538,376	134,297,244	185,659,398	205,565,571	141,152,088	183,878,995
Total Assets		269,508,192	213,638,194	240,577,218	255,987,447	191,220,253	238,680,658
Equity and Liabilities							
Equity Attributable to Equity Holders of Parent							
Retained income		81,302,102	65,122,870	66,987,454	75,623,807	65,185,546	66,924,283
Non-controlling interest		781,426	215,465	211,815	-	-	-
		82,083,528	65,338,335	67,199,269	75,623,807	65,185,546	66,924,283
Liabilities							
Non-Current Liabilities							
Post employment healthcare benefits	25	19,099,000	16,587,000	12,803,000	19,099,000	16,587,000	12,803,000
Deferred income	12	43,964,470	-	8,666,668	43,964,470	-	8,666,668
		63,063,470	16,587,000	21,469,668	63,063,470	16,587,000	21,469,668
Current Liabilities							
Other financial liabilities	13	-	1,629,182	1,455,955	-	1,629,182	1,455,955
Current income tax payable		323,262	-	31,935	157,465	-	-
Trade and other payables	14	101,495,724	117,563,988	108,453,856	94,600,497	95,298,836	107,081,727
Deferred income	12	22,542,208	12,519,689	15,349,673	22,542,208	12,519,689	15,132,163
Bank overdraft	11	-	-	26,616,862	-	-	26,616,862
		124,361,194	131,712,859	151,908,281	117,300,170	109,447,707	150,286,707
Total Liabilities		187,424,664	148,299,859	173,377,949	180,363,640	126,034,707	171,756,375
Total Equity and Liabilities		269,508,192	213,638,194	240,577,218	255,987,447	191,220,253	238,680,658

The notes on page 46 to 79 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Group		Union	
		2015 R	2014 Restated R	2015 R	2014 Restated R
Revenue	15	967,112,958	819,982,769	848,239,524	807,346,412
Other income	16	56,925,313	8,066,414	55,988,130	8,404,080
Operating expenses	17	(997,082,737)	(827,828,979)	(880,652,655)	(814,416,517)
Operating profit	17	26,955,534	220,204	23,574,999	1,333,975
Investment revenue	18	3,676,451	2,514,701	3,580,925	2,531,476
Income from equity accounted investments	7	3,027,778	1,142,574	-	-
Interest paid	19	(399,869)	(1,014,285)	(399,869)	(1,014,285)
Profit before taxation		33,259,894	2,863,194	26,756,055	2,851,166
Taxation	20	(16,514,701)	(4,724,128)	(16,317,794)	(4,589,903)
Profit/(loss) for the year		16,745,193	(1,860,934)	10,438,261	(1,738,737)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		16,745,193	(1,860,934)	10,438,261	(1,738,737)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		16,179,232	(1,864,584)	10,438,261	(1,738,737)
Non-controlling interest		565,961	3,650	-	-
		16,745,193	(1,860,934)	10,438,261	(1,738,737)
Profit/(loss) attributable to :					
Owners of the parent		16,179,232	(1,864,584)	10,438,261	(1,738,737)
Non-controlling interest		565,961	3,650	-	-
		16,745,193	(1,860,934)	10,438,261	(1,738,737)

The notes on page 46 to 79 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

	R	Attributable to the Union R	Non- controlling interest R	Total equity R
Group				
Opening balance as previously reported	79,790,454	79,790,454	211,815	80,002,269
Adjustments				
Prior year adjustments (refer to note 30)	(12,803,000)	(12,803,000)	-	(12,803,000)
Balance at 01 January 2014 as restated	66,987,454	66,987,454	211,815	67,199,269
Total comprehensive Loss for the year	(1,864,584)	(1,864,584)	3,650	(1,860,934)
Opening balance as previously reported	68,906,870	68,906,870	215,465	69,122,335
Adjustments				
Prior year adjustments (refer to note 30)	(3,784,000)	(3,784,000)	-	(3,784,000)
Balance at 01 January 2015 as restated	65,122,870	65,122,870	215,465	65,338,335
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	16,179,232	16,179,232	565,961	16,745,193
Balance at 31 December 2015	81,302,102	81,302,102	781,426	82,083,528
Union				
Opening balance as previously reported	79,727,283	79,727,283	-	79,727,283
Adjustments				
Prior year adjustments (refer to note 30)	(12,803,000)	(12,803,000)	-	(12,803,000)
Balance at 01 January 2014 as restated	66,924,283	66,924,283	-	66,924,283
Total comprehensive Loss for the year	(1,738,737)	(1,738,737)	-	(1,738,737)
Opening balance as previously reported	68,969,546	68,969,546	-	68,969,546
Adjustments				
Prior year adjustments (refer to note 30)	(3,784,000)	(3,784,000)	-	(3,784,000)
Balance at 01 January 2015 as restated	65,185,546	65,185,546	-	65,185,546
Profit for the year	10,438,261	10,438,261	-	10,438,261
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	10,438,261	10,438,261	-	10,438,261
Balance at 31 December 2015	75,623,807	75,623,807	-	75,623,807

The notes on page 46 to 79 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

	Notes	Group		Union	
		2015 R	2014 Restated R	2015 R	2014 Restated R
Cash flows from operating activities					
Cash generated from operations	21	57,884,183	36,985,569	51,733,412	36,114,141
Interest received		3,676,451	2,514,701	3,580,925	2,531,476
Interest paid		(399,869)	(1,014,285)	(399,869)	(1,014,285)
Tax paid	22	(16,019,728)	(166,160)	(16,064,750)	-
Net cash flows from operating activities		45,141,037	38,319,825	38,849,718	37,631,332
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(3,727,913)	(1,845,461)	(2,051,364)	(1,845,461)
Proceeds from the sale of property, plant and equipment	4	1,086,760	192,597	(575,895)	192,597
Net cash flows from investing activities		(2,641,153)	(1,652,864)	(2,627,259)	(1,652,864)
Total cash movement for the year		42,499,884	36,666,961	36,222,459	35,978,468
Cash at the beginning of the year		11,445,815	(25,221,146)	9,412,563	(26,565,905)
Total cash at end of the year	11	53,945,699	11,445,815	45,635,022	9,412,563

The notes on page 46 to 79 are an integral part of these financial statements.

ACCOUNTING POLICIES

1. Basis of preparation

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

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

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

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

Subsidiaries

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

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

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

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

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

Investment in associates

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

1.1 Consolidation (continued)

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

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

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

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

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

Joint arrangements

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

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

Joint operations

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

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

ACCOUNTING POLICIES
(continued)

1.2 Significant judgements and sources of estimation uncertainty

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

Taxes

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

Trade receivables and inventories

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

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

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

1.3 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

1.3 Property, plant and equipment (continued)

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

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

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

1.4 Intangible assets

Intangible assets are initially recognised at cost.

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

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

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

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

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 noted below and is consistent with the previous years:

Item	Useful life
Trademarks	20 years

1.5 Investment in subsidiary

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

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

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

ACCOUNTING POLICIES

(continued)

1.6 Investments in associates

An investment in an associate is carried at cost less any accumulated impairment in the consolidated financial statements.

1.7 Financial instruments

Classification

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

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

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

Initial recognition and measurement

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

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

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

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

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

Impairment of financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

1.7 Financial instruments (continued)

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

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

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

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

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

Trade and other payables

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

Cash and cash equivalents

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

1.8 Income tax

Current income tax assets and liabilities

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

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

ACCOUNTING POLICIES

(continued)

1.8 Income tax (continued)

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

Deferred income tax assets and liabilities

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

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

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

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

Income tax expenses

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

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

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

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

1.9 Leases

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

Operating leases – lessee

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

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

1.10 Inventories

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

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

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

1.11 Impairment of non-financial assets

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

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

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

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

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

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

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

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.

ACCOUNTING POLICIES

(continued)

1.12 Employee benefits

Pension Obligations

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

Short-term employee benefits

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

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

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

1.12 Employee benefits (continued)

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.

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

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

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

Contingent assets and contingent liabilities are not recognised.

ACCOUNTING POLICIES (continued)

1.14 Revenue

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

Sale of goods

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

Sponsorship income

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

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

Sales of broadcasting rights

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

Interest income

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

Royalty income

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

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.

Grants

Grants are recognised when there is reasonable assurance that:

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

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

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

1.15 Borrowing costs

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

1.16 Translation of foreign currencies

Functional and presentation currency

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

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after
• Amendment to IAS 19: Defined Benefit Plans: Employee Contributions	01 July 2014
• Amendment to IFRS 2: Share-based Payment: Annual improvements project	01 July 2014
• Amendment to IFRS 3: Business Combinations: Annual improvements project	01 July 2014
• Amendment to IFRS 8: Operating Segments: Annual improvements project	01 July 2014
• Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project	01 July 2014
• Amendment to IAS 24: Related Party Disclosures: Annual improvements project	01 July 2014
• Amendment to IAS 38: Intangible Assets: Annual improvements project	01 July 2014
• Amendment to IFRS 3: Business Combinations: Annual improvements project	01 July 2014
• Amendment to IFRS 13: Fair Value Measurement: Annual improvements project	01 July 2014
• Amendment to IAS 40: Investment Property: Annual improvements project	01 July 2014

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after
• IFRS 9 Financial Instruments	01 January 2018
• IFRS 14 Regulatory Deferral Accounts	01 January 2016
• Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	01 January 2016
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016
• IFRS 15 Revenue from Contracts with Customers	01 January 2017
• Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	01 January 2016
• Amendment to IAS 27: Equity Method in Separate Financial Statements	01 January 2016
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2016
• Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project	01 January 2016

2. New Standards and Interpretations (continued)

- Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project 01 January 2016
- Amendment to IAS 19: Employee Benefits: Annual Improvements project 01 January 2016
- Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project 01 January 2016
- Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements 01 January 2016
- Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements 01 January 2016
- Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption 01 January 2016

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3. Risk management

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures.

Liquidity and interest rate risk

The group has a number of short term deposits with banks and also 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 899,918 (2014: R 537,326) change in the interest.

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

Group

At 31 December 2015	Less than 1 year
Trade and other payables	101,495,724
At 31 December 2014	Less than 1 year
Trade and other payables	117,563,988

Union

At 31 December 2015	Less than 1 year
Trade and other payables	94,600,497
At 31 December 2014	Less than 1 year
Trade and other payables	95,298,836

Credit risk

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

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

	Group - 2015 R	Group - 2014 R	Union - 2015 R	Union - 2014 R
Financial instrument				
Trade and other receivables	135,612,030	139,906,080	158,914,023	148,794,176
Cash and cash equivalents	52,893,022	11,232,264	44,582,345	9,199,012

3. Risk management (continued)

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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

At 31 December 2015, if the currency had weakened/strengthened by 10% against the British Pound with all other variables held constant, post-tax (loss)/profit for the year would have been R 329,727 (2014: R nil) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Pound denominated trade receivables.

At 31 December 2015, if the currency had weakened/strengthened by 10% against the US Dollar with all other variables held constant, post-tax (loss)/profit for the year would have been R 27,028 (2014: R nil) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD denominated trade receivables.

At 31 December 2015, if the currency had weakened/strengthened by 10% against the Japanese Yen with all other variables held constant, post-tax (loss)/profit for the year would have been R 559 (2014: R nil) higher/lower, mainly as a result of foreign exchange gains/losses on translation of JPY denominated trade receivables.

At 31 December 2015, if the currency had weakened/strengthened by 10% against the Australian Dollar with all other variables held constant, post-tax (loss)/profit for the year would have been R 30,586 (2014: R nil) higher/lower, mainly as a result of foreign exchange gains/losses on translation of AUD denominated trade receivables.

At 31 December 2015, if the currency had weakened/strengthened by 10% against the New Zealand Dollar with all other variables held constant, post-tax (loss)/profit for the year would have been R 4,665 (2014: R nil) higher/lower, mainly as a result of foreign exchange gains/losses on translation of NZD denominated trade receivables.

Fair value estimation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

4. Property, plant and equipment

Group	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and equipment	7,354,812	(3,122,471)	4,232,341	4,188,548	(1,551,337)	2,637,211
Motor vehicles	991,189	(429,072)	562,117	928,947	(371,758)	557,189
Computer software and equipment	8,220,315	(4,759,813)	3,460,502	9,511,893	(4,594,507)	4,917,386
Leasehold improvements	38,561,541	(10,151,458)	28,410,083	40,158,898	(6,100,903)	34,057,995
Total	55,127,857	(18,462,814)	36,665,043	54,788,286	(12,618,505)	42,169,781

Union	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and equipment	5,774,739	(2,735,831)	3,038,908	4,148,380	(1,515,657)	2,632,723
Motor vehicles	991,189	(429,072)	562,117	928,947	(371,758)	557,189
Computer software and equipment	8,013,245	(4,616,507)	3,396,738	9,403,100	(4,495,647)	4,907,453
Leasehold improvements	7,569,231	(2,257,191)	5,312,040	7,542,301	(1,501,615)	6,040,686
Total	22,348,404	(10,038,601)	12,309,803	22,022,728	(7,884,677)	14,138,051

Reconciliation of property, plant and equipment - Group - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	2,637,211	3,126,104	-	(1,530,974)	4,232,341
Motor vehicles	557,189	62,242	-	(57,314)	562,117
Computer software and equipment	4,917,386	512,636	-	(1,969,520)	3,460,502
Leasehold improvements	34,057,995	26,931	(1,662,655)	(4,012,188)	28,410,083
	42,169,781	3,727,913	(1,662,655)	(7,569,996)	36,665,043

Reconciliation of property, plant and equipment - Group - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	3,497,637	298,643	(469,276)	(689,793)	2,637,211
Motor vehicles	853,312	-	(110,334)	(185,789)	557,189
Computer software and equipment	5,281,049	1,336,441	(11,339)	(1,688,765)	4,917,386
Leasehold improvements	6,566,847	32,832,095	-	(5,340,947)	34,057,995
	16,198,845	34,467,179	(590,949)	(7,905,294)	42,169,781

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Union - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	2,632,723	1,626,360	-	(1,220,175)	3,038,908
Motor vehicles	557,189	62,242	-	(57,314)	562,117
Computer software and equipment	4,907,453	335,832	-	(1,846,547)	3,396,738
Leasehold improvements	6,040,686	26,930	-	(755,576)	5,312,040
	14,138,051	2,051,364	-	(3,879,612)	12,309,803

Reconciliation of property, plant and equipment - Union - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	3,423,574	367,266	(469,276)	(688,841)	2,632,723
Motor vehicles	853,312	-	(110,334)	(185,789)	557,189
Computer software and equipment	5,337,436	1,262,697	(11,339)	(1,681,341)	4,907,453
Leasehold improvements	6,566,847	215,498	-	(741,659)	6,040,686
	16,181,169	1,845,461	(590,949)	(3,297,630)	14,138,051

5. Intangible assets

Group	2015			2014		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademark	2,000,000	(543,333)	1,456,667	2,000,000	(458,333)	1,541,667
Union						
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademark	2,000,000	(543,333)	1,456,667	2,000,000	(458,333)	1,541,667

Reconciliation of intangible assets - Group - 2015

	Opening balance	Amortisation	Total
Trademark	1,541,667	(85,000)	1,456,667

Reconciliation of intangible assets - Group - 2014

	Opening balance	Amortisation	Total
Trademark	1,641,667	(100,000)	1,541,667

Reconciliation of intangible assets - Union - 2015

	Opening balance	Amortisation	Total
Trademark	1,541,667	(85,000)	1,456,667

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

5. Intangible assets (continued)

Reconciliation of intangible assets - Union - 2014

	Opening balance	Amortisation	Total
Trademark	1,641,667	(100,000)	1,541,667

6. Investment in subsidiary

Name of company	Carrying amount 2015	Carrying amount 2014
Springbok Supporters Club Proprietary Limited	51	51
The Rugby Educational Foundation NPC	-	-
SA Super Rugby Proprietary Limited	-	-
	<u>51</u>	<u>51</u>

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

7. Investments in associates

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
SANZAR Proprietary Limited	2,289,935	-	-	-
SANZAR Europe S.a.r.l	1,880,416	1,142,574	-	-
	<u>4,170,351</u>	<u>1,142,574</u>	<u>-</u>	<u>-</u>

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

Included in the statement of comprehensive income is South African Rugby Union's share of profits earned by the investments, described as income from equity accounted investments of R 3,027,778 (2014: R 1,142,574).

The results and year-end position of The South African Rugby Heritage Trust are consolidated into the group figures of South African Rugby Union.

7. Investments in associates (continued)

The gross results, of the Union's unlisted principal associates and of their assets and liabilities, which are based on the unaudited management accounts as at 31 December 2015, are as follows:

	Assets	Liabilities	Revenue	Profit	Accumulated profit
SANZAR Proprietary Limited (33.3%)	112,196,361	(105,326,420)	43,421,980	(6,597,059)	(6,869,805)
SANZAR Europe S.a.r.l (33.3%)	148,416,469	(131,162,401)	249,246,906	(2,213,527)	(5,641,249)
SA Rugby Travel	24,149,634	(1,231,408)	229,811,952	(25,250,962)	(22,918,226)
	<u>284,762,464</u>	<u>(237,720,229)</u>	<u>522,480,838</u>	<u>(34,061,548)</u>	<u>(35,429,280)</u>

The results and year-end position of SA Rugby Travel are proportionally consolidated into the group figures of South African Rugby Union.

8. Deferred income tax

Deferred tax asset

Accounts receivable	18,985	21,000	18,985	21,000
Provisions	5,507,008	186,179	5,484,608	95,964
Deferred revenue	8,551,073	12,264,547	8,551,073	12,203,364
Fixed assets	(6,695)	(68,115)	(6,695)	(15,248)
Assessed loss	-	1,838,471	-	1,838,470
	<u>14,070,371</u>	<u>14,242,082</u>	<u>14,047,971</u>	<u>14,143,550</u>

Reconciliation of deferred tax asset

At beginning of the year	14,242,082	18,831,985	14,143,550	18,733,453
Income statement charge	(171,711)	(4,589,903)	(95,579)	(4,589,903)
	<u>14,070,371</u>	<u>14,242,082</u>	<u>14,047,971</u>	<u>14,143,550</u>

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

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
9. Trade and other receivables				
Trade receivables	24,081,041	20,752,917	24,074,446	20,752,917
Impairment on trade receivables	(90,406)	(90,406)	(90,406)	(90,406)
	<u>23,990,635</u>	<u>20,662,511</u>	<u>23,984,040</u>	<u>20,662,511</u>
Amounts receivable from Provincial Unions	11,503,104	8,818	11,503,104	8,818
Provincial Unions	41,404,898	29,802,387	41,404,898	29,802,388
Prepayments	13,027,838	49,515,955	6,715,025	19,724,691
VAT	6,382,551	-	6,418,430	-
The South African Rugby Heritage Trust	-	-	26,932,449	30,348,847
SA Rugby Travel	-	1,424,886	3,000,000	9,808,028
SA Super Rugby (Pty) Ltd	1,542,056	-	1,542,056	-
The Rugby Education Foundation NPC	14,175	-	14,175	-
SANZAR (Pty) Ltd	81,832	-	81,832	-
Accrued income	43,523,208	27,004,763	43,523,208	27,004,763
Other receivables	524,284	11,486,760	213,236	11,434,130
	<u>141,994,581</u>	<u>139,906,080</u>	<u>165,332,453</u>	<u>148,794,176</u>
Total trade and other receivables	141,994,581	139,906,080	165,332,453	148,794,176
Less: non current portion of loans to Provincial Unions	(22,607,384)	(20,244,846)	(22,607,384)	(20,244,846)
	<u>119,387,197</u>	<u>119,661,234</u>	<u>142,725,069</u>	<u>128,549,330</u>

All non-current receivables relate to loan receivables from Unions which are due within two to five years. These loan receivables are unsecured, due within maximum 60 months and interest is charged based on the prime interest rate less 2%. Regarding all other receivables, there are no repayment terms and no interest is charged. Prepayments includes broadcasting rights allocation payments to Provincial Unions totalling R nil (2014: R5,774,342) which will become due in the following year.

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

The South African Rugby Heritage Trust

Fixed assets	-	-	24,337,879	28,017,309
Working capital	-	-	2,594,570	2,331,539
	<u>-</u>	<u>-</u>	<u>26,932,449</u>	<u>30,348,848</u>

The loan to The South African Rugby Heritage Trust is shown net of impairment. The impairment write off during 2015 was R 6,900,000 (2014: R 10,106,774), and it relates specifically to the operating deficit of the Trust.

	Group		Union	
	2015 R	2014 R	2015 R	2014 R

9. Trade and other receivables (continued)

Trade receivables not impaired

The ageing of amounts not impaired is as follows:

Up to 3 months	20,934,978	19,564,652	20,928,383	19,564,652
more than 3 months	3,055,657	1,097,859	3,055,657	1,097,859
	<u>23,990,635</u>	<u>20,662,511</u>	<u>23,984,040</u>	<u>20,662,511</u>

Currencies

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

Japanese Yen	15,529	-	15,529	-
Australian Dollar	424,804	-	424,804	-
New Zealand Dollar	64,789	-	64,789	-
US Dollar	4,101,086	-	4,101,086	-
British Pound	4,796,655	-	4,796,655	-
	<u>9,402,863</u>	<u>-</u>	<u>9,402,863</u>	<u>-</u>

Reconciliation of provision for impairment of trade and other receivables

Opening balance	90,406	100,000	90,406	100,000
Provision for impairment	-	90,726	-	90,726
Amounts written off	-	(100,320)	-	(100,320)
	<u>90,406</u>	<u>90,406</u>	<u>90,406</u>	<u>90,406</u>

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

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

10. Inventories

Consumables: Apparel	<u>17,205,480</u>	<u>3,190,195</u>	<u>17,205,480</u>	<u>3,190,195</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
11. Cash and cash equivalents				
For the purpose of the statement of cash flows, cash, cash equivalents and bank overdrafts include total cash assets less bank overdrafts:				
Cash	1,052,677	213,551	1,052,677	213,551
Bank and short term bank deposits	52,893,022	11,232,264	44,582,345	9,199,012
	53,945,699	11,445,815	45,635,022	9,412,563
Credit quality of cash at bank and short term deposits, excluding cash on hand				
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates:				
Credit rating				
ABSA (A-)	52,893,022	11,232,264	44,582,345	9,199,012
12. Deferred income				
Deferred income comprise of the following:				
Sponsorships	5,334,672	2,910,645	5,334,672	2,910,645
Broadcasting rights	54,955,588	6,088,201	54,955,588	6,088,201
Grants	6,216,418	3,520,843	6,216,418	3,520,843
	66,506,678	12,519,689	66,506,678	12,519,689
Non-current liabilities	43,964,470	-	43,964,470	-
Current liabilities	22,542,208	12,519,689	22,542,208	12,519,689
	66,506,678	12,519,689	66,506,678	12,519,689
13. Other financial liabilities				
At fair value through profit or loss - designated				
Foreign exchange contract	-	1,629,182	-	1,629,182
Current liabilities				
Fair value through profit or loss	-	1,629,182	-	1,629,182

	Group		Union	
	2015 R	2014 R	2015 R	2014 R

13. Other financial liabilities (continued)

Other financial liabilities at fair value through profit or loss

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

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

- FEC's

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

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

The differences between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.

Fair value hierarchy of financial liabilities at fair value through profit or loss

For financial liabilities recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical liabilities.

Level 2 applies inputs other than quoted prices that are observable for the liabilities either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 1

FEC's	-	1,629,182	-	1,629,182
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14. Trade and other payables

Trade payables	42,316,677	27,383,263	37,899,762	27,113,150
VAT	-	1,897,407	-	2,117,001
Amounts payable to related parties	-	18,690	-	-
IRB HSBC WSS: SA Event - JV loan account	4,720,631	14,797,120	4,720,631	14,797,120
Income received in advance	-	20,694,801	-	-
Accrued expenses	40,770,402	48,793,096	38,942,090	47,291,956
Other payables	13,688,014	3,979,611	13,038,014	3,979,609
	101,495,724	117,563,988	94,600,497	95,298,836

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

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
15. Revenue				
Broadcasting rights	330,546,689	317,032,545	330,546,689	317,032,545
Sponsorships	348,553,381	359,781,591	348,553,381	359,781,992
Grants from World Rugby	113,577,153	28,357,377	113,577,153	28,357,376
Home Tests	18,738,532	47,192,924	18,738,532	47,192,924
Away Tests	-	15,455,880	-	15,455,880
Merchandising royalties	28,471,967	12,997,606	21,724,123	9,752,309
Government grants	1,463,881	4,405,756	1,463,881	8,130,756
Lottery grants	2,320,765	18,945,130	2,320,765	18,945,130
Springbok Supporters Club	6,233,280	5,582,703	765,000	1,147,500
South African Rugby Heritage Trust	1,751,334	2,242,021	-	-
Stratus software	550,000	1,550,000	550,000	1,550,000
SA Rugby Travel	114,905,976	6,439,236	10,000,000	-
	967,112,958	819,982,769	848,239,524	807,346,412
16. Other income				
Share of profits - IRB HSBC WSS: PE Event	-	6,640,522	-	6,640,522
Proceeds from hedging agreement	15,319,930	-	15,319,930	-
Other income	2,764,193	1,425,892	1,827,010	1,763,558
World Rugby Sevens Series event	38,841,190	-	38,841,190	-
	56,925,313	8,066,414	55,988,130	8,404,080
17. Operating profit				
Operating profit for the year is stated after accounting for the following:				
Auditors remuneration	1,219,428	1,196,078	1,219,428	1,196,078
Auditors remuneration - other services	586,215	297,061	586,215	297,061
Legal fees	3,733,432	2,560,387	3,733,432	2,320,060
Internal audit fees	291,982	586,435	291,982	586,435
Consulting fees	1,169,492	1,627,315	1,169,492	1,627,315
	7,000,549	6,267,276	7,000,549	6,026,949
Operating lease charges				
Premises				
• Contractual amounts	6,522,720	5,332,890	6,522,720	5,332,890
Equipment				
• Contractual amounts	18,903	472,714	18,903	472,714
	6,541,623	5,805,604	6,541,623	5,805,604
Loss on sale of equipment	575,895	398,352	575,895	398,352
Depreciation and amortisation	7,654,997	8,005,294	3,964,613	3,397,630
Loss on foreign exchange	368,760	861,480	368,760	861,480
Staff costs	79,300,228	74,521,559	76,203,507	71,784,060

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
17. Operating profit (continued)				
Staff costs consist of:				
Salaries etc.	70,216,058	64,355,004	67,119,337	61,617,505
Contributions	9,288,023	8,732,764	9,288,023	8,732,764
Leave pay	(203,853)	1,433,791	(203,853)	1,433,791
	79,300,228	74,521,559	76,203,507	71,784,060
Operating expenses				
Broadcasting rights and other allocations to provinces	165,130,310	160,485,465	165,130,310	160,485,465
Commercial and marketing	296,110,429	242,394,606	280,423,339	240,296,810
Corporate affairs	12,936,090	12,093,329	12,936,090	12,093,325
Strategic Performance Management	31,842,411	87,292,805	31,842,412	87,292,805
Governance	14,499,000	12,482,651	14,499,000	12,482,646
Rugby	249,132,621	203,357,402	249,132,621	203,357,403
Human resources	10,191,490	10,859,133	10,191,490	10,859,133
Office of the CEO	10,474,538	10,308,050	10,474,538	10,308,051
Operations and finance	42,504,734	49,082,126	44,040,396	46,035,022
Referees	30,959,679	31,205,859	30,961,519	31,205,857
World Rugby Sevens Series event	31,020,940	-	31,020,940	-
SA Rugby Travel	102,280,495	8,267,553	-	-
	997,082,737	827,828,979	880,652,655	814,416,517
18. Investment revenue				
Finance income				
Bank	1,728,192	540,552	1,632,666	557,327
Provincial Unions	1,948,259	1,974,149	1,948,259	1,974,149
	3,676,451	2,514,701	3,580,925	2,531,476
19. Interest paid				
Bank	399,869	1,014,285	399,869	1,014,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
20. Income tax expense				
Major components of the income tax expense (income)				
Current				
Local income tax - current period	13,888,616	134,225	13,722,176	-
Local income tax - prior periods	2,500,039	-	2,500,039	-
	16,388,655	134,225	16,222,215	-
Deferred				
Originating and reversing temporary differences	(5,297,292)	-	(5,295,192)	-
Arising from prior period adjustments	5,423,338	4,589,903	5,390,771	4,589,903
	126,046	4,589,903	95,579	4,589,903
	16,514,701	4,724,128	16,317,794	4,589,903
Reconciliation of the income tax expense				
Reconciliation between accounting profit and income tax expense.				
Accounting profit	33,259,894	2,863,194	26,756,055	2,851,166
Tax at the applicable tax rate of 28% (2014: 28%)	9,312,770	801,694	7,491,695	798,326
Tax effect of adjustments on taxable income				
Non-taxable income	(2,295,456)	(563,129)	(1,847,760)	(693,986)
Non-deductible expenses	2,783,048	1,261,841	2,783,048	1,261,841
Prior year under provision for current tax	2,500,039	-	2,500,039	-
Prior year under provision for deferred tax	4,214,300	4,589,903	5,390,772	4,589,903
Deferred tax asset not recognised	-	(1,366,181)	-	(1,366,181)
	16,514,701	4,724,128	16,317,794	4,589,903

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
21. Cash generated from operations				
Profit before taxation	33,259,894	2,863,194	26,756,055	2,851,166
Adjustments for:				
Depreciation and amortisation	7,654,997	8,005,294	3,964,613	3,397,630
Loss on sale of assets	575,895	398,352	575,895	398,352
Income from equity accounted investments	(3,027,778)	(1,142,574)	-	-
Investment revenue	(3,676,451)	(2,514,701)	(3,580,925)	(2,531,476)
Interest paid	399,869	1,014,285	399,869	1,014,285
Movements in retirement benefit assets and liabilities	2,512,000	3,784,000	2,512,000	3,784,000
Foreign exchange adjustment on FEC's	(1,629,182)	173,227	(1,629,182)	173,227
Changes in working capital:				
Inventories	(14,015,285)	(2,756,536)	(14,015,285)	(2,756,536)
Trade and other receivables	(2,088,501)	29,547,548	(16,538,277)	52,845,526
Trade and other payables	(16,068,264)	9,110,132	(698,340)	(11,782,891)
Deferred income	53,986,989	(11,496,652)	53,986,989	(11,279,142)
	57,884,183	36,985,569	51,733,412	36,114,141
22. Tax paid				
Balance at beginning of the year	45,665	(31,935)	-	-
Current tax for the year recognised in profit or loss	(16,388,655)	(179,890)	(16,222,215)	-
Balance at end of the year	323,262	45,665	157,465	-
	(16,019,728)	(166,160)	(16,064,750)	-
23. Commitments				
Operating leases – as lessee (expense)				
Minimum lease payments due				
- within one year	6,944,225	6,428,284	6,944,225	6,428,284
- in second to fifth year inclusive	33,147,881	31,140,024	33,147,881	31,140,024
- later than five years	13,147,368	22,099,450	13,147,368	22,099,450
	53,239,474	59,667,758	53,239,474	59,667,758
24. Retirement benefits - Rugby Pension Fund				

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

The last actuarial valuation of the defined benefit fund was performed on 31 December 2015, using the projected unit method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
24. Retirement benefits - Rugby Pension Fund (continued)				
Principal actuarial assumptions at the reporting date:				
Discount rate			11.50%	9.50%
Inflation rate			8.90%	7.20%
Salary increase rate			9.90%	8.20%
Expenses return on scheme's assets			11.50%	9.50%
Pension increase allowance			7.12%	5.76%
Mortality pre-retirement: SA85-90 (Light) table.				
Mortality: post-retirement: PA(90) ultimate table rated down 2 years plus 1% improvement p.a.				
The expected return has been set equal to the discount rate as required under the revised IAS19 (AC116).				
The movement in the defined benefit obligation over the year is as follows:				
Beginning of the year	698,000	545,000	698,000	545,000
Current service cost	29,000	24,000	29,000	24,000
Member contributions	10,000	10,000	10,000	10,000
Interest cost	70,000	59,000	70,000	59,000
Expenses	(2,000)	(2,000)	(2,000)	(2,000)
Risk premiums	(2,000)	(3,000)	(2,000)	(3,000)
Actuarial (gain)/loss	(142,000)	65,000	(142,000)	65,000
At the end of the year	661,000	698,000	661,000	698,000
The movement in the fair value of the scheme's assets over the year is as follows:				
Beginning of the year	858,000	770,000	858,000	770,000
Expected return on the scheme's assets	83,000	81,000	83,000	81,000
Actuarial gain / (loss)	(73,000)	(18,000)	(73,000)	(18,000)
Expenses	(2,000)	(2,000)	(2,000)	(2,000)
Member contributions	10,000	10,000	10,000	10,000
Employer contributions	20,000	20,000	20,000	20,000
Risk premiums	(2,000)	(3,000)	(2,000)	(3,000)
At the end of the year	894,000	858,000	894,000	858,000
Estimated contributions for 2016 is as follows:				
Member contributions	10,000	10,000	10,000	10,000
Employer contributions	20,000	20,000	20,000	20,000
Risk premiums	(2,000)	(2,000)	(2,000)	(2,000)
Expenses	(2,000)	(2,000)	(2,000)	(2,000)
	26,000	26,000	26,000	26,000

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
24. Retirement benefits - Rugby Pension Fund (continued)				
The assets of The Rugby Pension Fund were invested as follows:				
Cash	2%	13.51%	2%	13.51%
Equity	34%	41.37%	34%	41.37%
Bonds	33%	13.97%	33%	13.97%
Property	7%	6.99%	7%	6.99%
International	24%	24.16%	24%	24.16%
	100.00%	100.00%	100.00%	100.00%

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

Current service cost	29,000	24,000	29,000	24,000
Net interest on net defined benefit	(13,000)	(3,000)	(13,000)	(3,000)
	16,000	21,000	16,000	21,000

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

Funded status

Defined benefit obligation	(661,000)	(698,000)	(661,000)	(698,000)
Assets at fair value	894,000	858,000	894,000	858,000
Asset/(liability) recognised on the statement of financial position	233,000	160,000	233,000	160,000

25. Post employment healthcare benefits

Statement of Financial Position obligations for:

Post employment healthcare benefits	19,099,000	16,587,000	19,099,000	16,587,000
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
25. Post employment healthcare benefits (continued)				
Post-employment healthcare benefits				
The Union participates in the Discovery Health Medical Scheme and the Sizwe Medical Fund. In terms of employment contracts, post retirement healthcare benefits are provided to certain employees who joined the Union before 1 July 2012 through continued subsidisation of a portion of the medical aid contribution of those employees, once they have retired.				
A full actuarial valuation was performed in the current year for the Union as at 31 December 2014, using the projected unit credit method.				
The risks faced by the Union as a result of the post-employment healthcare obligation are inflation related, due to CPI fluctuations, longevity of pensioners, future changes in legislation, future changes in the tax environment and enforcement of eligibility criteria and rules.				
Opening net liability	16,587,000	12,803,000	16,587,000	12,803,000
Expenses	2,512,000	2,080,000	2,512,000	2,080,000
Net actuarial gains or losses not recognised	-	1,704,000	-	1,704,000
	19,099,000	16,587,000	19,099,000	16,587,000
Movements for the year				
The movement in the defined benefit obligation over the year is as follows:				
Current service cost	1,294,000	1,056,000	1,294,000	1,056,000
Interest cost	1,512,000	1,280,000	1,512,000	1,280
Benefits paid	(294,000)	(256,000)	(294,000)	(256,000)
	2,512,000	2,080,000	2,512,000	801,280
The effect of a 1% movement in the assumed medical cost trend rate is as follows:				
	Increase	Decrease	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost due to a 1 % change in healthcare cost inflation	3,151,530	4,146,750	3,151,530	4,146,750
Effect on defined benefit obligation due to healthcare cost inflation	2,836,377	3,748,662	2,836,377	3,748,662
Effect on defined benefit obligation due to a change in the discount rate	2,819,790	3,649,140	2,819,790	3,649,140
Effect on defined benefit obligation due to a 1 year change in the expected retirement age	895,698	978,633	895,698	978,633
Key assumptions used				
Health care inflation	8.90 %	8.90 %	8.90 %	8.90 %
Discount rate	9.20 %	9.20 %	9.20 %	9.20 %

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
25. Post employment healthcare benefits (continued)				
Actuarial gains and losses reserve:				
Balance at the beginning of the year	1,704,000	-	1,704,000	-
Actuarial gain for the year - retirement medical benefit obligation	-	1,704,000	-	1,704,000
Actuarial gains (loss) for the year as per other comprehensive income:				
Actuarial gain for the year - retirement medical benefit obligation	-	1,704,000	-	1,704,000
26. Related parties				
Relationships				
Subsidiaries			Refer to note 6	
Associates			Refer to note 7	
Executive Council			Refer to Executive Council's Report	
Related party balances				
Amounts receivable from provincial Unions				
Included in trade and other receivables	<u>11,503,104</u>	<u>8,818</u>	<u>11,503,104</u>	<u>8,818</u>
Amount recoverable from SA Rugby Travel				
Included in trade and other receivables	<u>-</u>	<u>1,424,886</u>	<u>3,000,000</u>	<u>9,808,028</u>
Loans receivable from provincial Unions				
Included in trade and other receivables	<u>41,404,898</u>	<u>29,802,387</u>	<u>41,404,898</u>	<u>29,802,388</u>
Loan receivable from The South African Rugby Heritage Trust				
Included in trade and other receivables	<u>-</u>	<u>-</u>	<u>26,932,449</u>	<u>30,348,847</u>
Loan payable to Treble Entertainment (Pty) Ltd				
Included in trade and other payables	<u>-</u>	<u>18,690</u>	<u>-</u>	<u>-</u>
Amount receivable from SANZAR Proprietary Limited				
Included in trade and other receivables	<u>81,832</u>	<u>-</u>	<u>81,832</u>	<u>-</u>
Amount recoverable from The Rugby Educational Foundation NPC				
Included in trade and other receivables	<u>14,175</u>	<u>-</u>	<u>14,175</u>	<u>-</u>

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

	Group		Union	
	2015 R	2014 R	2015 R	2014 R
26. Related parties (continued)				
Amount recoverable from SA Super Rugby Proprietary Limited				
Included in trade and other receivables	1,542,056	-	1,542,056	-
Related party transactions				
Transactions with The South African Rugby Heritage Trust				
Payroll costs recharged	-	-	1,523,051	1,060,578
Rental costs recharged	-	-	1,755,087	1,629,985
Other costs recharged	-	-	871,582	2,363,308
	<u>-</u>	<u>-</u>	<u>4,149,720</u>	<u>5,053,871</u>
Transactions with associates				
Distribution of profits	3,027,778	1,142,574	-	-
Distribution to Unions				
Distribution of broadcasting rights to provinces	160,130,310	150,485,465	160,130,310	150,485,465
Distribution of home test profits	5,000,000	10,000,000	5,000,000	10,000,000
	<u>165,130,310</u>	<u>160,485,465</u>	<u>165,130,310</u>	<u>160,485,465</u>
Receipts from Unions				
Home Test hosting fees	17,415,800	42,700,000	17,415,800	42,700,000
Stratus revenue	550,000	700,000	550,000	700,000
	<u>17,965,800</u>	<u>43,400,000</u>	<u>17,965,800</u>	<u>43,400,000</u>
27. Executive Council Members Remuneration				
Non executive				
Fees	4,830,055	4,649,888	4,830,055	4,649,888
Allowances	204,000	200,500	204,000	200,500
	<u>5,034,055</u>	<u>4,850,388</u>	<u>5,034,055</u>	<u>4,850,388</u>
Executive				
Salaries	4,643,392	4,254,953	4,643,392	4,254,953
Bonuses	2,267,455	2,070,211	2,267,455	2,070,211
Medical aid contributions	91,252	84,864	91,252	84,864
Pension fund contributions	689,520	631,062	689,520	631,062
	<u>7,691,619</u>	<u>7,041,090</u>	<u>7,691,619</u>	<u>7,041,090</u>
28. Going concern				
The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.				

29. Events after the reporting period

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

30. Prior period errors

The group and Union under provided for additional non cash flow post employment healthcare benefits in previous years. Management obtained an actuarial valuation in 2015 which reflected an under provision as at 1 January 2014 of R 12.8 million. The under provision increased to R 16.6 million as at 31 December 2014.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position - Group	Previously stated	Adjustment	Restated
Post employment healthcare benefits	-	16,587,001	16,587,001
Retained Earnings	81,709,871	(12,803,001)	68,906,870
Profit or Loss			
Operating expenses	(824,044,979)	(3,784,000)	(827,828,979)
	<u>(742,335,108)</u>	<u>-</u>	<u>(742,335,108)</u>
Statement of Financial Position - Union	Previously stated	Adjusted	Restated
Post employment healthcare benefits	-	16,587,001	16,587,001
Retained Earnings	81,772,549	(12,803,001)	68,969,546
Profit or Loss			
Operating expenses	(810,632,519)	(3,784,000)	(814,416,517)
	<u>(728,859,970)</u>	<u>-</u>	<u>(728,859,970)</u>



The travelling public and the players, such as Tendai "Beast" Mtawarira, pictured here with a number of fans, were pleased with a bronze medal performance of the Springboks at the Rugby World Cup.



RUGBY DEPARTMENT

The year under review was a watershed season for South African rugby in many ways, with many significant developments taking place off the field. Unfortunately those developments were well away from the eyes of the media and the public, and should not be written off on the basis of what happened to the men in green and gold. However, the fortunes of the Springboks remain the barometer by which rugby's health is usually measured, and that is where we start.



ABOVE: The Springboks could not win the Webb Ellis Cup for the third time, but did manage the bronze medal, finishing third in England.

SPRINGBOKS

It was a roller-coaster season for the team, which ended in comparative disappointment as the Springboks were forced to contest the third-place play-off at the Rugby World Cup in England. Many other nations would have celebrated such a performance but for South Africa it was a season that will be remembered for the wrong reasons.

Although South Africa claimed the Rugby World Cup bronze medal with a 24-13 win against Argentina, thereby finishing the season with six wins from 11 Tests (seven from 12 including the match against the World XV), it signalled the end of a disappointing final season under Heyneke Meyer.

In December 2015, Meyer decided to withdraw from contention to continue coaching the national team after four seasons in charge. His overall Test winning percentage as Springbok coach was 66.7%, slightly better than the historical average of 63.5%.

At times, during the season the Springboks played outstanding rugby, but still lost their two opening matches in the Castle Lager Rugby Championship against Australia in Brisbane and

New Zealand in Johannesburg. Argentina won their first Test against South Africa (in Durban) before the Boks turned the tables in Buenos Aires.

But the season will be remembered for one of the biggest upsets in Test rugby, when Japan beat South Africa by 34-32 in the opening match of the Springboks' Rugby World Cup, in Brighton, England.

Meyer's team pulled themselves together after that, recording convincing victories over Samoa, Scotland and the USA, before beating Wales in the quarter-final to set up a knock-out against the old foe, New Zealand.

The All Blacks, eventual champions, won the Rugby World Cup semi-final against South Africa by 20-18, which was their smallest margin of victory for the entire tournament.

Notable highlights of the season included Schalk Burger and Fourie du Preez captaining the Springboks for the first time, while Jean de Villiers and Victor Matfield were also used as captains during 2015.

Adriaan Strauss and Pat Lambie played in their 50th Tests for South Africa, while Jesse Kriel, Vincent Koch and Rudy Paige made their Test debuts in the green and gold.



JUNIOR SPRINGBOKS

The Junior Springboks, in their fifth season under Dawie Theron, had to settle for a bronze medal in the 2015 World Rugby U20 Championship, having lost to England in their semi-final match in Calvisano in Italy.

It was their second successive defeat to England (having lost to them in the final of 2014), however the Junior Boks recorded comfortable victories throughout the tournament, including a 46-13 hammering of Australia.

The third-place play-off victory of 31-18 against reigning Six Nations U20 Champions, France, meant the Junior Springboks have lost only two of their last 10 games in the last two seasons at the Junior Championships.

ABOVE: Leolin Zas, here in action against Australia, scored two tries for the Junior Springboks in Italy.

RIGHT: The Springboks Sevens won the Plate Final in Dubai in December, beating Australia 19-14.



SEVENS

The Springbok Sevens team completed a hugely successful 2014/15 campaign ending second on the HSBC World Rugby Sevens Series standings and being the first team to qualify for the Rio Olympics in 2016.

Neil Powell's team played in five consecutive finals, which included back-to-back victories in Dubai and Port Elizabeth at the end of 2014. They successfully defended their South African title in the inaugural Cape Town event a year later, which saw both days of the event completely sold out.

Werner Kok was also named as World Sevens Player of the Year in 2015 to cap a fine season for the Springbok Sevens team.

The 2014/15 season also saw the Springbok Women's Sevens team compete as a core team on the Sevens World Series circuit for the first time in history, although they later lost this status.

The South African ladies, coached by Renfred Dazel, won the regional African Olympic Qualifier tournament in Kempton Park, thereby meeting the Olympic qualification standard. However, as they did not fulfil the criteria of the South African Sports Confederation and Olympic Committee (SASCOC), they had the disappointment of missing out on a trip to Rio in 2016.

The Springbok Sevens team completed a hugely successful 2014/15 campaign ending second on the HSBC World Rugby Sevens Series standings and being the first team to qualify for the Rio Olympics in 2016.



SA SCHOOLS

The SA Schools A side competed alongside the SA Schools team in the annual international series against Italy, England and Wales.

SA Schools avenged their 2014 loss to U18 Six Nations Champions England by going through the tournament undefeated, beating England 23-16 in their final game. The U18s also beat their counterparts from Wales (42-11) and France (12-5).

The SA Schools A side suffered only one loss, against the same England team, going down 33-8 in their second game of the series in George. The A team however beat Italy (29-14) and drew with Wales (20-20).

Hein Kriek coached the SA Schools team and was subsequently employed by the Steval Pumas while the SA Schools A side was coached by Lance Sendin.

OPPOSITE PAGE: SA Rugby referees Jaco Peyper (left) and Stuart Berry (right) in action during the Rugby World Cup in England.

BELOW: The SA Schools team finished the Under-18 International Series unbeaten as they defeated England 23-16 in the final at City Park Stadium in Crawford, Cape Town in August. The SA Schools A team also participated in the series for the first time.



Of the national teams that used Stratus, the SA Schools side lost one out of their six games and the Junior Springboks ended third in the World Rugby U20 Championship.

STRATUS

Stratus is a coding and match analysis system developed by SA Rugby. It was a hugely successful year for Stratus as it became fully activated and deployed for the first time to our customers. Stratus assisted four teams to reach the finals of their respective competitions, with three teams crowned champions. These include:

- » *NWU-Pukke: Finalists of the FNB Varsity Cup, presented by Steinhoff International*
- » *Steval Pumas: Champions of the Vodacom Cup*
- » *Leopards: Champions of the Currie Cup First Division*
- » *Xerox Golden Lions: Champions of the Currie Cup*

Of the national teams that used Stratus, the SA Schools side lost one out of their six games and the Junior Springboks ended third in the World Rugby U20 Championship.

With a team of six full-time coders, Stratus recorded significant statistics including:

- » *12 million data points captured in 1932 coded matches*
- » *107,721 video clips captured in 6,800 playlists*
- » *Growth of close to 300% from 2014 to 2015*

With close to 400 users registered on Stratus, the focus for 2015 centred around making data available to users in a more accessible format (Stratus Portal) on any device. Another key focus has been to assist users in creating customised reports for greater flexibility and functionality.

In 2016, Stratus will replace the previously outsourced referee analysis systems, which will see all referees on the National and Elite Panels use Stratus for their analysis.

In order to meet the demands of our clients while continuing to develop a world-class product the Stratus coding centre will employ a further six coders in 2016.

FOOTPRINT

The Rugby Department made massive strides with the development of its player tracking and assessment programme, Footprint.

Apart from being SA Rugby's official player registration system, Footprint successfully launched its Squad and Tournament Management components in 2015 during the Coca-Cola Youth Weeks. The success of the activation of these components now sees Footprint entrenched in managing all SA Rugby's Youth Week Tournaments.

The additional components allows SA Rugby to manage all aspects of the tournament from player registration, fixture management and communication to the management of referees and team managers through specialised developed applications.

Due to the success of Footprint's Youth Tournaments activations, the system also made its debut at the U17 IPL Sevens in Paarl and the HSBC World Rugby Sevens Series tournament in Cape Town in 2015.

This year, Footprint will manage 29 tournaments in total which includes more than 300 squads and slightly fewer than 700 fixtures.

Apart from the squad and tournament management activations, Footprint also successfully launched its online scout programme, with all 14 unions as part of its EPD 1 (Elite Player Development Programme, Phase 1) activations.

In 2016, this will be expanded to the EPD 2 programme which includes an online web management as well as a downloadable (offline) application to assist scouts in identifying and recording player details.

2016 will also see phase one of the project to import the SA Rugby database from SuperSport to the Footprint system, which will allow SA Rugby total control of its IP in a centralised database.

The intention is that the developments will see Footprint's active member and player registration grow from the current 3 000 users to 12 000 by the end of 2016.

Five of SA Rugby's top match officials featured in Tests in 2015, with Jaco Peyper awarded the opening match of the Rugby World Cup and Craig Joubert officiating one of the quarter-finals.



REFEREES

The restructuring of the Referees' Department began in 2015, with the process finalised early in 2016 when the entire department relocated to SA Rugby's offices in Cape Town, under the banner of the Rugby Department.

Five of SA Rugby's top match officials featured in Tests in 2015, with Jaco Peyper awarded the opening match of the Rugby World Cup and Craig Joubert officiating one of the quarter-finals. Stuart Berry (Assistant Referee) and Shaun Veldsman (Television Match Official) also featured at the Rugby World Cup.

They were joined by Marius van der Westhuizen, who made his Test debut, and Pro Legoete, while Joubert, Van der Westhuizen, Rasta Rasivhenge and Ben Crouse refereed on the HSBC World Rugby Sevens Series in 2015.

Ten referees were included on the Elite Panel in 2015, and 16 on the National Panel. Two of these match officials, Cwengile Jadezweni and Renier Vermeulen, went to Argentina from 22 April to 5 May as part of an exchange programme with the UAR, while SA Rugby referees were

also involved in the Sanix World Rugby Youth Tournament in Japan (Oregopotse Rametsi), the USA Women's Sevens (Aimee Barrett and referee coach Eugene Daniels), the Safari Sevens in Kenya (Jaco Kotze) and the Deaf Tests against Wales in Pretoria (Lourens van der Merwe and Legoete).

Four former provincial players decided to take up the whistle – Monty Dumond, Egon Seconds, Jacques Nieuwenhuis and Mpho Matsaung were all involved at the Coca-Cola Academy Week in Vanderbiljpark from 6-9 July.

MEDICAL

In 2015 the Medical department was focused on increasing the service that we could provide to the provincial unions, Vodacom Super Rugby franchises and national teams.

This was achieved in a number of ways: SA Rugby together with World Rugby upskilled all the SA Rugby National Team and Super Rugby Medical staff with regards to their competency around managing traumatic injuries during rugby matches and practices. The medical staff all completed the World Rugby Immediate Care in Rugby Course, Level 2.

Successful implementation of the SA Rugby Injury Surveillance App during the 2014 Currie Cup Premiership Competition resulted in the first standardised injury surveillance report of the Currie Cup Premiership competition being presented in 2015. A unique feature of this project was the use of a cellphone/tablet application that enabled team doctors to electronically capture all the relevant and applicable injury data. The doctors of the Currie Cup teams in return gain access to all their captured data via an online web portal, this function allows team doctors to map the current injury risk within their team.

SA Rugby purchased video review equipment and utilised the Stratus system for all Vodacom Super Rugby Franchises as well as the Currie Cup teams competing in the Premier Division to enhance player welfare at these tournaments. The equipment and the software allow match day doctors and team doctors to make critical decisions regarding head injury events that occur to players that participate in these tournaments.

The SA Rugby Youth Weeks were very successful from a medical perspective once again this year. SA Rugby ensures that a first class medical infrastructure is implemented at all the various tournaments to guarantee the health, safety and wellbeing of all those who participate at these tournaments. SA Rugby continues annually with the capture of all the injury data from the Youth Week tournaments. This data has resulted in a number of peer review research papers being published. This information is then utilised to drive coach and referee education regarding player safety as well as assisting SA Rugby in implementing safety initiatives and strategies at the Youth Week tournaments to enhance player safety and wellbeing.

SA Rugby is committed to ensuring that the Springbok Women's Sevens team are provided with all the opportunities they need to assist them in their development as a national team. In 2015, SA Rugby assisted this process by add-

ing a psychologist and dietician consultant to the management team.

The use of banned substances in School Sport still remains an issue. SA Rugby, via the South African Institute for Drug Free Sport (SAIDS), increased testing at the Youth Week tournaments and the U19 Currie Cup competition. SAIDS provided Education on drugs in sport at all our Youth Week tournaments and SA Rugby provides educational material on the subject, which is freely available, on the BokSmart website. There were nine adverse analytical findings that resulted in Anti-Doping Rule violations in 2015.

BOKSMART

In 2015, BokSmart Cycle 3 came to an end, during which 1 200 workshops were presented. A total of 30 390 coaches were certified on the programme during this cycle, compared to Cycle 1: 29 701, and Cycle 2: 29 981.

The numbers seem to be relatively constant per cycle, which seems to coincide with a consistent ebb and flow of coaches and referees moving in and out of the system. A grand total of 66,273 first-time certifications have been provided over the three Cycles to date (six years), and a total of 90,072 coaches and referees having attended these courses, with some having attended all three cycles.

BokSmart 4 was rolled out with Train-the-Trainer workshops having been completed in all 14 provinces between August and October 2015, with 97 (57% of 169) of the trainers being black.

To date this Cycle of training has been the best received of the four Cycles, and it seems as if most attendees really enjoyed the new material. It would also seem as if the tide is turning and people are far more positive and accepting of the BokSmart programme. We have also found a good blend of DVD material, Quick Smart Quizzes, and Questioning with facilitated discussion in the course. The rather long Concussion section was welcomed beyond expectations, and the course is again available in three languages, English as the main language, with Afrikaans and Xhosa voiced over.

The SA Rugby Concussion Regulations were recently updated, have been accepted by the Exco, and were approved by SA Rugby's General Council Meeting in December 2015. These Regulations have been aligned with World Rugby's latest Regulations and Guidelines, barring one or two additional adjustments for local context. All of our concussion educational materials



SA Rugby together with World Rugby upskilled all the SA Rugby National Team and Super Rugby Medical staff with regards to their competency around managing traumatic injuries during rugby matches and practices.

have been aligned with these latest protocols and are freely available on the website.

On the injury side of things for 2015, we had 11 confirmed SA Rugby related serious and catastrophic injuries and events and 1 ASCI to a young UK player who was on tour in SA, who had to be repatriated by air-ambulance. The main contributor to the ASCI and TBI injuries was the tackle situation.

There were three additional cardiovascular fatalities reported in 2015 involving rugby players in the hours/days after having played rugby matches or practices.

Only a single serious or catastrophic injury in the scrum was recorded for 2015, and this was due to the player 'popping out' of the scrum, with the player previously having had a multiple level cervical spinal fusion. There has not been a catastrophic scrum injury in a schoolboy since 2011. In club rugby, there has not been a catastrophic 'scrum collapse' injury since May

2013, and there has not been a catastrophic 'impact on engagement' injury since 2011. This is a substantial improvement to the catastrophic injury risk profile of scrums, especially since the application of the new scrumming laws.

On the research front, the Department has been very busy. This is good for the profile of the programme, reinforces credibility around the decisions that are made, and provides an evidence-base for approaching the programme's educational initiatives, policies and protocols. It also raises the profile of the programme both nationally and internationally.

No less than seven peer-reviewed scientific papers were accepted for publication in local and international Sports Medicine and Sports Science Journals. BokSmart was also represented in at least seven talks in local and international Sports Medical Conferences including a keynote presentation at the 1st International Conference of the World Rugby Science Network.

ABOVE: SA Rugby and World Rugby upskilled all the SA Rugby National Team and Vodacom Super Rugby medical staff managing traumatic injuries.

STRATEGIC TRANSFORMATION REPORT

SA Rugby's brand-new Strategic Transformation Plan (STP) was introduced in 2015, making it a significant year for the sport in South Africa.

The objectives of the STP – a five-year plan with annual performance targets – are to guide rugby to achieve compliance with the National Sports Plan (NSP) and the broader needs of the game.

The six key focus areas, or dimensions, of the STP are as follows:

- » **Demographic representation** – to ensure SA Rugby's demographic profile at provincial and national level.
- » **Access to the game** – to ensure that rugby is accessible to all who wish to participate in the sport, including women, disabled persons and people in rural areas.
- » **Skills and capacity development** – to create development pathways for players, coaches, referees and administrators to improve productivity and performance levels.
- » **Performance** – to deliver competitive and world-class performances on and off the field of play by focussing on quality and the application of the principle of merit.
- » **Community development and responsibility** – where effective interventions will be created in order increase participation through community development and social responsibility programmes.
- » **Corporate Governance** – to establish effective rugby administrative structures in order to comply with good corporate governance practices.

The adoption of the SA Rugby Transformation Charter and the implementation of the comprehensive STP, gives the organisation the ability to monitor and measure the progress of transformation countrywide by means of a scorecard. This scorecard does not stand alone, but is aligned with the National Transformation Barometer which is a core component of the National Sports Plan.

The process of collecting this huge amount of data is a daunting task, but SA Rugby made good strides in this direction in 2015. The STP has already started giving us an indication of where we are with our efforts to transform the game, while it also highlights the areas where improvements are needed.

The SA Rugby Footprint programme – developed by the Rugby Department – was used to collect the wide-ranging data, while the Sports Science Institute in Cape Town and our provincial unions supplied the remainder of the data for those areas not yet covered by Footprint.

One of the success stories of the STP in 2015, is the fact that SA Rugby was able to take rugby to many non-traditional schools as a result of our involvement with the Get Into Rugby (GIR) programme, used by World Rugby to broaden the footprint of rugby worldwide.

The programme focuses on primary school learners, while the VUKA project targets high



The publication of the STP was an important step for SA Rugby in 2015.

One of the main objectives of the STP is to grow the game amongst children from all walks of life in order to broaden the foundation of potential players.



school players. Another area of significant improvement in the last year, was the establishment of township leagues across all provinces.

This is a vital initiative, especially in view of the fact that the majority of schools and clubs are black and that 84% of our country's population under the age of 18 is black African.

The hard work on the ground yielded dividends in 2105 with SA Rugby reaching its overall targets set for coaches and referee training. Equally importantly, the targets stipulated for generic and African black were successfully met.

The organisation was able to meet all the annual goals for national rugby administration, with the exception of the composition of the General Council. The provincial unions, in particular, have been urged to send delegations consisting of 50% African black representatives to the General Council in an effort to combat this shortcoming.

Improving the diverse demographics on and off the field however, remains SA Rugby's greatest transformation challenge, and this aspect is also very closely related to black economic empowerment.

The continued lack of representivity in our national competitions is a cause of concern. It goes without saying that a sustainable pool of excellent talent for the Vodacom Super Rugby competition and the Springboks requires the vigorous development of talent at the lower levels of the game.

The effort to feed more black youngsters into the Coca-Cola Youth Week tournaments must be accelerated, and this in turn will increase the progression of young black players into the Under-19 and Under-21 Currie Cup competitions. Currently, the provinces are not meeting their targets for these two competitions, which is also a matter of concern.

It must be added though that SA Rugby aided the development of regional academies, which were established with the main purpose of producing black talent, and are working superbly. Our efforts to develop the game amongst women are also bearing fruit, to the extent that black representation in women's teams far exceeds the existing target.

Social development efforts, as one of the six transformation dimensions, were well supported by the provincial unions who continued to make good contributions to various upliftment programmes and government initiatives. In this regard, good work done by the GIR programme to empower teachers and volunteers to the benefit of their respective communities must be lauded.

Unfortunately, not all unions are yet aligned to

the SA Rugby model of Good Governance. This has resulted in an unfavourable BEE score rating. It is obvious that a great team effort is required for SA Rugby to achieve Level 4 BEE status.

It is worth noting that continued non-compliance with regulatory requirements invite real financial and fiduciary risks, as does the current low level of black African representation at all managerial levels. Unsurprisingly, SA Rugby has achieved full marks on the social development front as a result of its annual support of the Chris Burger Petro Jackson Players' Fund.

Our provincial unions faced many challenges during the first year of the STP's implementation. Nonetheless, it is extremely gratifying to report that significant improvements have been made in the process of submission of data on certain key areas of the game.

These efforts, however, will have to increase in the remaining four years for SA Rugby to remain on course to meet its stipulated transformation targets.

Looking forward to 2016 and the second year of the STP's implementation, the following key strategic objectives have been agreed upon:

- » *To further increase the number of registered new participants and sustain and assist those schools recruited in 2015 through the GIR programme.*
- » *Promote and encourage participation in formal and informal leagues such as the VUKA programme – with the focus on rural areas and township activities.*
- » *Continue with the efforts to ensure a steady and sustainable supply of accredited coaches, match officials, technical staff and administrators to expand rugby's base.*
- » *To raise our demographic profile, we must:*
 - » *Increase participation of African black players in the Currie Cup competitions for Under-19, 20 and 21 players.*
 - » *Increase participation of African black players in senior provincial competitions and Vodacom Super Rugby.*
 - » *Increase the number of black coaches and support staff in senior provincial rugby.*
 - » *Increase the number of black referees across all levels of competitions.*
 - » *Change the demographic profile of the SA Rugby General Council, and to include women representatives.*
 - » *Continue to improve administration and governance in provinces so that they can align with the SA Rugby governance model.*
 - » *Institute efforts to make sure we improve our provincial and national BEE scores.*

DHL Western Province is one of the provinces making good progress towards the STP.



In conclusion, there is a lot to be proud of in terms of what has been achieved in the first year of the STP's implementation. However, plenty of work still remains, and our collective and urgent attention is required in those areas where we are lagging behind, especially with regards to demographic numbers and BEE compliance.

Former Springboks Corné Krige and Breyton Paulse were keen to add their support to the #HomeGroundAdvantage campaign and were supported at the Cape Town launch by Miss South Africa, Liesl Laurie and Bokkie, the Springbok Mascot.



COMMERCIAL & MARKETING

The launch of the #HomeGround-Advantage Rugby World Cup campaign, the design of a new high-tech Springbok jersey, the launch of the HSBC Cape Town Sevens tournament, as well as the introduction of a few new sponsors and the renewal of a handful of established sponsors were among the highlights of the year for the Commercial & Marketing Department.

The #HomeGroundAdvantage campaign was the culmination of 18 months of hard work and countrywide trips with key stakeholders, including the players and Springbok Team Management to garner their support to have an all-inclusive Rugby World Cup campaign with standard messaging across the board for the event.

The campaign involved various elements, which included the production of a powerful advertisement, growing a patch of grass made up of soil gathered from all 14 South African provincial unions and allowing fans from all walks of life a chance to win a unique opportunity to have their picture on a Springbok player's jersey number at the Rugby World Cup, which was achieved through an SMS competition, while those desperate to show their support for the team could purchase the spot on their favourite player's number.

SA Rugby stakeholders also had the luxury of purchasing personalised Springbok jerseys for their staff with pictures of their employees

on the number as a value added service.

Off the field the design of the Springbok Rugby World Cup jersey proved to be a significant project, with a few key players being included in the design and testing stages during an intense week at the ASICS High Performance laboratory in Kobe, Japan, to ensure that the jersey was comfortable and of the highest technical specification on the market. The final product was a technically sound jersey which had the all necessary attributes to contribute to an enhanced performance on the field.

Despite the initial slow sales of the supporters' jersey, in part perhaps attributable to adverse publicity surrounding the temporary relocation of the Springbok emblem from the chest to the sleeve, which has been the case since the 2011 RWC, the sales improved later on as the rugby faithful got behind the team, which resulted in a positive sales environment.

Back home the inaugural HSBC Cape Town Sevens proved to be a resounding success, however, similarly to most new competitions, there were a few challenges to overcome. The move of the South African leg of the tournament from Port Elizabeth to Cape Town was

BELOW: Springboks Juan de Jongh, Frans Malherbe, Eben Etzebeth, Jean de Villiers, Tendai Mtawarira, Bismarck du Plessis and Pat Lambie attended the Springbok RWC jersey launch in Cape Town.

OPPOSITE PAGE: Steinhoff International became the Springbok Sevens team sponsor in January 2016, with MD Marcus Jooste attending with SA Rugby President Mr Oregan Hoskins and Blitzbok players Seabelo Senatla (left) and Philip Snyman (right).

widely publicised, and it suited World Rugby's vision to have the HSBC World Rugby Sevens Series tournaments hosted in some of the world's most iconic cities.

With 2015 marking the first year of the new tournament the main goal was to fill stadium and to offer the spectators a diversified food offering. These objectives were achieved, as all the tickets for the two-day event were sold out. The event also proved to be a success on the field with the Springbok Sevens winning the title.

One of the main challenges was the fact that SA Rugby with the assistance of the stadium, police department and disaster management services had to deliver an eight-hour event for the first time in Cape Town, which meant 2015 was destined to be a year of learning.

On a positive note, however, the reports received from the participating teams and World Rugby following the tournament were encouraging, with a score rating of more than 80%.

With regards to sponsorships, 2015 was a challenging year given the tough economic climate and international corporates changing their strategies. Adding to this, several SA Rugby properties matured at the same time. Given



these factors it was inevitable that a few partners would have to reconsider their sponsorships. Despite this, we extended our long-standing partnerships with South African Breweries (SAB), Vodacom, Tsogo Sun and SA Rugby Youth Week sponsors Coca-Cola, who have all been loyal to SA Rugby for more than 20 years.

Another positive development saw the introduction of new sponsors Steinhoff, Bidvest Car Rental and Outsurance. Steinhoff's sponsorship covers the Springbok Sevens team, SA Sevens Academy team and the Springbok Women's Sevens, while Outsurance has taken over the referees' portfolio.

The 2015 season also saw a restructure of the organisation's competition structures to ensure a more sensible alignment and flow of the various tournaments. This involved moving away from the Vodacom Cup competition in favour of a new Currie Cup competition format which includes all 14 provincial unions and a new entrant, Namibia.

The season also marked the final year of the traditional Coca-Cola Youth Weeks format, whereby the Learners with Special Educational Needs (LSEN) Week and Under-13 Coca-Cola



Another positive development saw the introduction of new sponsors Steinhoff, Bidvest Car Rental and Outsurance. Steinhoff's sponsorship covers the Springbok Sevens team, SA Sevens Academy team and the Springbok Women's Sevens



Craven Week, and Under-16 Coca-Cola Grant Khomo Week and Coca-Cola Academy Weeks respectively ran concurrently at separate venues.

From 2016 the LSEN Week will stand alone, while the Under-13 Coca-Cola Craven Week and Under-16 Coca-Cola Grant Khomo Week, and Under-18 Coca-Cola Craven Week and Coca-Cola Academy Week respectively will be hosted simultaneously at one venue.

This centralised system will ensure that the SA Rugby Mobi-Unit coaches, the national selectors, High Performance staff and the SA

ABOVE: The team from DHL Western Province were perfect hosts at the Coca-Cola U18 Craven Week in Stellenbosch, even winning the final match of the tournament in very convincing fashion.

Rugby Academy Coaches will be able to attend all the tournaments. It will also be beneficial in terms of player education with regards to SA Rugby's rugby pathways, safety campaigns, referee recruitment programmes and contracting, as such programmes could be conducted simultaneously with two groups of players.

The 2015 season also brought down the curtain on the traditional 15-team Vodacom Super Rugby competition format. The new format will see the introduction of a sixth South African franchise, the Southern Kings, as well as the Sunwolves from Japan and the Jaguares from Argentina.

Behind the scenes, the restructuring of the Commercial Marketing department in 2014 which included allocating partners to specific rights specialists and the appointment of a digital communications specialist delivered several benefits. The rights specialists grew in their roles, while it simplified matters immensely for our stakeholders as they were able to deal with one person all the time. The delivery and execution within the department has also been more effective as a result. The introduction of a digital strategy around our marketing campaigns has also become more apparent and relevant on social media platforms, and it has resulted in significant growth of the organisation's social media platforms.

2015 was also successful from a marketing perspective thanks to the implementation of exciting and innovative marketing campaigns, which especially saw the Sevens brand soar to new heights.

The highlights included an interactive team signing session at Cape Gate Mall, where shoppers were treated to a “selfie” station and autograph booth, and participated in a variety of contests to win memorabilia and tickets to the HSBC Cape Town Sevens.

The players also hosted a signing session at the V&A Waterfront on the eve of the tournament, which drew the attention of thousands of shoppers including SA’s 2015 Sports Star of the Year, Wayde van Niekerk.

Adding to this, the Blitzboks hosted their first ever “Try-Dive” competition at the campus of the University of Cape Town where thousands of students were treated to live entertainment, while others tried to impress the players with their aerial skills in the hope of winning tickets to the Cape Town tournament.

On the Junior Springbok front, SA Rugby developed a fully-integrated digital campaign to launch the Junior World Championships in Parma, Italy.

A series of exciting YouTube videos highlighting the “Journey to Greatness” of our talented Junior Springboks were shared across digital platforms as part of the #BuildingBoks Campaign. A special Facebook App was also developed to host a “Spot The Ball” competition, which saw thousands of fans earn an opportunity to travel with the Junior Boks to Italy. The winner, Armandt Jonker from the Strand in Cape Town had his unique experiences shared with our broader digital family through a live daily blog which detailed all the interesting tales of his journey.

Looking ahead, 2016 presents exciting prospects as the HSBC Cape Town Sevens enters its second year, the Springbok Sevens team prepares for the Rio Olympic Games, the new four-conference Vodacom Super Rugby and 15-team Currie Cup formats come into play, as well as the signing of new Springbok and Currie Cup sponsors.

In conclusion, 2015 was a significant year for the Commercial Marketing department on and off the field with several highlights. SA Rugby thanked broadcast partner, SuperSport, and established sponsors for their loyal support and welcomed its new sponsors for their faith in SA Rugby and investing in the game for which we all share a deep passion.

The Cape Town Sevens proved to be a sell-out event with record crowds packing the Cape Town Stadium to the rafters. Even Superman attended.







Rugby World Cup veteran Schalk Burger was keen to sign the Springbok jersey of former Bafana Bafana striker Mark Williams at the team send-off in Johannesburg.



CORPORATE AFFAIRS

There is no doubt that 2015 saw an upsurge in what could be loosely described as anti-rugby sentiment, the like of which had not been experienced for several years. The criticism became more strident as the year progressed and centred largely on the issue of transformation.

A number of previously unheard of civic groups and an unknown political party joined a growing chorus during the international season and in the build-up to the Rugby World Cup to voice their unhappiness with team and squad selections. A modest march to the SA Rugby offices, the burning of a Springbok jersey and a failed legal bid to prevent the team from departing to the Rugby World Cup were among the more high profile outbursts of antipathy toward the sport and the Springbok team.

What distinguished the criticism from similar protests in the past was that this time the Government and Sports Minister played no part in the dissent. On the contrary, the minister offered fulsome support to the team and was a prominent praise singer when the team departed for England in September.

The minister's dis-association from the attacks was based on the fact that, ironically, SA Rugby could justifiably claim to be better placed to address the issue of transformation than at any time in the 23 years since rugby unity.

That claim is based on the publication in January of the Strategic Transformation Plan (STP). It was launched with well-attended media briefings in Johannesburg and Cape Town and accompanied by the publication of a 60-page booklet mapping out targets across six dimensions for every year up to and including 2019.

It was followed in May by the signing of a Memorandum of Understanding with SASCOC and the Sports Ministry in which SA Rugby committed itself to achieving the objectives set out in the STP.

Rugby was one of five sports – cricket, soccer, athletics and netball were the others – that took the step following the work done by the Eminent Persons' Group on Transformation in Sport (EPG). The EPG produced a pilot report in 2014 – and



ABOVE: Minister of Sports and Recreation, Mr Fikile Mbalula, flanked by Bafana Bafana coach Shakes Mashaba, was in good voice when wishing the team well before departure to England.

annually audits the transformation programmes of national federations – on which findings the MOU is based.

The publication of the STP and the signing of the MOU were landmark moments in rugby’s transformation campaign but neither seemed to cut any ice with the new band of critics, whose only reference point was the number of black players in a Springbok squad or team.

It didn’t help that the MOU signing occurred on the day that bribery allegations in the securing of the hosting of the 2010 soccer World Cup were made against South Africa and SAFA. The strictly South African story of transformation was entirely lost in the wash.

Strategically, SA Rugby decided against accepting any of the numerous invitations to debate the subject of transformation from a broadcast media hungry to carry the debate. The organisation took the view, and often repeated it, that a plan had been put in place; an MOU had been signed and that it was now time for SA Rugby to deliver on that plan.

However, unexpected results (a home defeat by Argentina and a World Cup defeat by Japan) fuelled the negative sentiment. It was a disappointing and frustrating end to a year in which

SA Rugby was able to tell its best transformation story to date.

The department’s scheduled work – rather than firefighting – continued smoothly. As part of the Boks for Books, Corporate Social Responsibility campaign, two school libraries were opened in Elsenburg, Stellenbosch, in August and at Thaba ‘Nchu in the Free State in November.

In a separate initiative to mark Mandela Day, South African rugby, led by Springbok Sevens Men’s and Women’s players visited the Christine Revell Children’s Home in Athlone and Nyanga (both in Cape Town).

Coach Neil Powell, captain Kyle Brown, management and players presented blankets to children at the home while players visited the Nyanga Rugby Stadium to take part in a TAG Rugby clinic and interactive reading session with children at the stadium.

SARU employees also donated groceries and basic necessities to the Children’s Home.

The South African Rugby Union’s *Springbok Experience* Rugby Museum had another good year, attracting almost 38 000 visitors, a decline of 4.5% on 2014, perhaps attributable, in part, to changes in SA visa regulations, which were reported to have had an impact on the



Cape Town tourist trade.

However, the enjoyment derived from the Museum by visitors was underlined when the Experience was named among the top 1% of world attractions, by TripAdvisor, the world's largest travel site, simultaneously receiving TripAdvisor's highest accolade, a Travelers' Choice Award, shortly before the Museum's second birthday.

New installations were introduced in the shape of handprints of captains of all the rugby traditions as well as graphical panels along an adjacent walkway featuring a listing of all players from all national teams in chronological order for the entire pre-unity period (1891 to 1992).

The department's routine work saw the issue of more than 760 media releases during the course of the year charting the ups and downs of members' teams in SA Rugby competitions as well as all the activities of all national teams, including 124 releases on women's rugby.

The flow of information fed not only SA Rugby's media 'clients' but also the burgeoning online and social media channels where thousands of 'posts' were delivered to the ever-increasing online population.

By year end, the Springboks' Facebook page had grown by approximately 62,000 new likes



As part of the Boks for Books, Corporate Social Responsibility campaign, two school libraries were opened in Elsenburg, Stellenbosch, in August and at Thaba 'Nchu in the Free State in November.



to 1,097,342 (6%), a slow growth which can be attributed to a “loss” of almost 35,000 around early March 2015.

Twitter and Instagram looked much better, going up by approximately 150,000 (60%) and a massive 75,000 (375%) followers respectively – the Rugby World Cup and HSBC Cape Town Sevens playing a massive role in these increases.

The department produced a large number of speeches and forewords to documents and tournament brochures and managed media briefings for teams and ‘corporate’ SA Rugby as well as event and sponsor launches.

A number of obituaries were also prepared

The reunion of the 1995 Rugby World Cup winning Springboks, at Ellis Park in June 2015, created a media frenzy and social media storm, creating massive traction for the Springbok brand.

and issued for rugby luminaries such as former African Springbok Thompson “Sandi” Magxala, as well as Springboks John Gainsford, Piet Malan, and Tjol Lategan, former Deputy President Mike Stofile, respected opponent and rugby legend Jonah Lomu and much-loved rugby photographer Duif du Toit.

The department also expressed rugby’s condolences on behalf of SA Rugby to the families and friends of Franschhoek Rugby Club members Russel Riffel and Denzil Boonzaier and supporter Abraham Lybrand who died in a bus accident that also claimed the lives of two cyclists.

The department was also involved in facili-



tating what turned out to be the largest media event of the year with the reunion of the 1995 World Cup-winning squad at the Ellis Park in June – 20 years to the day that the title had been won.

The final was re-broadcast on SuperSport at the historic kick off time with many of the team watching the match for the first time since appearing in it. Local and international media flocked to the event and a special Twitter initiative around the event – organised by Commercial Marketing – was organised to ‘live Tweet’ the re-run of the final. The hashtag #1995reunited was the highest trending topic

in South Africa for nine consecutive hours and by mid-afternoon, the campaign had a total reach of over 26 million people. By 5pm, when Francois Pienaar had lifted the Webb Ellis Trophy, #1995reunited had smashed all known SA Rugby digital records, clocking over 118 million impressions around the World.

It was an afternoon and an event that recalled a special time in South Africa’s history. Twenty years on and the examination of rugby’s bona fides in a different Rugby World Cup year was a reminder that SA Rugby’s transformation initiatives were as timeous as a Joel Stransky drop goal.



Springbok Sevens flyer Seabelo Senatla in action during the Las Vegas Sevens in the USA.



HUMAN RESOURCES

It was a busy year for the Human Resources department, with a number of challenges that confronted us, but 2015 was also rewarding, as we once again edged closer to some crucial strategic objectives and achieved others.

Along with the relevant staff members and role players we restructured the Corporate Affairs department, we introduced a number of changes to our Rugby Pension Fund and extended our Long Service Awards, to name a few.

We managed to recruit key staff for the Women's Rugby and Sevens Rugby teams as well as a Senior Manager of the *Springbok Experience* Rugby Museum, amongst others, and also produced an induction video to new staff that was very well received.

The administrative take-over of Border Rugby Union was a massive challenge and we had to deal with an unfortunate CCMA case concerning former General Manager: Referees, Andre Watson, with the ruling going for SA Rugby.

OPPOSITE PAGE: Women's rugby continues to grow and a number of appointments were made to reflect that.

GOALS ACHIEVED

After successfully merging and restructuring three departments in 2014, the Corporate Affairs department was redesigned in 2015. There were no employees lost in the new structure and in fact opened up two new Senior Manager positions, namely Communications and *Springbok Experience*.

These positions were filled, as was the vacancy of Team Doctor to the Springbok Sevens and Springbok Women Sevens teams.

We have since had the departure of Andy Marinos as General Manager: Commercial and Marketing, as he became CEO of SANZAAR and his position will need to be filled in 2016.

One of the functions of a Human Resources department is to listen to the needs of staff and we were no different.

We introduced the flexible contribution to the Rugby Pension Fund in July. Since then members have been able to contribute to the Pension Fund at a level which suits their circumstances. In the past the 100% compulsory member contribution was 22.5%, which reflected 15% as company contribution and 7.5% member contribution.

The change is that the 15% member contribution is compulsory and the 7.5% can be based on the contribution categories below: a) 0%; b) 1.5%; c) 3%; d) 4.5%; e) 6%; f) 7.5%.

We also completed and delivered the Employment Equity report in early January. This was submitted to the Department of Labour as per legislation.

The decision to produce an induction video to new staff went down very well and was a huge success. As we appoint staff all over the country, it became important for us to have a video like this. New staff can learn about the culture, value and corporate identity of SA Rugby with this video as well as how we are structured and importantly, where he or she fits in.

The feedback we receive from this remains positive and constructive.

Unfortunately we also had some negative issues, with the CCMA case of André Watson the most prominent in a long time. This case enjoyed considerable media attention, but we could only apply our minds to the matter, which in the end, was awarded to SA Rugby.

Another challenge presented itself with the administrative take-over of the Border Rugby Union. This was due to a decision taken by the SA Rugby Executive Council after the administrative structures of the union collapsed. We needed to support Border with human resource issues, recruitment, payment of debts and other administrative duties. This was hard work, but we succeeded in turning it around and got the union out of its predicament.

AMENDED POLICIES



Jurie Roux during the presentation for the Strategic Transformation Plan.

- » A policy document to the Strategic Transformation Plan was drafted and approved by the CEO. This has now been sent to the unions and we await the implementation of the STP by the provinces.
- » Long Service Award policy: The policy was extended to include a Five Year Service Award for the first time and a number of staff benefitted from this cash reward. We also extended the Twenty Year Service Award to include the following: a personalised Springbok jersey signed by the team, an official Springbok team photo with staff member and the attendance of a local Test match outside of Cape Town, with accommodation and air fare provided. A Thirty Year Award was also implemented with qualified staff members being afforded a Test match ticket in the Northern Hemisphere including accommodation and an economy class ticket.
- » Springbok Management Achievement policy: In order to regulate these achievements, a 100 caps achievement was streamlined. Any qualifying Management member will be awarded two business class tickets, with destination to be decided by SA Rugby and a commissioned painting.
- » Public Appearance and Endorsements: The policy was adopted and compel any SARU employee to ask permission before doing public appearances or endorsements. Employees must also make sure that such appearances and endorsements, when approved, does not conflict SA Rugby in any way nor be in competition with sponsors or stakeholders.
- » Procurement Policy – We had to amend our policies as there was a change in Broad-Based Black Economic Empowerment Act. Our amended policies are now in compliance with those BBEE codes.

STAFF STUDIES

We have managed to secure funding from CATHSSETA for three (3) SARU employed learners who are studying through UNISA (2) and the University of Free State (1) respectively.

SUMMARY OF 2015

It is always very satisfying to see staff embrace and respond to new policies in a positive way. The feedback from staff with regards to changes to policies was welcomed and appreciated and no doubt created a happy and productive environment. It is important to have clarity on policies, especially in a Rugby World Cup year where so much focus are on the national team.

FOCUS AREAS FOR 2016

We are in year two of a five year plan developed by SA Rugby Managers and are bearing the fruits of that. We aim to make SA Rugby the employer of choice and the flagship amongst sports federations. Staff should be loyal, productive and proud without being prompted to be so.

The focus areas identified to achieve that is:

- » *Strategic HR Capability and Infrastructure (we will be conducting skills assessment during 2016)*
- » *Client Responsiveness*
- » *People advice, service and interventions*
- » *Compliance and Reporting*
- » *Succession plans*





NOTES



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